

Sumitomo Metal Industries, Ltd.
Consolidated Interim Financial Statements



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Consolidated Interim Balance Sheet, as of September 30, 2002 (Unaudited)

Assets:

	Millions of yen	Thousands of U.S. dollars
Current assets:		
Cash and time deposits	¥ 87,967	\$ 717,512
Marketable securities	614	5,008
Notes and accounts receivable:		
Trade	218,122	1,779,135
Other	36,550	298,124
	<u>254,672</u>	<u>2,077,259</u>
Allowance for doubtful accounts	(984)	(8,026)
Net notes and accounts receivable	253,688	2,069,233
Inventories	317,618	2,590,685
Prepaid expenses and other	34,389	280,498
Total current assets	<u>694,276</u>	<u>5,662,936</u>
Property, plant and equipment, at cost:		
Land	354,303	2,889,910
Buildings and structures	764,875	6,238,785
Machinery and equipment	2,160,054	17,618,711
Construction in progress	40,936	333,899
Total	<u>3,320,168</u>	<u>27,081,305</u>
Accumulated depreciation	(2,144,106)	(17,488,630)
Net property, plant and equipment	<u>1,176,062</u>	<u>9,592,675</u>
Investments and other assets:	<u>399,608</u>	<u>3,259,445</u>
Total	<u>¥ 2,269,946</u>	<u>\$ 18,515,056</u>

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Consolidated Interim Balance Sheet, as of September 30, 2002 (Unaudited)

Liabilities and Shareholders' Equity:

	Millions of yen	Thousands of U.S. dollars
Current liabilities:		
Short-term bank loans	¥ 411,962	\$ 3,360,212
Current portion of long-term debt	298,158	2,431,957
Notes and accounts payable:		
Trade	163,581	1,334,266
Other	40,101	327,088
	<u>203,682</u>	<u>1,661,354</u>
Accrued expenses and other	71,032	579,380
Total current liabilities	<u>984,834</u>	<u>8,032,903</u>
Long-term liabilities and reserves:		
Long-term debt	845,356	6,895,236
Liability for employees' retirement benefits	33,213	270,905
Reserve for rebuilding furnaces	10,798	88,075
Other	84,368	688,157
Total long-term liabilities and reserves	<u>973,735</u>	<u>7,942,373</u>
Minority interests	34,667	282,765
Shareholders' Equity:		
Common stock, authorized 4,940,864,000 shares: issued and outstanding 3,632,272,511 shares;	237,922	1,940,636
Additional paid-in capital	37,735	307,790
Revaluation surplus	20,635	168,312
Deficit	(19,199)	(156,599)
Unrealized gains on available for sale securities	551	4,494
Foreign currency translation adjustments	(913)	(7,447)
Total	<u>276,731</u>	<u>2,257,186</u>
Treasury stock at cost:	(21)	(171)
Total shareholders' equity	<u>276,710</u>	<u>2,257,015</u>
Total	<u>¥ 2,269,946</u>	<u>\$ 18,515,056</u>

Consolidated Interim Statement of Operations and Deficit (Unaudited)

(For the six months ended September 30, 2002)

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 593,114	\$ 4,837,797
Cost of sales	496,998	4,053,817
Gross profit	96,116	783,980
Selling, general and administrative expenses	69,082	563,474
Operating profit	27,034	220,506
Other income (expenses):		
Interest and dividend income	2,851	23,254
Interest expense	(12,341)	(100,661)
Equity in earnings of unconsolidated subsidiaries and associated companies	6,584	53,703
Gain on sales of investment securities	2,565	20,922
Gain on sales of property, plant and equipment	(2,433)	(19,845)
Loss on devaluation of investment securities	(5,069)	(41,346)
Provision for employees' retirement benefit	(3,515)	(28,670)
Restructuring expenses	4,860	39,641
Other expenses, net	(5,523)	(45,049)
	<u>(12,021)</u>	<u>(98,051)</u>
Income before income taxes and minority interests	15,013	122,455
Income taxes - Deferred	(5,560)	(45,351)
Minority interests	(867)	(7,072)
Net income	8,586	70,032
Deficit:		
Balance, April 1, 2002	(127,580)	(1,040,620)
Transfer from additional paid-in capital	101,686	829,413
Net income	8,586	70,032
Bonuses to directors and corporate auditors	(16)	(130)
Increase by exclusion of certain subsidiaries from consolidation	(1,875)	(15,294)
Balance, September 30, 2002	¥ (19,199)	\$ (156,599)
	Yen	U.S. Dollars
Net income per share of common stock	¥ 2.36	\$ 0.02

