Notice regarding Revisions to the Earnings and Dividend Forecasts

In consideration of recent trends in financial performance, Sumitomo Heavy Industries, Ltd. today announced that the following revisions have been made to the consolidated earnings forecast for the year-to-date period up to the end of the second quarter of the current consolidated fiscal year (April 1, 2012 to September 30, 2012) and the full-year (April 1, 2012 to March 31, 2013), as well as to the dividend forecast.

Details

1. Revisions to the Consolidated Earnings Forecast for the Period Ending March 2013

Year-To-Date Period Up to the End of the Second Quarter of the Consolidated Fiscal Year Ending March 2013

Revisions to the Consolidated Earnings Forecast (April 1, 2012 to September 30, 2012)

(Units: millions of yen unless otherwise denoted)

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous Forecast (A)	300,000	17,000	15,000	8,000	13.03
Current Forecast (B)	295,000	13,500	12,500	6,500	10.59
Difference (B – A)	(5,000)	(3,500)	(2,500)	(1,500)	—
% Difference	(1.7)	(20.6)	(16.7)	(18.8)	—
(Reference) Actuals from Previous Period (YTD Period Up to the End of 2Q for Period Ended March 2012)	294,068	21,579	20,168	9,236	15.04

Full-Year Ending March 2013

Revisions to the Consolidated Earnings Forecast (April 1, 2012 to March 31, 2013)

(Units: millions of yen unless otherwise denoted)

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous Forecast (A)	630,000	45,000	41,000	23,500	38.29
Current Forecast (B)	620,000	32,000	29,000	16,500	26.89
Difference (B – A)	(10,000)	(13,000)	(12,000)	(7,000)	—
% Difference	(1.6)	(28.9)	(29.3)	(29.8)	—
(Reference) Actuals from Previous Period (Period Ended March 2012)	624,100	47,135	44,619	19,492	31.75

2. Reasons for Revising the Earnings Forecast

In overall terms, the future outlook for the domestic market remains unstable as the longstanding strength of the Japanese yen puts downward pressure on performance. Outside of Japan, overall conditions remain weak as any economic recovery seen in portions of the United States market have been erased by signs of long-term financial uncertainty in Europe, as well as the slumping Chinese economy which, up to now, underpinned the global economy.

Set against this economic backdrop, a decision was made to lower the previously announced (on May 8, 2012) sales forecasts for the Construction Machinery segment due to the slower than anticipated recovery of demand from the Chinese market, as well as the Machinery Components segment due to worse than anticipated market conditions. At the same time, the forecast for operating income, ordinary income and net income have been revised downwards to reflect the reduction in sales and the impact of the strong Japanese yen.

Separately, please note that in May 2012, the Ministry of Defense suspended SHI's Defense System Group and one consolidated subsidiary from bidding on future contracts after the Ministry discovered that the two SHI entities over-calculated the number of work hours expended in one of its contracts. Although the Group anticipates that penalty payments will be incurred in accordance with the terms of the contract, at this stage, the Group is fully cooperating with the Ministry and the amount of the penalty along with the timing of the payment is undetermined. For this reason, no such amount has been incorporated into the current earnings forecast.

On a separate note, from the second quarter of the current consolidated fiscal year, the following currency exchange rates are being assumed: USD1 = JPY78; EUR1 = JPY95.

3. Revisions to the Dividend Forecast for the Period Ending March 2013

(Units: yen)

	Dividend Per Share		
Record Date	End of Second Quarter	End of the Fiscal Year	Annual Amount
Previous Forecast (Announced on May 8, 2012)	4.00	6.00	10.00
Current Forecast	4.00	4.00	8.00
Dividends Paid to Date in the Current Period	—	—	—
Actual Dividends Paid in Previous Period (Ended March 2012)	4.00	6.00	10.00

4. Reasons for Revising the Dividend Forecast for the Period Ending March 2013

The Group's basic stance on profit sharing is to pay a dividend amount commensurate to the income earned during the period, and to increase such amount whenever possible. However, the decision on the actual amount of the dividend to be paid is made after taking into consideration the appropriate level of retained earnings needed to ensure that the Group is able to sustain a stable business model in the long term.

Based on the Group's financial performance for the first quarter of the consolidated fiscal year, the earnings forecast for both the year-to-date period up to the second quarter of the current consolidated fiscal year and the full-year have been revised downwards. Subsequently, the dividend forecast for the current consolidated fiscal year has also been revised downwards as outlined in the above table.

Note: The above forecast concerning future financial results is believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast due to a variety of factors.