

SUMIDA CORPORATION

Consolidated Results of the
2nd Quarter FY2010

2nd August, 2010
CEO Shigeyuki Yawata
CFO Saburo Matsuda

Business Performance in 2Q FY2010

Good Progress Towards Achieving Business Plan 2010 & Mid-Term Business Plan 2010-2012

- Preparations during crisis paying off
- The outlook for the coming months

Business Performance in the 2nd Quarter FY2010

Summary of Consolidated Results of 2Q-FY2010



(Millions of Yen)

	Sales	Operating Income	Ordinary Income	Net Income
2Q-FY2010 (Actual)	14,107	1,037	448	254
2Q-FY2009 (Actual)	10,066	(377)	(640)	(994)
Change %	40.1%	—	—	—

(Millions of Yen)

	Sales	Operating Income	Ordinary Income	Net Income
1Q-FY2010 (Actual)	12,893	1,025	787	652
2Q-FY2010 (Actual)	14,107	1,037	448	254
1 st Half-FY2010 (Actual)	27,001	2,062	1,235	906
1 st Half-FY2010 (Forecast)	24,400	1,360	1,060	890
Change %	10.7%	51.6%	16.5%	1.8%
1 st Half-FY2009 (Actual)	18,645	(1,722)	(1,697)	(2,065)
Change %	44.8%	—	—	—

Analysis of Operating Income in the 1st Half FY2010

(Millions of Yen)

Forecast of operating income at the beginning of year	1,360
Due to : Increased sales (up 2,600M from forecast)	+610
: Closing of Austria factory, Production transfer to Romania & China	+160
: Wage increase in China	±0
: Increase in raw materials prices	±0
: Appreciation of yen against euro	-85
: Others	+17
	2,062

Sales/Operating Income by Business Segments



(Millions of Yen)

		1Q-'09	2Q-'09	3Q-'09	4Q-'09	1Q-'10	2Q-'10
Asia Pacific Business	Sales	4,644	5,721	6,798	6,951	6,878	7,823
	Operating Income	(174)	426	1,073	1,306	1,270	1,213
	%	—	7.4%	15.8%	18.8%	18.5%	15.5%
EU Business	Sales	3,247	3,433	3,996	4,416	4,654	4,876
	Operating Income	(481)	(319)	29	43	282	386
	%	—	—	0.7%	1.0%	6.1%	7.9%
Environment /Energy Business	Sales	688	912	1,530	1,317	1,362	1,408
	Operating Income	(61)	149	99	89	28	48
TOTAL	Sales	8,579	10,066	12,324	12,684	12,894	14,107
	Operating Income	(716)	256	1,201	1,438	1,580	1,647
Elimination		(629)	(633)	(581)	(569)	(555)	(610)
Consolidation	Operating Income	(1,345)	(377)	620	869	1,025	1,037

Analysis of Operating Income



(Millions of Yen)

Asia-Pacific Business	Sales in 2Q	7,823
	Operating income in 2Q	(A) 1,213
	Operating income in 2Q if operating income ratio same as in 1Q (18.5%)	(B) 1,448
	Change (A-B)	-235
Due to	: Appreciation of yen against euro	-85
	: Expenses related to new factories	-20
	: CAPEX	-10
	: Overtime during 2Q	-170
	: Satellite factories	+50
	-235	-235
EU Business		
Due to	: Sales increase	70
	: Increase of profitable automotive module products	34
	Change of operating income (2Q-1Q)	+104



Quarterly Sales by Regions



(Millions of Yen)

	2009				2010	
	1Q	2Q	3Q	4Q	1Q	2Q
Japan	1,423	1,593	2,446	2,579	2,634	2,814
HK/China	1,194	1,684	1,797	1,695	1,750	2,210
ASEAN	831	1,220	1,460	1,296	1,172	1,141
Taiwan /Korea	206	283	309	244	250	364
NAFTA	688	824	1,245	1,397	1,360	1,596
EU	4,188	4,414	5,006	5,433	5,698	5,842
Others	49	48	61	40	30	40
TOTAL	8,579	10,066	12,324	12,684	12,894	14,107

Quarterly Non-Operating Gain/Loss



(Millions of Yen)

	2009				2010	
	1Q	2Q	3Q	4Q	1Q	2Q
Net interest expenses	(125)	(170)	(160)	(153)	(140)	(151)
Derivatives	316	(136)	(127)	137	119	(142)
Foreign exchange gain/loss	50	21	(205)	(12)	(218)	(302)

Foreign exchange rates at end of period

Yen/US Dollar	97.70	96.15	90.30	92.55	92.85	88.60
Y e n / E u r o	128.91	135.67	131.87	132.74	124.66	107.82
Euro/US Dollar	1.319	1.411	1.460	1.434	1.343	1.217

US\$/Euro



Interest payment in 1st Half of FY2010



	(Millions of Yen)
Net interest payment	
Payment to Banks	(212)
Sales discount	(48)
Interest portion of pension & lease payment	(31)
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TOTAL	(291)

Foreign Currency Exchange Gain/Loss



(Millions of Yen)

① Inter Company loan in euro	Japan ⇒ Europe	€1=¥132.7(end last year) → ¥107.8 (end 2Q)	(100)
	Others		(30)
			(130)
② A/R in euro	€1=¥128.4(end 1Q) → ¥107.8 (end 2Q)		(285)
③ Others			(105)
TOTAL			(520)

3 foreign currency used in the operation

¥-US\$	Sales (¥/US\$), Costs (US\$)	Well-balanced
€-US\$	Sales(€), Costs (US\$)	Need to take counter-measures
€-€	Sales(€), Costs (€)	No effect
¥-€	Sales(€), Costs=Loan (¥)	Scheduled repayment

Cash Flow



(Millions of Yen)

	Jan-Jun 2009	Jan-Jun 2010
Cash flow from operating activities	841	374
Cash flow from investing activities	559	(639)
Cash flow from financing activities	(3,864)	(1,897)
Cash and cash equivalents at end of 2Q	8,558	6,187

(Balance Sheet) Cash and Deposits	At June 30, 2010	6,295
	At December 31, 2009	9,317
	Change	(3,022)
	Translation adjustments	714
		(2,308)

Capital Expenditures, Depreciation and R&D Exp.

(Millions of Yen)

	Jan-Jun 2009	Jan-Jun 2010	Change	Jan-Dec 2010 (Plan)
Capital expenditures	393	937	544	2,000
Depreciation (Including goodwill amortization)	1,503	1,287	(216)	3,000
R&D expenses	602	557	(45)	1,200

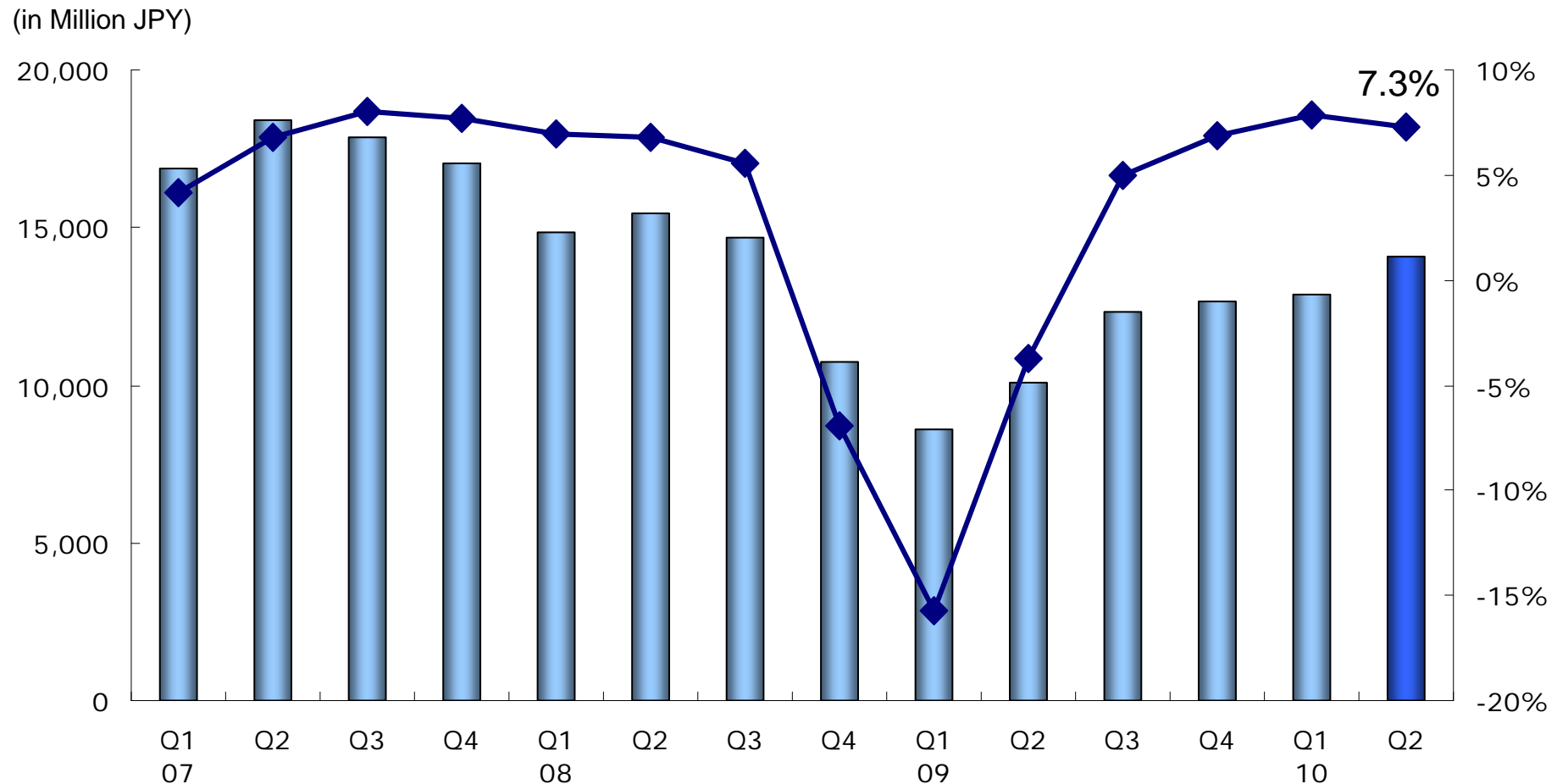
2nd Quarter 2010 Business Performance

***~ Further Progress in Achieving
Annual Business Plan 2010
and the MTBP 2010-12 ~***

Continuing good execution...



Consolidated Net Sales & Operating Income Ratio



■ Net sales (14,107M JPY) improved vs. 1Q FY10 (+ 9.4%)
■ Operating Income Ratio (7.3%) affected by various volatile factors (e.g. Euro depreciation, labor unrest in China)

Consumer Electronics

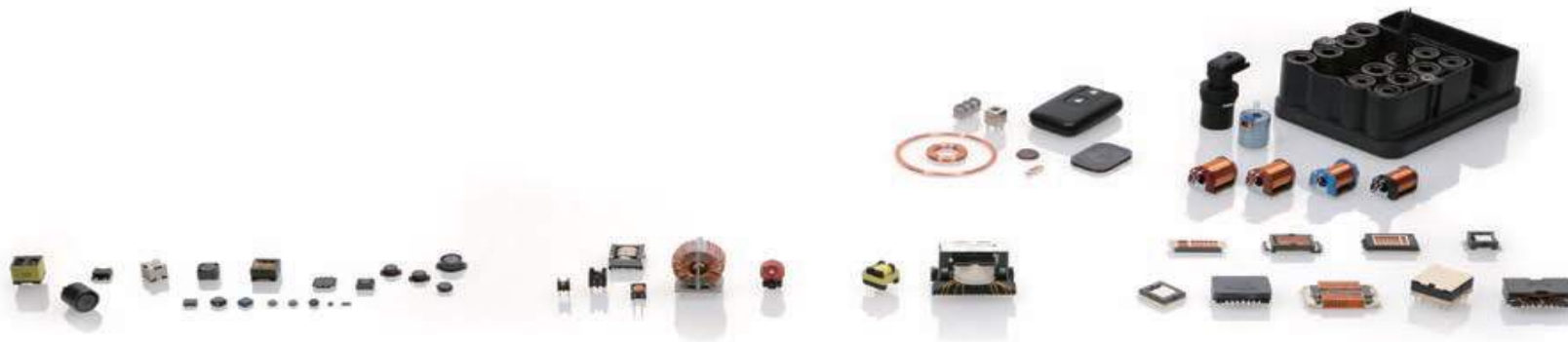
- Strong demand for smart phones, hard disks, notebooks, etc.
- Requests from several customers to increase capacity in 2Q
- Interesting opportunity in LED lighting in Europe

Automotive-related

- Strong demand especially in premium market despite general slow down in Europe
- Strong pipeline in view of design in and design win projects
- Increased demand for HID and ABS

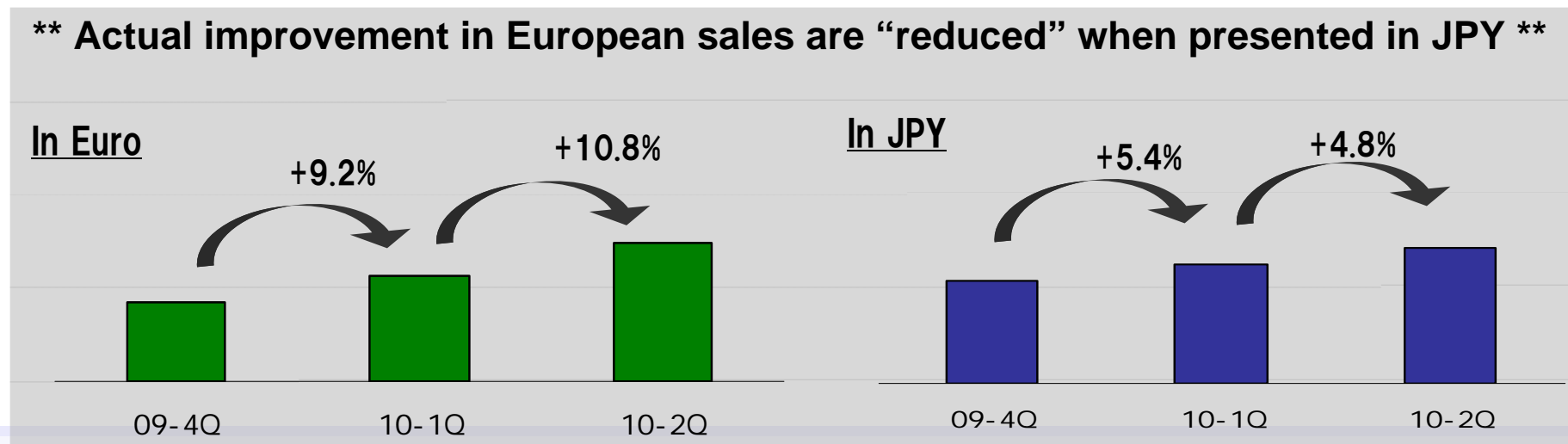
Other Industry

- Excellent prospects and pipeline in solar-related industry
- RPS sensors and other inductors being incorporated in upcoming HV/EV models in Europe
- RFID orders for livestock purposes

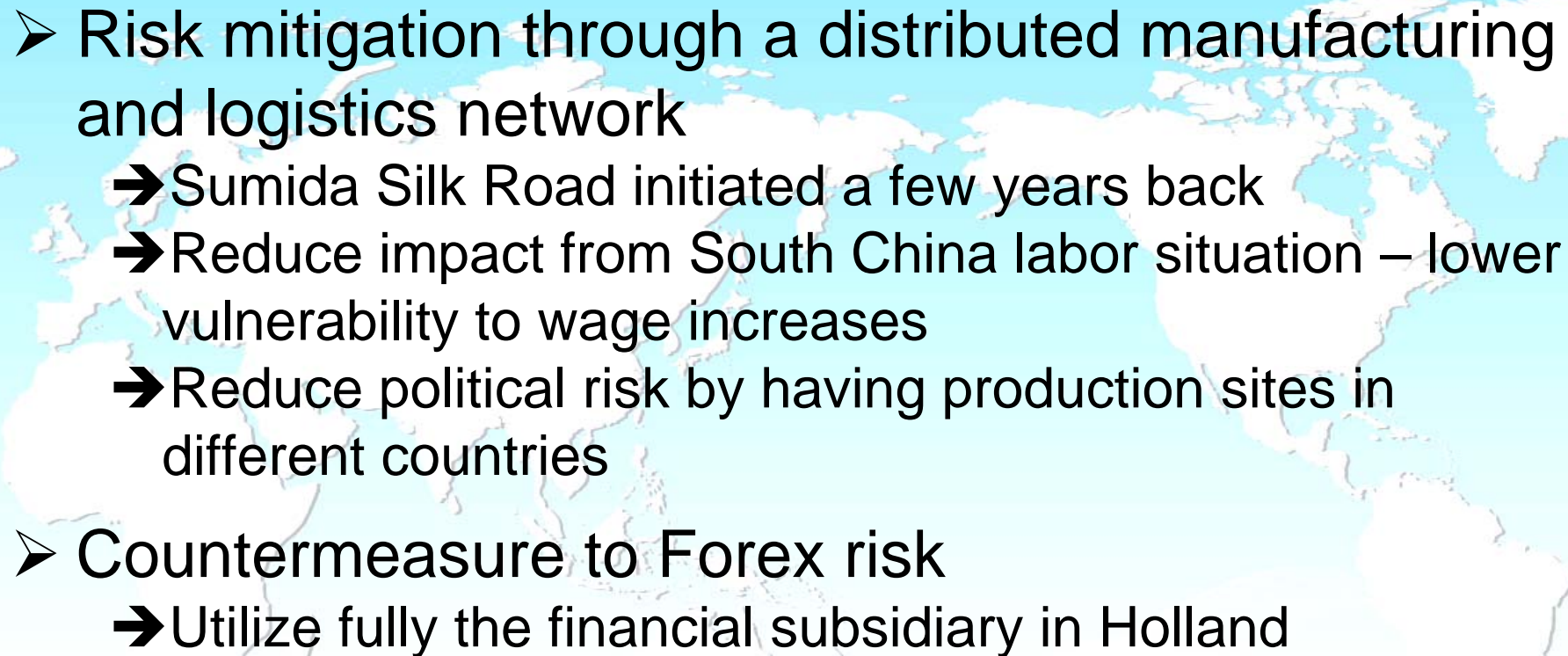


Results continue to be affected by volatile external environment

- China operations
 - ➔ Labor unrest
 - ➔ Long-term appreciation of RMB
- Europe operation
 - ➔ Weak Euro and high sovereign debt
 - ➔ Increase in export sales owing to weak Euro



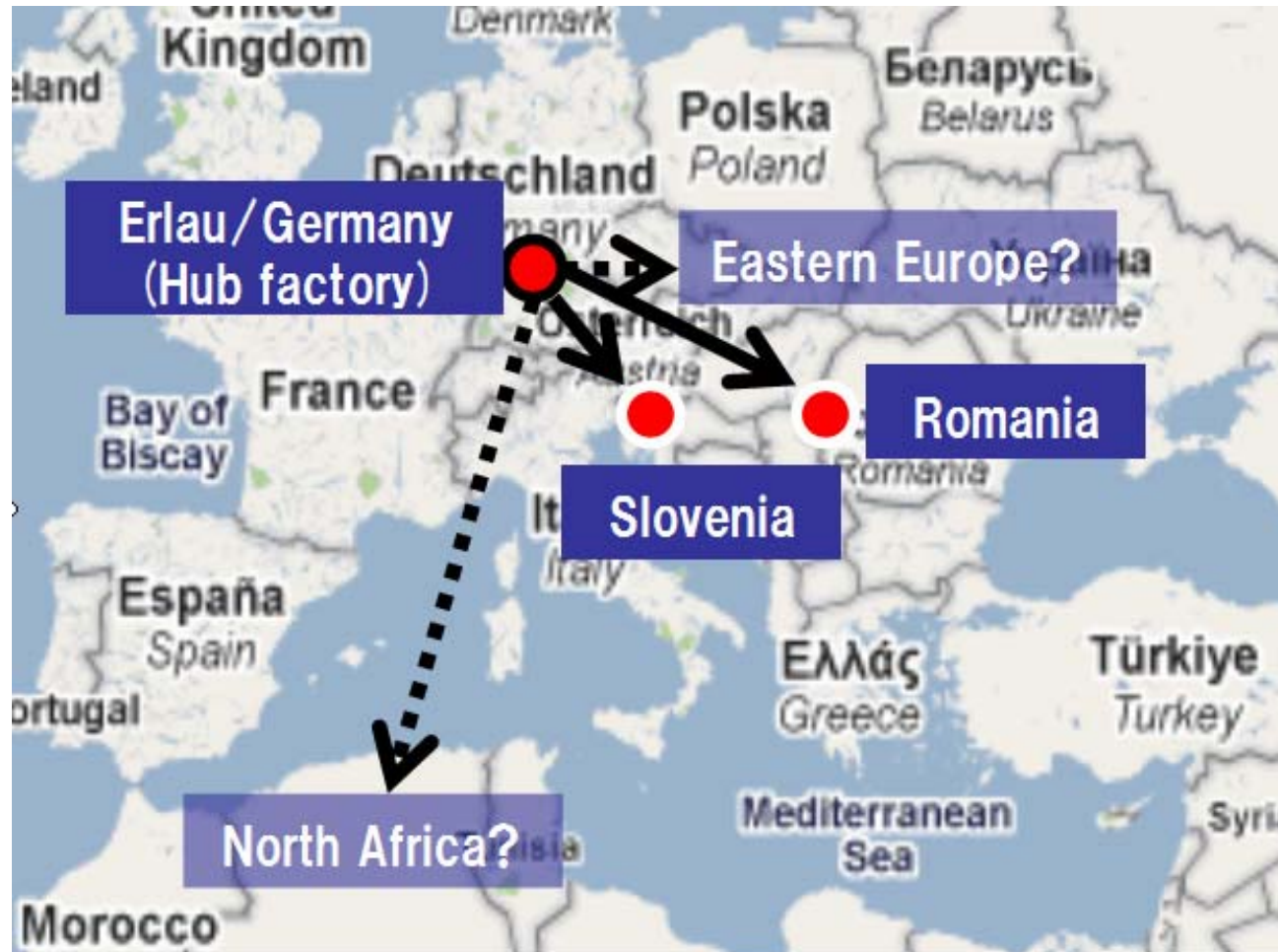
Impact on results mitigated by our current strategies

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- Risk mitigation through a distributed manufacturing and logistics network
 - ➔ Sumida Silk Road initiated a few years back
 - ➔ Reduce impact from South China labor situation – lower vulnerability to wage increases
 - ➔ Reduce political risk by having production sites in different countries
 - Countermeasure to Forex risk
 - ➔ Utilize fully the financial subsidiary in Holland

Progress of satellite factory (Asia)



Progress of satellite factory (Europe)



- Outlook
 - 3Q ⇒ likely to be flat when compared to 2Q
 - 4Q ⇒ likely to be similar to 4Q FY09

- Risk factors
 - ➔ Inventory adjustment
(esp. consumer electronics sector in Asia)
 - ➔ Slowing growth in Europe
 - ➔ Unstable foreign exchange

- Priority Issue
to minimize Forex risk

Forecast of Consolidated Results



(Millions of Yen)

	2010 1 st Half Actual	2010 2 nd Half Forecast	2010 Revised Forecast	2010 Original Forecast	Change %
Sales	27,001	25,600	52,600	50,000	+5.2%
Operating income	2,062	1,638	3,700	3,000	+23.3%
Ordinary income	1,235	1,495	2,730	2,700	+1.1%
Net income	906	1,294	2,200	2,000	+10.0%

End of the Report

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