

The following information was originally prepared and published by Sumitomo Metal Industries, Ltd. (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.

**Sumitomo Metal Industries, Ltd.**  
**Consolidated Financial Results**  
**For the First Quarter of FY2012 (ending March 31, 2013)**

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 FY2012

(April 1, 2012 - June 30, 2012)

(1) Consolidated Statement of Operations (%: change from the previous year)

	Net sales		Operating income/(losses)		Ordinary income/(losses)		Net income/(losses) for the quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY2012	341,914	11.4	(11,212)	-	(11,065)	-	(20,000)	-
First quarter of FY2011	306,899	-10.2	16,804	17.6	19,059	100.8	3,255	-27.3

(Note) Comprehensive income/(losses): First quarter of FY2012 - (17,942) Million yen ( - %)  
First quarter of Y2011 - 3,937 Million yen ( - %)

	Net income/(losses) for the quarter per share		Net income/(losses) for the quarter per share after dilution	
	Yen		Yen	
First quarter of FY2012	(4.31)		-	
First quarter of FY2011	0.70		-	

(2) Consolidated Balance Sheets

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
First quarter of FY2012	2,388,055		740,218		28.8	
FY2011	2,386,158		761,484		29.7	

(Note) Shareholders' Equity: First quarter of FY2012 - 686,912 Million yen  
FY2011 - 709,315 Million yen

## 2. Dividends

(Record Date)	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Total
FY2011	Yen -	Yen 1.00	Yen -	Yen 1.00	Yen 2.00
FY2012	-				
FY2012(Forecasts)		0.00	-	-	-

(Note) We have disclosed the dividends forecasts for FY2012, which were not disclosed as “to be decided” at the previous announcement.

## 2. Forecasts for Consolidated Financial Performance for First Half of FY2012 (April 1, 2012 – June 30, 2012)

(%: change from previous year)

	Net sales		Operating income		Ordinary income		Net income / (losses)		Net income / (losses) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half ending Sept. 30, 2012	720,000	4.0	13,000	-68.5	10,000	-75.8	(8,000)	-	(1.73)

(Note) We have disclosed the dividends forecasts for FY2012, which were not disclosed as “to be decided” at the previous announcement.

\*Please refer to the “Qualitative Information on Consolidated Financial Results” on page 2 of the APPENDIX.

### \*Remarks

(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 peculiar to quarterly consolidated financial statements: None

(3) Changes in the principle/procedure of accounting method and presentation, changes in estimation related to financial statements, and re-statement of revisions.

(i) Changes in the principle/procedure of accounting method and presentation due to the revision of accounting standards, etc.: Yes

(ii) Changes other than (i): None

(iii) Changes in estimation related to financial statements: Yes

(iv) Re-statement of revisions: None

(Note) The above changes correspond to Article 10-5 in the “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.” For details, please refer to “Changes in the principle/procedure of accounting method and presentation, changes in estimation related to financial statements, and re-statement of revisions” on page 2 of the APPENDIX.

### (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, FY2012: 4,805,974,238 shares

Last day of FY2011: 4,805,974,238 shares

(b) Number of treasury shares

Last day of First Quarter, FY2012: 170,468,787 shares

Last day of FY2011: 170,566,535 shares

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

First quarter of FY2012: 4,635,454,748 shares

First quarter of FY2011: 4,635,534,403 shares

(Note) This document, including the APPENDIX, is not a subject of audit procedure under the Financial Instruments and Exchange Law of Japan. The consolidated quarterly financial statements are currently under review according to the Financial Instruments and Exchange Law of Japan.

(Note) We are scheduled to conduct a conference call for analysts and fund managers on Monday, July 30, 2012. We will upload the document and a summary of Q&A on our website (<http://www.sumitomometals.co.jp/e/ir/>) after the conference.

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 *shihanki hokokusho* and financial summaries, including "1. Qualitative Information on Consolidated Financial Results" on page 2 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

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## **1. Qualitative Information on Consolidated Business Performance for the Quarter**

### **(1) Qualitative Information on Consolidated Business Results**

For the business environment surrounding the SMI Group (the Company and consolidated subsidiaries) in the first quarter of the consolidated fiscal year under review, a comparison with the first quarter of the previous period reveals that although domestic demand for steel products, chiefly those destined for the automotive sector, showed signs of a recovery, demand in overseas markets for steel products weakened and market conditions worsened due to the influence of the European financial crisis and the slowdown of the Chinese economy. Although raw material costs declined year-on-year, they continued to remain at a high level.

Under these circumstances, the SMI Group worked to improve profitability by reducing costs and taking other measures. Through controlling spending in all areas, we made efforts to raise funds to recover from the damage to facilities caused by the Great East Japan Earthquake.

Consolidated business results for the first quarter of the consolidated fiscal year under review were as follows. Although the net sales was 341.9 billion yen (an increase of 35.0 billion yen compared with the consolidated results for the first quarter of FY2011), a decline in sales prices due to the deteriorating market conditions was unavoidable. And such decline in sales prices, together with other factors including losses from inventory revaluation accompanying the fall in raw material prices, led to the operating losses of 11.2 billion yen (a decrease of 28.0 billion yen compared with the consolidated results for the first quarter of FY2011), the ordinary losses of 11.0 billion yen (a decrease of 30.1 billion yen compared with the consolidated results for the first quarter of FY2011), and the net losses of 20.0 billion yen (a decrease of 23.2 billion yen compared with the consolidated results for the first quarter of FY2011).

### **(2) Qualitative Information on Forecasts for the Consolidated Financial Results**

Our forecast for the financial results for the first half of the consolidated fiscal year under review are as follows: net sales of 720.0 billion yen, operating income of 13.0 billion yen, ordinary income of 10.0 billion yen, and net losses of 8.0 billion yen.

These earnings forecasts were separately disclosed in today's "Notice Regarding Forecasts for Financial Performances and Dividends".

## **2. Summary Information (Remarks)**

Changes in the principle/procedure of accounting method and presentation, changes in estimation related to financial statements, and re-statement of revisions

(The change in the principle/procedure of accounting method and presentation that is difficult to be distinguished from the change in estimation related to financial statements.)

In accordance with the revision of Corporate Tax Act of Japan, Sumitomo Metals and its group companies in Japan have changed their depreciation methods for property, plant and equipment acquired after April 1, 2012 to the ones based on the revised Corporate Tax Act of Japan from the first quarter of FY2012. The impact against the financial statements is minimal.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(Million yen)

Items	At the end of previous FY (As of March 31, 2012)	At the end of first quarter under review (As of June 30, 2012)
(Assets)		
Current assets:		
Cash and deposits	17,637	18,202
Notes and accounts receivable-trade	139,656	107,789
Merchandise and finished goods	175,345	181,084
Work in process	26,824	29,864
Raw materials and supplies	244,723	244,631
Other	54,496	55,364
Allowance for doubtful accounts	(616)	(610)
<b>Total current assets</b>	<b>658,067</b>	<b>636,326</b>
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net	258,733	265,220
Machinery, equipment and vehicles, net	390,554	383,265
Land	346,501	345,975
Other, net	109,668	117,300
<b>Total property, plant and equipment</b>	<b>1,105,457</b>	<b>1,111,762</b>
Intangible assets	20,108	20,824
Investment and other assets:		
Investment securities	411,651	395,826
Other	191,148	223,580
Allowance for doubtful accounts	(275)	(266)
<b>Total investments and other assets</b>	<b>602,524</b>	<b>619,141</b>
<b>Total noncurrent assets</b>	<b>1,728,090</b>	<b>1,751,728</b>
<b>Total assets</b>	<b>2,386,158</b>	<b>2,388,055</b>

**(1) Consolidated Quarterly Balance Sheets (Continued)**

(Million yen)

Items	At the end of previous FY (As of March 31, 2012)	At the end of first quarter under review (As of June 30, 2012)
(Liabilities)		
Current liabilities:		
Notes and accounts payable-trade	251,443	248,320
Short-term loans payable	224,685	250,671
Provision for loss on disaster	10,687	7,330
Other	204,220	244,670
Total current liabilities	691,035	750,992
Noncurrent liabilities:		
Bonds payable	206,266	196,892
Long-term loans payable	660,169	635,100
Provision for retirement benefits	18,918	18,947
Provision for special repairs	220	219
Other	48,062	45,683
Total noncurrent liabilities	933,637	896,844
Total liabilities	1,624,673	1,647,836
(Net Assets)		
Shareholders' equity:		
Capital stock	262,072	262,072
Capital surplus	61,829	61,841
Retained earnings	504,065	480,732
Treasury stock	(91,186)	(91,181)
Total shareholders' equity	736,781	713,464
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	6,122	(7,237)
Deferred gains or losses on hedges	(188)	(266)
Revaluation reserve for land	11,021	11,021
Foreign currency translation adjustment	(44,422)	(30,069)
Total accumulated other comprehensive income	(27,465)	(26,552)
Minority interests	52,169	53,306
Total net assets	761,484	740,218
Total liabilities and net assets	2,386,158	2,388,055

(2) Consolidated Quarterly Statement of Operations and  
Consolidated Quarterly Statement of Comprehensive Income

(Consolidated Quarterly Statement of Operations)

(Million yen)

Items	First quarter of the previous FY (April 1, 2011 - June 30, 2011)	First quarter under review (April 1, 2012 - June 30, 2012)
Net Sales	306,899	341,914
Cost of sales	261,710	322,407
Gross profit	45,188	19,506
Selling, general and administrative expenses	28,384	30,719
Operating income/(losses)	16,804	(11,212)
Non-operating income:		
Dividends income	4,277	2,524
Equity in earnings of affiliates	4,781	3,589
Other	3,270	2,350
Total non-operating income	12,329	8,464
Non-operating expenses:		
Interest expenses	3,389	3,306
Other	6,684	5,010
Total non-operating expenses	10,073	8,316
Ordinary income/(losses)	19,059	(11,065)
Extraordinary losses:		
Loss on valuation of investment securities	-	15,509
Loss on disaster	12,320	-
Loss on sales of investment securities	1,990	-
Total extraordinary losses	14,311	15,509
Income/(losses) before income taxes	4,747	(26,574)
Income taxes-current	2,374	2,133
Income taxes-deferred	(1,311)	(8,985)
Total income taxes	1,062	(6,851)
Net income/(losses) before minority interest in income adjustment	3,685	(19,723)
Minority interests in income	430	277
Net income/(losses)	3,255	(20,000)



**(Consolidated Quarterly Statements of Comprehensive Income)**

(Million yen)

Items	First quarter of the previous FY (April 1, 2011 - June 30, 2011)	First quarter under review (April 1, 2012 - June 30, 2012)
Net income/(losses) before minority interests	3,685	(19,723)
Other comprehensive income:		
Valuation difference on available-for-sale securities	(5,971)	(12,699)
Deferred gains on hedges	88	55
Foreign currency translation adjustment	1,815	6,960
Share of other comprehensive income of associates accounted for using equity method	4,319	7,463
Total other comprehensive income	251	1,780
Comprehensive income/(losses)	3,937	(17,942)
(Detail)		
Comprehensive income/(losses) attributable to owners of the parent	3,220	(19,086)
Comprehensive income attributable to minority interests	716	1,144

**(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)

	Forecasts for 1st Half of FY2012		
	1st quarter	(approx.) 2nd quarter	(approx.)
Steel	333.4	367.0	700.0
Other	8.4	11.0	20.0
Net Sales	341.9	378.0	720.0
Steel	(11.4)	22.5	11.0
Other	0.2	1.5	2.0
Adjustment	0.0	-	-
Operating income/(losses)	(11.2)	24.0	13.0
Ordinary income/(losses)	(11.0)	21.0	10.0
Net income/(losses)	(20.0)	12.0	(8.0)

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

(Million tons)

	1st half		2nd half			Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	
FY2010	3.35	3.43	3.00	3.13	6.12	12.90
FY2011	2.77	3.34	3.25	3.36	6.61	12.72
FY2012	3.07	(approx.) 3.48	(approx.)		6.55	

##### (3) Export Ratio (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation): based on the sales price

(%)

	1st half		2nd half			Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	
FY2010	43	39	42	42	42	42
FY2011	46	40	38	41	40	41
FY2012	44	(approx.) 45	(approx.)		45	

##### (4) Foreign Exchange Rate

(Yen/US\$)

	1st half		2nd half			Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	
FY2010	92	86	83	82	82	86
FY2011	82	78	77	79	78	79
FY2012	80	(approx.) 80	(approx.)		80	

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

(Thousand yen/ton)

			1st half				Total
	1st quarter	2nd quarter		3rd quarter	4th quarter	2nd half	
FY2010	87.7	95.6	91.6	95.9	97.9	96.9	94.2
FY2011	104.5	107.3	106.0	103.1	99.8	101.4	103.5
FY2012	94.7	(approx.) 95	(approx.) 95				

(6) Outstanding Debt (Consolidated Basis)

(Billion yen)

As of March 31, 2012	As of June 30, 2012
1,172.1	1,200.6

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

-Foreign exchange (TTM) assumption:

80 Yen/US\$ (first quarter of FY2012) ← 82 Yen/US\$ (first quarter of FY2011)

(Billion yen)

	1st quarter of FY2012	1st quarter of FY2011	Increase/(Decrease)
Consolidated ordinary income/(losses)	(11.0)	19.0	(30.1)

(Billion yen)

Positive impact		Negative impact	
Raw materials price decrease	40.0	Carry-over of raw material costs*	(29.0)
Sales volume	13.0	Sales price	(16.0)
Cost improvement	5.5	Inventory devaluation	(12.0)
Fixed costs	3.0	Valuation loss	(11.0)
		Decrease of equity in earnings of unconsolidated subsidiaries	(1.1)
		Sales mix and others	(22.5)
Total	61.5	Total	(91.6)
Difference: -30.1			

\* Impact of carry-over: 1st quarter of 2012 - negative 11.0 billion yen  
1st quarter of 2011 - positive 18.0 billion yen