

Notice Regarding Impairment Loss of Fixed Assets and Revision of Financial Forecasts for First Half of FY2012

Sumitomo Metal Industries, Ltd. (Sumitomo Metals) has revised its first half consolidated financial forecast (from April 1, 2012 to September 30, 2012) of the current fiscal year ending March 31, 2013, which was announced on July 30, 2012. This was based on the decision by the Board of Directors on August 30, 2012 to recognize impairment loss as extraordinary loss.

1. Impairment loss

Pursuant to the Accounting Standards for Impairment of Fixed Assets, Sumitomo Metals has recognized signs of impairment loss in certain fixed assets held by Sumikin Iron & Steel Corp. related to lower profitability resulting from the deteriorated business environment. In consideration of recoverability of those assets, Sumitomo Metals expects to recognize an impairment loss of approximately 120 billion yen as an extraordinary loss in its first six-month consolidated financial forecast of FY2012.

Location	Application	Asset type	Impairment amount
Wakayama City, Wakayama Prefecture	Manufacturing facilities	Machinery equipment, etc.	Approximately 120 billion yen

Sumikin Iron & Steel Corp. will continue to operate as a manufacturing base as it expects to keep generating cash flow in the future. It also aims to improve cost to enhance competitiveness to improve profitability, ensure stable supply of steel materials, and provide stable employment together with subcontracting companies, and contribute to the local economy where it has production and related facilities.

(Continued)

2. Revision of financial forecasts

(1) Revised financial forecasts for the first six-month of FY2012 (from April 1, 2012 to September 30, 2012)

	Net sales	Operating income	Ordinary income	Net income (losses)	Net income (losses) per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	720,000	13,000	10,000	(8,000)	(1.73)
Revised forecasts (B)	720,000	13,000	10,000	(128,000)	(27.61)
Difference (B-A)	0	0	0	(120,000)	
Rate of change (%)	0.0	0.0	0.0	—	
(Reference) Previous year's first six-month results	692,215	41,268	41,370	(32,387)	(6.99)

(2) Reasons for revision

Financial forecasts have been revised as impairment loss of fixed assets is expected to be recognized as extraordinary loss as stated above.

(Note) Forward-looking statements in this material are based upon information currently available to Sumitomo Metals. Various factors may cause actual results to differ materially from those statements.