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2009

Financial Results for the 1st Quarter
ended 31 March 2009

SUMIDA CORPORATION

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4. Consolidated Quarterly Business Results

(Unit : Millions of yen)

	FY2009	FY2008				FY2007			
	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net sales	8,579	10,719	14,701	15,479	14,835	17,035	17,885	18,402	16,888
Operating income	(1,345)	(745)	819	1,051	1,042	1,316	1,438	1,253	705
Ordinary income	(1,057)	(2,340)	867	517	810	1,032	1,023	1,750	563
Income before income taxes	(1,176)	(5,776)	365	427	754	767	1,252	1,001	594
Net income	(1,071)	(6,759)	531	(17)	502	949	872	679	355

5. Consolidated Yearly Business Results

(Unit : Millions of yen)

	FY2008	FY2007	FY2006	FY2005	FY2004
Net sales	55,734	70,210	63,508	39,666	36,246
Operating income	2,167	4,712	4,171	3,183	3,611
Ordinary income	(146)	4,368	4,505	2,853	3,128
Income before income taxes	(4,230)	3,614	4,126	3,929	2,625
Net income	(5,743)	2,855	2,182	2,435	1,807
Shareholders' equity	14,700	29,919	27,151	24,920	20,511
Total assets	60,814	71,510	70,161	51,701	34,170
Per share (yen)					
Net income	(298.91)	149.96	111.88	126.54	104.25
Shareholders' equity	718.04	1,486.13	1,383.75	1,285.44	1,175.67

CEO's Message for the First Quarter of Fiscal 2009

Spring has brought plenty of new growth in the natural world, but unfortunately the same cannot be said for the economic environment. The global financial crisis that began last autumn and the subsequent dramatic downturn in the world economy continue with no end in sight, although there are a few small signs of a movement toward recovery.

According to the IMF, industrialized nations recorded a drop in real GDP of 7.5% for the fourth quarter of 2008, the worst decline in history. It is expected that the first quarter of 2009 will show a similar decline in production. The economies of the emerging countries also reported minus 4% growth overall for 4Q 2008. The most affected economies were in the East Asian countries that are highly dependent on exports, as well as in Russia and Eastern European countries, where growth has been supported by an influx of foreign capital. Based on these results, the IMF has predicted minus 1.3% growth for the world economy in 2009, and only slight growth of 1.9% in 2010.

With the governments of countries around the world using every fiscal and monetary means at their disposal to implement economic stimulus measures, it seems that at last the pace of the decline has slowed. However, it is predicted that it will take considerable time to restore stability to the financial markets. It is not likely that the global economy will soon recover from this economic contraction, and uncertainty about the future seems likely to persist for some time.

In the global market for electronic devices and products related to the automobile market, name brand manufacturers have continued to adjust production since the beginning of this year, and the prevailing view is that severe demand conditions will continue in the short term. However, in the consumer electronics industry in particular, inventory adjustment has run its course and there are signs of a recovery in production in some areas and a slight improvement in business confidence.

In the electronic components industry, we have been severely affected by the output adjustments of the name brand manufacturers, which have inevitably caused our orders to fall sharply. In December 2008, the value of our shipped output was roughly half of its peak value. It continued at that level through January and February of this year, but we have begun to see some signs of improvement in March.

While it will take more time before we see a significant recovery in demand, taking the effect of various government measures into account, it seems realistic to expect some recovery in demand in our business sectors related to products such as PCs and communications devices, for which demand has not fallen as sharply as for automobiles and other luxury consumer durables. It is expected that severe conditions will continue in the sectors related to automobiles for some time, as presumably consumer spending will take considerable time to recover and the pace of the recovery in demand will be slow. Given these conditions, we are focusing our attention on achieving steady mid- to long-term growth by combining our efforts in the growth sectors of hybrid and electric cars with our response to growing demand in the environment and alternative energy sectors.

Orders and production volumes across the Sumida Group fell dramatically in the fourth quarter of 2008 and remained low until February, although we have begun to see some signs of a recovery in orders since March. As a result, our results for the first quarter of this year were about what we expected at the beginning of the year, when our predictions were based on the assumption that market conditions would not quickly recover. Our sales of 8,579 million yen were roughly in line with our expectations (down 42.2% year on year), and profits reflected the fall in revenue. We recorded operating losses of 1,345 million yen, resulting in a loss for the quarter of 1,071 million yen.

We have begun to see results from cost-cutting measures we took in the fourth quarter of last year, such as reducing the labor force, primarily in Germany, and decommissioning and consolidating unprofitable businesses. We are now implementing further cost-cutting measures such as reducing wages. As a result of these efforts, we have lowered our break-even point and strengthened our cost structure, securing a footing

from which to improve our profitability in the future. As a group, we are working all-out to solidify the recovery in orders that has begun, and to restore our performance. In particular, we are doing everything we can to expand our sales networks, by promoting the sale of other Sumida Group company products, such as those of EIWA and MOSTEC, which joined the Group last autumn, and the German Group members, VOGT, Stelco and Panta.

In addition to these short-term measures to improve sales and profitability, we are steadily implementing our mid-term business plan, “Triple Ex”. In particular, we are working hard to develop new business sectors such as the environment/energy sector to ensure that we can reinforce our position as a leading group of coil and electronic parts manufacturers, while the industry continues to undergo significant changes. In recent M&A activity within our industry, we have concluded an agreement to acquire Concord Electronics Industries, a Japanese company whose specialties include the manufacture of parts for medical equipment, as a Sumida subsidiary and member of the Sumida Group. The company develops, manufactures, and sells coil products such as high-frequency transformers and reactors for use in industrial and medical equipment, and thus brings to the Group sophisticated technological expertise and strong relationships with important customers. Even in the current severe business climate, solid demand is expected to continue in the company’s main business, and our view is that Concord’s technological, manufacturing, and sales expertise will be a valuable addition to the Sumida Group as a whole, allowing us to achieve further synergies within the Group. Based on this assessment, we concluded an agreement to acquire all of the shares of Concord Electronics Industries.

The current state of the global economy can perhaps be likened to that of a patient in an intensive care unit. Receiving a drip infusion of public support measures, we are working to achieve the earliest possible recovery. As companies we will implement a variety of initiatives, but what is most important is to have the strong will to work together, directors and employees, to pursue every possibility in order to emerge quickly from our difficulties.

It is also important for us to consider our fundamental position and role, so as to be able to grasp quickly and surely what is really needed as the world faces the greatest economic transition since the Industrial Revolution. We must then work to create and develop new businesses to meet those needs. In particular, it will be more important than ever to take account of safety, convenience, and the environment in the creation of the goods and services of the future. In the process of pursuing these business activities, we will need the flexibility and imagination to see the entire world as our market and to come up with responses to a variety of needs. In this effort, it will be essential to communicate with people who hold different values, on a level that transcends nationality and culture. No doubt a variety of connections (networks) that transcend borders and cultures will be created as part of this process.

As these new relationships are formed, the Sumida Group aims to continue in our role as a leader. To achieve this, it will be important for us to think in terms of ourselves in relative, objective terms, recognizing that we coexist with people in countries around the world. Within the Group, we must work to further strengthen a philosophy of not imposing any particular set of values or customs but sharing everything of value that emerges in the Group.

Sumida has the strong will that is required at this time, and we are renewed in our commitment to actively facing the needs and challenges of our changing times.



Shigeyuki Yawata
Sumida Group CEO

Business Results for the First Quarter of 2009

The financial crisis sparked in the U.S. and Europe leading to rapid decline in manufacturing activities has continued to severely impact the global economy. The real GDP growth recorded an unprecedented decrease of 7.5% for the 4th quarter of 2008 and was expected to shrink to the similar extent for the 1st quarter of 2009. Asia countries that rest on exports to advanced nations, the Middle East countries that pivot on robust crude-oil demand and the East Europe countries that count on foreign investments as well as the emerging economies had all suffered from a nearly synchronous shock brought on by the decline of demand and the escape of funds.

The worldwide demand for main electronic equipments like PCs, cellular phones and DSC decelerated at full tilt. Shipment for personal computers that stayed growing until the 3rd quarter of 2008 dripped 0.4% year-on-year to 77 million sets in the 4th quarter and further down 7.1% to 63 million sets in the 1st quarter of 2009. Sales volume for cellular phones lost 13.5% year-on-year to 289 million pieces in the 4th quarter of 2008 and lingeringly slid 15.8% to 245 million pieces in the 1st quarter of 2009. Shipment for DSC increased 0.8% year-on-year to 31 million units despite blunted in 4th quarter of 2008, and fell 29.0% to 17 million pieces in the 1st quarter of 2009 signaling a broadening span of reduction. Besides, the demand for electronic parts and peripherals for automotive that prospered in favor of digitalization has also dampened due to the production adjustments by major auto manufacturers in Japan, US and Europe.

Under such circumstances, Sumida Group has devoted to efficient management over the control of all expenses of each division for R&D, Sales, Administrative and the production sites in China, Vietnam, Mexico, Romania and Slovenia with focus on diminution of labor and manufacturing expenses by suppressing raw materials costs, shortening overtime work in conjunction with improving productivity.

Overall sales of the first Quarter of 2009 reduced 42.2% year-on-year to ¥8,579 million due partly to the contraction of the Asia Pacific Business caused by the stagnant sales of Magnetics, Inverter and Automotive and partly to the reduction by half in the EU Business as a result of the dreadful production adjustment of major customers in the automotive industry, despite the addition of the Environmental Energy Business made up of Eiwa and Mostec.

Operating income decreased from ¥1,042 million year-on-year to a loss of ¥1,345 million, attributable not only to the substantial sales decline of Magnetics comprising Power Solution, Power Inductor and Signal, and Automotive as the mainstays of the Asia Pacific Business but also to the falling sales of the EU and Environmental Energy Business below break-even points, despite the effort in the cost reduction of raw materials and labor along with the diminution of expenses for each division of R&D, Sales and Administrative. Ordinary income declined from ¥810 million year-on-year to a loss of ¥1,057 million for some improvements on the non-operating income. Net income was down from ¥502 million year-on-year to a loss of ¥1,071 million.

Business Segment Information

Sumida Group is composed of the Asia Pacific Business, EU Business and Environmental Energy Business.

I. ASIA PACIFIC BUSINESS

Sales for Asia Pacific Business lost 44.7% to ¥4,644 million since the sales of Power Solution, Power Inductor and Signal, collectively as Magnetics, and Inverter reduced by half whereas the sales of Automotive dropped nearly 40% over the prior-year period.

1. Magnetics

Sales in our Magnetics shed 50.1% year-on-year to ¥2,724 million due to the overall reduction in Power Solution, Power Inductor and Signal.

a) Power Solution

Sales of Power Solution slid 54.0% to ¥420 million from the same term last year.

In terms of area, sales reduced in Hong Kong/China, Japan, the U.S., Europe and Singapore except Taiwan. For sales by product used, AV equipments, industrial devices, automotive-related equipments, recreational devices, phone sets, air conditioners reduced.

b) Power Inductor

Sales of Power Inductors declined 52.2% year-on-year to ¥1,633 million.

In terms of area, sales all decreased in Hong Kong/China, Japan, Singapore, Europe, the U.S. and Taiwan. For sales by product used, industrial devices paralleled to the like level of the preceding year but PC & PC peripherals, AV equipments, phone sets, automotive-related equipments and recreational devices decreased.

c) Signal

Sales of Signal slipped 40.4% year-on-year to ¥671 million.

In terms of area, sales lost in Japan, Hong Kong/China, Europe, the U.S. Singapore and Taiwan. For sales by product used, automotive-related devices, PC & PC peripherals, AV equipments, OA equipments, industrial devices and tag-related devices declined.

2. Inverter

Sales of Inverter fell 56.4% year-on-year to ¥136 million.

In terms of area, sales increased in Singapore and Hong Kong/China but deteriorated in Japan, Europe, the U.S. and Taiwan. For sales by product used, recreational devices and other monitor-related devices expanded while liquid crystal TVs, transformers, liquid crystal monitors dropped.

3. Automotive

Sales in Automotive were down 36.6% year-on-year to ¥1,668 million.

In terms of area, sales withdrew in Europe, Japan, the U.S. and Hong Kong/China and increased in Singapore. For sales by product used, ABS, keyless entry, direct-injection engine and car air conditioner decreased.

4. Other Products

Sales of Other Products increased from ¥2 million year-on-year to ¥116 million.

Sale of raw materials made up much of the sales for the year of 2008 but the sales revenue of VOGT Electronic of North America after merger with Sumida America has been consolidated since the 1st quarter of 2009.

II. EU BUSINESS

Sales in EU Business dripped 49.5% year-on-year to ¥3,247 million.

Sales of VOGT EMS increased due to the grossed-up sales amount by inclusion of the cost of raw materials, as a result of a change to the sale appropriation system. Sales of VOGT Component, STELCO and PANTA have all declined by the fact of the dreadful production adjustment of major customers in the automotive industry.

III. ENVIRONMENTAL ENERGY BUSINESS

Environmental Energy Business that comprises EIWA and MOSTEC acquired as consolidated subsidiaries by Sumida since last October reported total sales of ¥688 million.

Primary Factors affecting the Operation Result and Present and Future Management Strategy

The discussion below is future management environment and our business development policy. The following descriptions include Sumida group's forecasts of future prospects, which Sumida group judged from an independent standpoint and adopted as management guidelines. In reality, however, actual results may sometimes deviate largely from such forecasts owing to various factors such as change of economic environment in each country of the world, outbreak of any unforeseen event, etc. Thus readers are requested to refrain from relying fully on these forecasts.

It is still difficult to predict the business environment surrounding Sumida Group despite the likely impression that the situation had bottomed out.

The monthly volume of orders received for coils (orders received during the current month and scheduled to sell during the current month exclude VOGT, STELCO, PANTA EIWA and MSOTEC) after the record high of 178 million pieces on average per month in the 4th quarter of 2007 plunged dramatically to only 72 million pieces on average per month in the 1st quarter of 2009. The monthly order volume was 67 million in January, 66 million in February and increased at the end of the quarter to 82 million pieces in March. The monthly orders are expected to return to 100 million pieces beginning from May, 2009.

Personal spending in the 1st quarter of 2009 in the U.S., the epicenter of the simultaneous depression throughout much of the world, posted an increase in the durable consumer goods, daily necessities and service oriented products. We may see upside effect in the demand stemmed from the countercyclical measures in favor of the medium-low income earners in China along with the purchase support system for new German cars. With the inventory adjustment of the leading products like PCs and DSCs moving forward, the electronic part market is projected to restore in stages. The electronics industry compared with the first half of the last year is predicted to continue with the unpromising outlook throughout the year of 2009.

Sumida Group on the basis of these circumstances has developed management system that focuses resources on each growing field. With devotion of efforts on production and sales for leading products of each respective field, we will intensify new-product development preparing for the next expanding-market period. With reduction on raw materials cost, wages, production and selling overhead, the profit-making business structure has been built to withstand every business environment.

I. ASIA PACIFIC BUSINESS

1. Magnetics

Magnetics is devoted to PC & PC peripherals like notebook-sized PCs and HDDs as the mainstays, AV equipments like Flat TVs, DSCs, portable-type music players, automobile related devices like keyless entry, TPMS and immobilizer, industrial equipments like FA machines, fish-finder, vending machine, also toner sensors, telephone sets and recreational-related equipments

2. Automotive

ABS coils, the mainstay of Automotive, which first designed for prevention from wheel lock at emergency braking, can also be used for prevention from sideslip of tires. The number of coils to be deployed in each car has steadily on the upside. In addition to strengthen the production and sales for present clients, the team is also devoted to explore other major customers. For keyless entry coils, apart from striving for new customers, the business also stresses to expand shares from existing clients with the aim of nurturing the 2nd large project after ABS Coil. Injection coil used for the direct-injection engine ranks as the 3rd-pillar product immediate following ABS and Keyless Entry in the Automotive. We are committed to increasing the market share for the principal customer. In the meantime, various activities have started to strive for sales of coils used for car

air conditioner, suspension and transmission.

II. EU BUSINESS

The VOGT Component engages in sales of coils, transformers, various modules, sensors and the like for a wide variety of applications such as automotive devices, industrial & medical equipment and home and illumination appliances mainly to Europe, America and China. Further, we struggle to improve the productivity of factories in Romania and Slovenia and go forward with the transfer of the low-end products to manufacturing sites in China and aim at higher profitability.

The VOGT EMS sells power steering control units, GPS antennas, theft-prevention control units, diesel-engine control units, power supplies and etc. to mainly European customers. We project to fortify the remaining sections as a result of the business restructuring in the last year.

STELCO is in hope to enlarge market shares with the existing customers on one hand and develop new customers at the same time.

PANTA, which has been acquired in July of 2006, bases in Germany engaging in the manufacture and sale of Flat Cables for automotive equipment, measuring instruments and other electronic manufacturers in Europe. The future direction of the Company is to develop and enhance sales both in Asia and the U.S.

III. ENVIRONMENTAL ENERGY BUSINESS

The integration of technology, manufacturing and sales competency of EIWA and MOSTEC with Sumida's would bring the competitive edge to tackle with the growing business fields. The business is committed not only to expanding the existing market shares but also making aggressive research and development on the coils for solar and wind power generators, on the transformers for hybrid automobile and electric automobile, on the coils for heavy-current appliances and on the transformers and coils for primary power source used for industrial and communication equipments. EIWA is making all progress in cutting down the fixed costs in an attempt to lower the breakeven point, more contribution profit is thus expected in the near future.

Consolidated quarterly balance sheets

(in millions of Yen)

	Current First Quarter (As of March 31, 2009)	Prior Fiscal Year (As of December 31, 2008) (Condensed)
Assets		
Current assets		
Cash and deposits	9,536	10,855
Notes and accounts receivable-trade	6,730	8,305
Merchandise and finished goods	3,212	4,344
Work in process	668	671
Raw materials and supplies	2,551	2,798
Income taxes receivable	742	719
Other	3,534	3,553
Allowance for doubtful accounts	(26)	(19)
Current assets	26,947	31,226
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,575	11,157
Machinery, equipment and vehicles	23,890	22,512
Tools, furniture and fixtures	7,019	6,817
Land	1,756	1,744
Construction in progress	398	460
Accumulated depreciation	(27,862)	(26,035)
Property, plant and equipment	16,776	16,655
Intangible assets		
Goodwill	3,606	5,275
Other	1,240	1,370
Intangible assets	4,846	6,645
Investments and other assets	6,093	6,244
Noncurrent assets	27,715	29,544
Deferred assets	118	44
Assets	54,780	60,814
Liabilities		
Current liabilities		
Notes and accounts payable	1,900	2,684
Short-term loans payable	17,635	18,174
Income taxes payable	178	129
Other	7,239	16,319
Current liabilities	26,952	37,306
Noncurrent liabilities		
Bonds payable	4,550	1,815
Long-term loans payable	6,943	3,923
Provision for retirement benefits	813	779
Provision for directors' retirement benefits	32	32
Other	2,313	2,259
Noncurrent liabilities	14,651	8,808
Liabilities	41,603	46,114
Net assets		
Shareholders' equity		
Capital stock	7,217	7,217
Capital surplus	7,030	7,030
Retained earnings	6,352	9,423
Treasury stock	(1,524)	(1,524)
Shareholders' equity	19,075	22,146
Valuation and translation adjustments		
Valuation difference on available-for-sale sec	74	21
Deferred gains or losses on hedges	—	(198)
Foreign currency translation adjustment	(6,875)	(8,174)
Valuation and translation adjustments	(6,801)	(8,351)
Minority interests	903	905
Net assets	13,177	14,700
Liabilities and net assets	54,780	60,814

Consolidated quarterly statements of income

	(in millions of Yen)
	Current First Quarter
	(Fron January 1, 2009 to March 31, 2009)
Net sales	8,579
Cost of sales	7,715
Gross profit	864
Selling, general and administrative expenses	
Freightage and packing expenses	111
Employees' salaries and allowances	773
Depreciation	142
Research and development expenses	302
Other	881
Selling, general and administrative expenses	2,209
Operating income	(1,345)
Non-operating income	
Interest and dividends income	14
Foreign exchange gains	50
Gain on valuation of derivatives	316
Other	82
Non-operating income	462
Non-operating expenses	
Interest expenses	139
Other	35
Non-operating expenses	174
Ordinary income	(1,057)
Extraordinary income	
Gain on sales of noncurrent assets	1
Extraordinary income	1
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	1
Business structure improvement expenses	79
Loss on valuation of inventories	37
Other	3
Extraordinary loss	120
Income before income taxes and minority interests	(1,176)
Income taxes	(84)
Minority interests in income	(21)
Net income	(1,071)

Consolidated quarterly statements of cash flows

	(in millions of Yen)
	Current First Quarter
	(From January 1, 2009 to March 31, 2009)
Net cash provided by (used in) operating activities	
Loss before income taxes and minority interests	(1,176)
Depreciation and amortization	752
Amortization of goodwill	69
Interest and dividends income	(14)
Interest expenses	139
Foreign exchange losses (gains)	(106)
Business structure improvement expenses	79
Loss (gain) on valuation of derivatives	(316)
Decrease (increase) in notes and accounts receivable-trade	1,776
Decrease (increase) in inventories	1,627
Increase (decrease) in notes and accounts payable-trade	(872)
Other, net	(1,391)
Subtotal	567
Interest and dividends income received	14
Interest expenses paid	(130)
Income taxes (paid) refund	108
Net cash provided by (used in) operating activities	559
Net cash provided by (used in) investment activities	
Proceeds from withdrawal of time deposits	309
Payments into time deposits	(97)
Purchase of property, plant and equipment	(269)
Collection of loans receivable	49
Other, net	(182)
Net cash provided by (used in) investment activities	(190)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(570)
Proceeds from long-term loans payable	3,900
Repayment of long-term loans payable	(601)
Proceeds from issuance of bonds	3,421
Redemption of bonds	(7,975)
Cash dividends paid	(193)
Other, net	(5)
Net cash provided by (used in) financing activities	(2,023)
Effect of exchange rate change on cash and cash equivalents	374
Net increase (decrease) in cash and cash equivalents	(1,280)
Cash and cash equivalents at beginning of period	10,502
Cash and cash equivalents at end of period	9,222

SEGMENT INFORMATION

(1) Business segments

	Current first quarter (from January 1, 2009 to March 31, 2009)					
	Asia Pacific Business	EU Business	Environmental Energy	Total	Elimination	Consolidated
	<i>(millions of yen)</i>					
Sales and operating income (loss)						
(1)Sales to third parties	¥4,644	¥3,247	¥688	¥8,579	—	¥8,579
(2)Inter-segment sales or transfers	99	111	0	210	¥(210)	—
Total sales	4,743	3,358	688	8,789	(210)	8,579
Operating income (loss)	¥(174)	¥(481)	¥(61)	¥(716)	¥(629)	¥(1,345)

(2) Geographical area

	Current first quarter (from January 1, 2009 to March 31, 2009)								
	Japan	Hong Kong /China	Taiwan /Korea	ASEAN	NAFTA	Europe	Total	Elimination	Consolidated
	<i>(millions of yen)</i>								
Sales and operating income (loss)									
(1)Sales to third parties	¥1,417	¥2,620	¥102	¥818	¥559	¥3,063	¥8,579	—	¥8,579
(2)Inter-segment sales or transfers	300	1,571	0	34	36	36	1,977	¥(1,977)	—
Total sales	1,717	4,191	102	852	595	3,099	10,556	(1,977)	8,579
Operating income (loss)	¥(121)	¥(38)	¥(11)	¥(15)	¥(26)	¥(445)	¥(656)	¥(689)	¥(1,345)

(3) Overseas sales

	Current first quarter (from January 1, 2009 to March 31, 2009)						
	Hong Kong /China	ASEAN	Taiwan /Korea	NAFTA	Europe	Other	Total
	<i>(millions of yen)</i>						
Overseas sales	¥1,194	¥831	¥206	¥688	¥4,188	¥49	¥7,156
Consolidated net sales							8,579
Overseas sales as a percentage of consolidated	13.9%	9.7%	2.4%	8.0%	48.8%	0.6%	83.4%