

April 26, 2013

To Whom It May Concern:

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Notice Regarding the Accounting of an Extraordinary Loss (Impairment Loss) and Revisions to the Earnings Forecast

This is to notify that Sumitomo Heavy Industries, Ltd. (hereinafter referred to as the "Company") has made a decision to post an extraordinary loss (impairment loss) for the fiscal year ended March 2013 (April 1, 2012 to March 31, 2013). At the same time, the Company has determined that it needs to revise the full-year earnings forecast for the fiscal year ended March 2013 (April 1, 2012 to March 31, 2013) from the figures announced previously on January 31, 2013. Details are as follows:

DETAILS

1. Extraordinary Loss

In the Ships segment, profitability has worsened as continuing sluggish conditions in maritime trade stemming from the stagnant global economy has resulted in the excess supply of new vessels, a decrease in demand for shipbuilding and consequently a reduction in ship values. In addition, the future outlook for the business has deteriorated and evidence of asset impairment has been verified mainly because of intense competition from shipbuilders based in emerging countries. In consideration of the above conditions as well as the salvage potential of assets used in the Ships segment, the Company has decided to post a JPY16.4 billion impairment loss on fixed assets as an extraordinary loss. Moreover, the Company has also posted a JPY1.0 billion impairment loss on idle assets.

2. Revisions to the Consolidated Earnings Forecast for the Period Ended March 2013

Revisions to the Full-Year Consolidated Earnings Forecast for the Period Ended March 2013
(April 1, 2012 to March 31, 2013)

(Units: millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previously Announced Forecast (A)	600,000	32,000	29,000	13,000	21.18
Revised Forecast (B)	585,000	31,000	31,000	5,500	8.96
Difference (B-A)	(15,000)	(1,000)	2,000	(7,500)	-
% Difference	(2.5)	(3.1)	6.9	(57.7)	-
Reference – Actuals from Previous Period (ended March 2012)	624,100	47,135	44,619	19,492	31.75

3. Reasons for the Revisions to the Earning Forecast

As compared to the previously announced full-year forecast dated January 31, 2013, a reduction in sales is projected in both the Precision Machinery and Industrial Machinery segments. In terms of operating and ordinary income figures, conditions have worsened due to a decline in sales. However, this has been buffered by improvements in currency exchange rates (i.e. a weakened Japanese Yen). Finally, due to need to post an extraordinary loss in the form of an impairment loss from the Ships segment, the full-year forecast for net income has been revised downwards from previously announced figures. In summary, the figures for sales, operating income, ordinary income and net income for the period have been revised from the previously announced forecast.

Please note that there is no change to year-end dividend forecast.

Note: This document contains forward-looking statements regarding the future performance and operations of the Company and its group affiliates. All such statements are based on rational judgments made by the Company with information that is obtainable at the time this document is published. Actual performance may vary from the published forecasts and outlooks due to changes in a variety of factors.

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