

Sumitomo Metal Industries, Ltd.
Consolidated Financial Results
for the First Quarter of FY 2010 (ending March 31, 2011)

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English summary translation is being provided for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

The following financial information was prepared in accordance with generally accepted accounting principles in Japan.

Company name : Sumitomo Metal Industries, Ltd.
Listed on : Tokyo, Osaka, Nagoya, Fukuoka and Sapporo Stock Exchange
Code number : 5405
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(Figures less than a million yen are truncated.)

1. Highlights of Consolidated Financial Results for the First Quarter of FY 2010
(April 1, 2010 - June 30, 2010)

(1) Consolidated Statements of Income (%: change from the previous year)

	Net sales		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss) for the quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY 2010	341,600	17.6	14,285	-	9,490	-	4,478	-
First Quarter of FY 2009	290,451	(35.8)	(34,539)	-	(41,653)	-	(32,359)	-

	Net income/(loss) for the quarter per share		Net income/(loss) for the quarter per share after dilution	
	Yen		Yen	
First Quarter of FY 2010	0.97		-	
First Quarter of FY 2009	(6.98)		-	

(2) Consolidated Balance Sheets

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Quarter of FY 2010	2,383,401	845,652	33.3	171.41
FY 2009	2,403,670	879,209	34.5	178.87

(Note) Shareholders' Equity: First quarter of FY 2010 - 794,634 Million yen
FY 2009 - 829,219 Million yen

2. Dividends

(Record Date)	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Total
FY 2009	-	2.50	-	2.50	5.00
FY 2010	-	2.50	-	2.50	5.00
FY 2010(Target)	-	2.50	-	2.50	5.00

(Note) Changes in dividends target for FY 2010 during the first quarter under review: None

3. Forecasts for Consolidated Financial Performance for FY 2010 (April 1, 2010 - March 31, 2011) (%: change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1st Half ending Sept. 30, 2010	720,000	20.3	30,000	-	25,000	-	25,000	-	5.39
Yearly total	-	-	90,000	-	80,000	-	60,000	-	12.94

(Note) Changes in forecasts for consolidated financial performance for FY 2010 during the first quarter under review: Yes

With regard to a forecast of yearly net sales, we are unable to make an appropriate forecasting at this point in time. Please refer to "Qualitative Information on Targets of Consolidated Financial Results" on page 2 and 3 of the APPENDIX for detail.

4. Others

(1) Changes in material subsidiaries during the current period (Changes in specific subsidiaries affecting the scope of consolidation.): None

(2) Adoption of accounting method which is simplified or is peculiar to quarterly consolidated financial statements: Yes

(3) Changes in the principle/procedure of accounting method and presentation, etc. related to the preparation of consolidated financial statements for the quarter (Items to be noted as changes related to the matter which is material to be a basis of preparing consolidated financial statements for the quarter)

(i) Changes due to the revision of accounting standards, etc.: Yes

(ii) Changes other than (i): None

(4) Number of issued shares (common stock)

(a) Number of shares of common stock issued and outstanding (including treasury shares)

Last day of First Quarter, FY 2010: 4,805,974,238 shares

Last day of FY 2009: 4,805,974,238 shares

(b) Number of treasury shares

Last day of First Quarter, FY 2010: 170,208,152 shares

Last day of FY 2009: 170,152,892 shares

(c) The average number of shares of common stock issued and outstanding during the period

First quarter of FY 2010: 4,635,793,366 shares

First quarter of FY 2009: 4,636,722,109 shares

(Note) This document, including the APPENDIX, is not a subject of audit procedure under the Financial Instruments and Exchange Law of Japan.

The forecasts or targets included in this document, including the APPENDIX, reflect the company's current beliefs and are based upon information currently available to it.

Forward-looking statements appear in a number of places in this document and include statements regarding our current intent, belief, targets, forecasts or expectations or the current intent, belief, targets, forecasts or expectations of our management. In many, but not all cases, we used words such as "aim," "anticipate," "believe," "estimate," "expect," "hope," "intend," "may," "plan," "predict," "probability," "risk," "should," "will," and similar expressions, as they relate to us or our management, to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those which are anticipated, aimed at, believed, estimated, expected, intended or planned. We identify in our *shihannki hokokusho* and financial summaries, including "1. Qualitative Information on Consolidated Business Result" on page 2 and 3 of the APPENDIX, important factors that could cause these differences. Sumitomo Metal Industries, Ltd. is under no obligation, and disclaims any obligation, to update its forward-looking statements whether as a result of new information, future events or otherwise, or to advise any changes in the assumptions and factors on which they are based.

APPENDIX

<Contents>

1. Qualitative Information and Financial Statements etc. During the Quarter.....	2
(1) Qualitative Information on Consolidated Business Results.....	2
(2) Qualitative Information on Targets of Consolidated Financial Results.....	2
2. Other Information*.....	3
3. Consolidated Financial Statements.....	4
(1) Consolidated Balance Sheets.....	4
(2) Consolidated Statements of Income.....	6
(3) Notes on Going Concern Assumption.....	6
(4) Notes on Any Significant Change in Shareholders' Equity.....	6
4. Supplemental Information.....	7
(1) Financial Performances (Consolidated Basis).....	7
(2) Crude Steel Production (Including Sumitomo Metals (Kokura), Ltd. and Sumikin Iron & Steel Corporation).....	7
(3) Export Ratio (Including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation): Value Basis....	7
(4) Foreign Exchange Rate.....	7
(5) Exposure to Foreign Exchange Fluctuations (Consolidated Basis).....	7
(6) Average Price of Steel Products (Including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation).....	8
(7) Outstanding Debt (Consolidated Basis).....	8
(8) Analysis on Contributors to Change in Ordinary Income (Consolidated Basis).....	8

* Detailed statement is not translated in English. Please refer to our original Japanese document for detail.

(Note) We are scheduled to conduct a conference call for analysts and fund managers on Thursday, July 29, 2010. We will upload the document and a summary of Q&A on our website (<http://www.sumitomometals.co.jp/e/ir/>) after the conference.

1. Qualitative Information and Financial Statements etc. During the Current Quarter

(1) Qualitative Information on Consolidated Business Results

Demand for steel products during the first quarter of the consolidated fiscal year under review was generally firm, chiefly from exports and manufacturers including the automotive sector. The recovery of demand for steel products in the energy sector in which the Sumitomo Metals Group focuses its efforts was only moderate. Prices of raw materials greatly increased, accompanying a rapid expansion in demand in China and other regions.

Under these circumstances, the Sumitomo Metals Group has made efforts to improve profitability through cost reductions and has worked to reflect the changes in raw material costs in the pricing of its steel products.

The Sumitomo Metals Group's business performance on a consolidated basis in the first quarter (April 1, 2010 to June 30, 2010) was an improvement compared with the outcomes of the same period in the previous fiscal year as a result of an increase in sales of steel products, our efforts to reduce costs as well as to reflect the changes in raw material costs in the pricing of our steel products, and temporary factors including the use of raw materials purchased through contracts concluded in the previous period and inventory revaluation gains accompanying the rise in raw material prices.

The Sumitomo Metals Group's business performance on a consolidated basis in the first quarter (April 1, 2010 to June 30, 2010) was as follows: net sales of 341.6 billion yen (a 51.1 billion yen year-on-year increase), operating income of 14.2 billion yen (a 48.8 billion yen year-on-year increase), ordinary income of 9.4 billion yen (a 51.1 billion yen year-on-year increase), resulting in a 1st-quarter net income of 4.4 billion yen (a 36.8 billion yen year-on-year increase).

(2) Qualitative Information on Targets of Consolidated Financial Results

Demand for steel products during the first half of the consolidated fiscal year under review is expected to be firm and to come mainly from the automotive sector and other manufacturers. Sales in the first half of the fiscal year are forecast to be 720 billion yen, with an operating income of 30 billion yen, ordinary income of 25 billion yen and net income of 25 billion yen. We disclosed the forecasts in the "Notice Regarding Financial Forecasts" announced today.

There will be greater uncertainty in the business environment during this fiscal year because the uncertainty regarding future steel demand is increasing due to the potential risk of over-supply in China. The future prices of raw materials and steel products are unclear due to the replacement of the annual contracts (used to set the price of our principle raw materials once a year) with quarterly contracts.

Under these conditions, the Sumitomo Metals Group will make greater efforts to improve profitability by reducing costs and working to improve selling prices in response to changes in raw material prices.

Business forecasts for this fiscal year ending March 31, 2011 aim for an operating income of 90 billion yen, ordinary income of 80 billion yen, and net income of 60 billion yen. We have revised the forecast net income for the period which was published on April 28, 2010, as deferred tax assets based on tax-effect accounting are expected to be recorded in the second quarter.

With regard to forecasts of yearly net sales, we are unable to make an appropriate forecasting at this point in time. We will disclose such forecasts when we are able to make them. We will notify with the situation on the occasion of financial report for the second quarter of FY2010.

2. Other Information (Note: Detailed statement is not translated in English. Please refer to our original Japanese document for detail.)

- (1) Changes in material subsidiaries during the current period (Changes in specific subsidiaries affecting the scope of consolidation): None

- (2) Adoption of accounting method which is simplified or is peculiar to quarterly consolidated financial statements: Yes

- (3) Changes in the principle/procedure of accounting method and presentation, etc. related to the preparation of consolidated financial statements for the quarter (Items to be noted as changes related to the matter which is material to be a basis of preparing consolidated financial statements for the quarter)
 - (i) Changes due to the revision of accounting standards, etc.: Yes
 - (ii) Changes other than (i): None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

Items	At the end of First Quarter Under Review (As of June 30, 2010)	Summarized Balance Sheet at the end of Previous FY (As of March 31, 2010)
(Assets)		
Current assets:		
Cash and deposits	24,990	19,710
Notes and accounts receivable-trade	137,625	151,507
Merchandise and finished goods	152,233	147,581
Work in process	27,437	24,940
Raw materials and supplies	223,219	213,607
Other	42,611	49,237
Allowance for doubtful accounts	(172)	(153)
Total current assets	607,946	606,431
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net	264,628	267,460
Machinery, equipment and vehicles, net	435,803	439,740
Land	349,721	340,324
Other, net	86,758	94,319
Total property, plant and equipment	1,136,910	1,141,845
Intangible assets	6,795	6,470
Investment and other assets:		
Investment securities	484,907	533,458
Other	148,005	116,451
Allowance for doubtful accounts	(1,163)	(986)
Total investments and other assets	631,749	648,923
Total noncurrent assets	1,775,455	1,797,239
Total assets	2,383,401	2,403,670

(1) Consolidated Balance Sheets (Continued)

(Million yen)

Items	At the end of First Quarter Under Review (As of June 30, 2010)	Summarized Balance Sheet at the end of Previous FY (As of March 31, 2010)
(Liabilities)		
Current liabilities:		
Notes and accounts payable-trade	233,854	204,969
Short-term loans payable	287,642	286,893
Other	144,612	147,492
Total current liabilities	666,109	639,355
Noncurrent liabilities:		
Bonds payable	180,659	185,658
Long-term loans payable	623,731	631,802
Provision for retirement benefits	20,077	19,948
Provision for special repairs	212	208
Other	46,957	47,487
Total noncurrent liabilities	871,639	885,105
Total liabilities	1,537,749	1,524,461
(Net Assets)		
Shareholders' equity:		
Capital stock	262,072	262,072
Capital surplus	61,829	61,829
Retained earnings	589,143	596,254
Treasury stock	(91,119)	(91,106)
Total shareholders' equity	821,925	829,050
Valuation and translation adjustments:		
Valuation difference on available-for sale securities	(25,102)	2,324
Deferred gains or losses on hedges	(1,176)	(979)
Revaluation reserve for land	11,204	11,834
Foreign currency translation adjustment	(12,216)	(13,009)
Total valuation and translation adjustment	(27,291)	169
Minority interests	51,018	49,989
Total net assets	845,652	879,209
Total liabilities and net assets	2,383,401	2,403,670

(2) Consolidated Statements of Income

(Million yen)

Items	First Quarter of the Previous FY (April 1, 2009- June 30, 2009)	First Quarter Under Review (April 1, 2010- June 30, 2010)
Net Sales	290,451	341,600
Cost of sales	294,786	295,790
Gross profit (losses)	(4,335)	45,810
Selling, general and administrative expenses:		
Shipment expenses	6,715	9,251
Employees' salaries and allowances	10,096	8,961
Other	13,393	13,312
Total selling, general and administrative expenses	30,204	31,524
Operating income (losses)	(34,539)	14,285
Non-operating income:		
Dividends income	1,488	2,202
Other	5,532	4,466
Total non-operating income	7,020	6,668
Non-operating expenses:		
Interest expenses	3,863	3,901
Equity in losses of affiliates	5,469	-
Other	4,801	7,562
Total non-operating expenses	14,134	11,464
Ordinary income (losses)	(41,653)	9,490
Income (losses) before income taxes	(41,653)	9,490
Income taxes-current	584	1,909
Income taxes-deferred	(9,491)	2,475
Total income taxes	(8,907)	4,384
Net income before minority interest in income (losses) adjustment	-	5,105
Minority interests in income (losses)	(386)	626
Net income (losses)	(32,359)	4,478

(3) Notes on Going Concern Assumption:

Not applicable.

(4) Notes on Any Significant Change in Shareholders' Equity:

Not applicable.

4. Supplemental Information

(1) Financial Performances (Consolidated Basis)

(Billion yen)

	Forecast for 1st Half of FY2010		
	1st quarter	2nd quarter (approx.)	(approx.)
Steel	324.6	365.0	690.0
Other	16.9	13.0	30.0
Net Sales	341.6	378.0	720.0
Steel	12.6	14.0	26.0
Other	1.6	2.0	4.0
Adjustment	(0.0)	-	(0.0)
Operating income	14.2	16.0	30.0
Ordinary income	9.4	16.0	25.0
Net income	4.4	20.0	25.0

(2) Crude Steel Production (Including Sumitomo Metals (Kokura), Ltd. and Sumikin Iron & Steel Corporation)

(Million tons)

							Total
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
FY2008	3.50	3.54	7.04	3.36	2.48	5.84	12.87
FY2009	2.28	2.79	5.07	3.26	3.32	6.58	11.65
FY2010 (Forecast)	3.35	3.35 (approx.)	6.70 (approx.)	-	-	7.20 (approx.)	13.90 (approx.)

(3) Export Ratio (Including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation): Value Basis

(%)

							Total
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
FY2008	44	44	44	46	48	47	45
FY2009	48	42	45	41	41	41	43
FY2010 (Forecast)	43	41 (approx.)	42 (approx.)				

(4) Foreign Exchange Rate

(Yen/US\$)

							Total
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
FY2008	105	108	106	96	94	95	101
FY2009	97	94	95	90	91	90	93
FY2010 (Forecast)	92	90 (approx.)	91 (approx.)	-	-	90 (approx.)	91 (approx.)

(5) Exposure to Foreign Exchange Fluctuations (Consolidated Basis)

FY2009	Forecast for 1st Half of FY2010
Excess receipt of approximately 0.7 billion US\$ per year	Excess payment of approximately 0.2 billion US\$ per half year

(6) Average Price of Steel Products (Including Sumitomo Metals (Kokura), Ltd.,
Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

(Thousand yen/ton)

							Total
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
FY2008	110.1	126.9	118.6	130.3	132.7	131.3	124.3
FY2009	109.4	86.8	96.8	79.0	84.3	81.7	88.0
FY2010 (Forecast)	87.7	96 (approx.)	92 (approx.)				

(7) Outstanding Debt (Consolidated Basis)

(Billion yen)

As of March 31, 2010	As of June 30, 2010	As of September 30, 2010 (Forecast)	As of March 31, 2011 (Forecast)
1,138.3	1,128.0	approx. 1,120.0	approx. 1,100.0

(8) Analysis on Contributors to Change in Ordinary Income (Consolidated Basis)

-Foreign exchange (TTM) assumption:

92 Yen/US\$ (1st quarter of FY 2010) ← 97 Yen/US\$ (1st quarter of FY 2009)

(Billion yen)

	1st quarter of FY2010	1st quarter of FY 2009	Increase/(Decrease)
Consolidated ordinary income/(losses)	9.4	(41.6)	51.1

(Billion yen)

Positive impact		Negative impact	
Carry-over of raw materials costs*	48.0	Raw materials price increase	(56.0)
Increase in sales volume	32.0	Increase of fixed costs	(3.0)
Inventory devaluation	25.0	Sales price/mix and others	(23.5)
Gain from valuation	16.0		
Increase of equity in earnings of unconsolidated subsidiaries	6.6		
Cost improvement	6.0		
Total	133.6	Total	(82.5)
Difference: 51.1			

* Impact of carry-over: 1st quarter of 2010 - positive 19.0 billion yen
1st quarter of 2009 - negative 29.0 billion yen