

CONSOLIDATED FINANCIAL STATEMENTS

(for the third quarter of fiscal year 2010)

October 29, 2010

Name of Company: **SUMIDA CORPORATION**

Stock Listing: Tokyo

Security Code No.: 6817

(URL <http://www.sumida.com>)

Representative: Shigeyuki Yawata, CEO

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Date of Submission of Marketable Securities Filings: November 11, 2010

Date on which Dividend Payments to Commence: November 22, 2010

Supplementary materials to the quarterly financial statements have been prepared : Yes

Presentation will be held to explain the quarterly financial statements: Yes

(Amounts are rounded to less than one million yen.)

1. Consolidated Operating Results through the Third Quarter of FY 2010 (January 1, 2010–September 30, 2010)

(1) Consolidated Operating Results (cumulative)

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months of FY2010	40,830	31.8	3,165	—	2,196	—	1,795	—
First nine months of FY2009	30,969	—	(1,102)	—	(1,560)	—	(2,174)	—

	Net income per share (Basic)	Net income per share (Fully diluted)
	Yen	Yen
First nine months of FY2010	93.45	-
First nine months of FY2009	(113.21)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2010	50,343	9,502	17.8	467.18
As of Dec. 31, 2009	54,505	11,068	19.2	545.55

Reference: Shareholders' equity at September 30, 2010: 8,975 millions of yen

Shareholders' equity at December 31, 2009: 10,482 millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Dec.2009	5.00	5.00	5.00	5.00	20.00
FY ended Dec.2010	5.00	5.00	5.00	-	-
FY ended Dec.2010(forecast)	-	-	-	5.00	20.00

Note: Whether the dividend forecast under review has been revised: No

3. Forecast of Consolidated Results for FY 2010 (January 1, 2010–December 31, 2010)

(% change figures for revenues, operating income, recurring profit, and net income is presented in comparison with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%change	Millions of yen	%change	Millions of yen	%change	Millions of yen	%change	yen
Fully year of FY2010	52,600	20.5	3,700	-	2,730	-	2,200	-	114.51

Note: Whether the forecasts for consolidated figures under review have been revised: No

4. Others

- (1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None
Newly added: — Excluded: 1 (Sumida America Manufacturing, Inc.)
- (2) Application of simplified accounting methods and/or special accounting method for preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in principles, procedures, methods of presentation, etc., related to the quarterly consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the quarterly consolidated financial statements):
- (a) Changes accompanying revisions in accounting principles: Yes
- (b) Changes other than those in (a) above: Yes
- (4) Number of shares issued (common shares)
- (a) Number of shares issued at the end of the period (including treasury stock)
- | | |
|--------------------------|-------------------|
| Third quarter of FY 2010 | 19,944,317 shares |
| FY 2009 | 19,944,317 shares |
- (b) Number of treasury stock at the end of the period
- | | |
|--------------------------|----------------|
| Third quarter of FY 2010 | 731,855 shares |
| FY 2010 | 731,669 shares |
- (c) Average number of shares issued during the period (three months)
- | | |
|--------------------------|-------------------|
| Third quarter of FY 2010 | 19,212,488 shares |
| Third quarter of FY 2009 | 19,212,808 shares |

Consolidated balance sheets

	(Millions of yen)	
	As of September 30, 2010	As of December 31, 2009 (Summary)
Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	7,098	9,317
Notes and accounts receivable-trade	10,982	10,423
Merchandise and finished goods	3,335	3,084
Work in process	825	718
Raw materials and supplies	3,125	2,692
Income taxes receivable	351	510
Other	1,691	1,915
Allowance for doubtful accounts	(37)	(40)
Total current assets	<u>27,370</u>	<u>28,619</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,075	12,063
Machinery, equipment and vehicles	24,210	26,300
Tools, furniture and fixtures	3,994	4,303
Land	1,545	1,633
Construction in progress	468	313
Accumulated depreciation	(27,795)	(29,324)
Total property, plant and equipment	<u>13,497</u>	<u>15,288</u>
Intangible assets		
Goodwill	3,116	3,838
Other	987	1,162
Total intangible assets	<u>4,103</u>	<u>5,000</u>
Investments and other assets	<u>5,272</u>	<u>5,503</u>
Total noncurrent assets	<u>22,872</u>	<u>25,791</u>
Deferred assets	<u>101</u>	<u>95</u>
Total assets	<u>50,343</u>	<u>54,505</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,814	3,832
Short-term loans payable	19,801	18,484
Income taxes payable	351	366
Other	7,289	7,467
Total current liabilities	<u>31,255</u>	<u>30,149</u>
Noncurrent liabilities		
Bonds payable	2,120	4,075
Long-term loans payable	4,579	5,551
Provision for retirement benefits	797	1,050
Other	2,090	2,612
Total noncurrent liabilities	<u>9,586</u>	<u>13,288</u>
Total liabilities	<u>40,841</u>	<u>43,437</u>
Net assets		
Shareholders' equity		
Capital stock	7,217	7,217
Capital surplus	7,030	7,030
Retained earnings	6,632	5,125
Treasury stock	(1,524)	(1,524)
Total shareholders' equity	<u>19,355</u>	<u>17,848</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	26	28
Foreign currency translation adjustment	(10,406)	(7,394)
Total valuation and translation adjustments	<u>(10,380)</u>	<u>(7,366)</u>
Minority interests	<u>527</u>	<u>586</u>
Total net assets	<u>9,502</u>	<u>11,068</u>
Total liabilities and net assets	<u>50,343</u>	<u>54,505</u>

Consolidated statements of income

	(Millions of yen)	
	First nine months of FY2009 (Jan.1, 2009-Sep.30, 2009)	First nine months of FY2010 (Jan.1, 2010-Sep.30, 2010)
Consolidated quarterly statements of income		
Net sales	30,969	40,830
Cost of sales	25,543	31,313
Gross profit	5,426	9,517
Selling, general and administrative expenses		
Freightage and packing expenses	396	492
Employees' salaries and allowances	2,292	2,203
Depreciation	419	270
Research and development expenses	880	830
Other	2,541	2,557
Total selling, general and administrative expenses	6,528	6,352
Operating income (loss)	(1,102)	3,165
Non-operating income		
Interest and dividends income	32	21
Gain on valuation of derivatives	53	—
Other	170	77
Total non-operating income	255	98
Non-operating expenses		
Interest expenses	487	442
Foreign exchange losses	134	398
Loss on valuation of derivatives	—	148
Other	92	79
Total non-operating expenses	713	1,067
Ordinary income (loss)	(1,560)	2,196
Extraordinary income		
Gain on sales of noncurrent assets	4	6
Gain on sales of investment securities	189	0
Other	—	0
Total extraordinary income	193	6
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	17	10
Business structure improvement expenses	469	4
Revised loss on sales of affiliated companies	400	—
Other	139	0
Total extraordinary losses	1,025	14
Income (loss) before income taxes and minority	(2,392)	2,188
Income taxes	(230)	324
Minority interests in income	12	69
Net income (loss)	(2,174)	1,795

Consolidated statements of income

	(Millions of yen)	
	Third quarter of FY2009 (Jul.1, 2009-Sep.30, 2009)	Third quarter of FY2010 (Jul.1, 2010-Sep.30, 2010)
Consolidated quarterly statements of income		
Net sales	12,324	13,829
Cost of sales	9,552	10,644
Gross profit	2,772	3,185
Selling, general and administrative expenses		
Freightage and packing expenses	156	180
Employees' salaries and allowances	764	803
Depreciation	135	82
Research and development expenses	278	273
Other	819	744
Total selling, general and administrative expenses	2,152	2,082
Operating income	620	1,103
Non-operating income		
Interest and dividends income	9	7
Foreign exchange gains	—	122
Other	30	18
Total non-operating income	39	147
Non-operating expenses		
Interest expenses	169	137
Foreign exchange losses	205	—
Loss on valuation of derivatives	127	125
Other	21	27
Total non-operating expenses	522	289
Ordinary income	137	961
Extraordinary income		
Gain on sales of noncurrent assets	1	5
Gain on sales of investment securities	—	0
Total extraordinary income	1	5
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	12	0
Business structure improvement expenses	46	—
Other	53	—
Total extraordinary losses	111	0
Income before income taxes and minority interests	27	966
Income taxes	111	58
Minority interests in income	25	19
Net income (loss)	(109)	889

Consolidated statements of cash flows

	(Millions of yen)	
	First nine months of FY2009 <u>(Jan.1, 2009-Sep.30,</u>	First nine month of FY2010 <u>(Jan.1, 2010-Sep.30,</u>
Consolidated quarterly statements of cash flows		
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(2,392)	2,188
Depreciation and amortization	2,285	1,896
Amortization of goodwill	231	235
Interest and dividends income	(32)	(21)
Interest expenses	487	442
Foreign exchange losses (gains)	(41)	(62)
Loss (gain) on sales of investment securities	(189)	(0)
Business structure improvement expenses	469	4
Revised loss on sales of affiliated companies	400	—
Loss (gain) on valuation of derivatives	(53)	148
Decrease (increase) in notes and accounts receivable-trade	(1,183)	(1,468)
Decrease (increase) in inventories	1,984	(1,536)
Increase (decrease) in notes and accounts payable-trade	741	404
Other, net	(1,957)	(337)
Subtotal	<u>750</u>	<u>1,893</u>
Interest and dividends income received	32	21
Interest expenses paid	(440)	(411)
Income taxes (paid) refund	447	(228)
Net cash provided by (used in) operating activities	<u>789</u>	<u>1,275</u>
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	411	278
Payments into time deposits	(258)	(189)
Purchase of property, plant and equipment	(678)	(1,418)
Proceeds from sales of investment securities	781	30
Purchase of stocks of subsidiaries and affiliates	(547)	(27)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	355	—
Collection of loans receivable	166	195
Other, net	(159)	60
Net cash provided by (used in) investing activities	<u>71</u>	<u>(1,071)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(993)	1,379
Proceeds from long-term loans payable	3,900	550
Repayment of long-term loans payable	(1,890)	(2,154)
Proceeds from issuance of bonds	3,421	—
Redemption of bonds	(8,425)	(1,055)
Cash dividends paid	(385)	(288)
Other, net	(22)	(41)
Net cash provided by (used in) financing activities	<u>(4,394)</u>	<u>(1,609)</u>
Effect of exchange rate change on cash and cash equivalents	<u>261</u>	<u>(672)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,273)</u>	<u>(2,077)</u>
Cash and cash equivalents at beginning of period	<u>10,502</u>	<u>9,063</u>
Cash and cash equivalents at end of period	<u>7,229</u>	<u>6,986</u>

Segment information

[Business segments]

For the first nine months ended September 30, 2009 (Jan. 1, 2009 - Sep. 30, 2009)

	Asia Pacific Business	EU Business	Environment /Energy Business	Total	Elimination or corporate	Consolidated
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>
Sales						
(1) Sales to third parties	17,163	10,676	3,130	30,969	-	30,969
(2) Inter-segment sales or transfers	432	454	1	887	(887)	-
Total	17,595	11,130	3,131	31,856	(887)	30,969
Operating income (loss)	1,325	(771)	187	741	(1,843)	(1,102)

For the first nine months ended September 30, 2010 (Jan. 1, 2010 - Sep. 30, 2010)

	Asia Pacific Business	EU Business	Environment /Energy Business	Total	Elimination or corporate	Consolidated
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>
Sales						
(1) Sales to third parties	22,635	14,139	4,056	40,830	-	40,830
(2) Inter-segment sales or transfers	747	796	104	1,647	(1,647)	-
Total	23,382	14,935	4,160	42,477	(1,647)	40,830
Operating income (loss)	3,744	1,109	54	4,907	(1,742)	3,165

[Geographic segment information]

For the first nine months ended September 30, 2009 (Jan. 1, 2009 - Sep. 30, 2009)

	Japan	Hong Kong/China	Taiwan/Korea	ASEAN	NAFTA	EU	Total	Elimination or corporate	Consolidated
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Sales									
(1) Sales to third parties	5,441	9,499	458	3,471	2,163	9,937	30,969	-	30,969
(2) Inter-segment sales or transfers	1,007	7,008	1	111	258	139	8,524	(8,524)	-
Total	6,448	16,507	459	3,582	2,421	10,076	39,493	(8,524)	30,969
Operating income (loss)	(55)	1,640	(22)	152	(12)	(826)	877	(1,979)	(1,102)

For the first nine months ended September 30, 2010 (Jan. 1, 2010 - Sep. 30, 2010)

	Japan	Hong Kong/China	Taiwan/Korea	ASEAN	NAFTA	EU	Total	Elimination or corporate	Consolidated
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Sales									
(1) Sales to third parties	8,492	11,599	862	3,407	3,714	12,756	40,830	-	40,830
(2) Inter-segment sales or transfers	1,181	10,561	2	146	359	572	12,821	(12,821)	-
Total	9,673	22,160	864	3,553	4,073	13,328	53,651	(12,821)	40,830
Operating income (loss)	706	2,876	(9)	151	313	855	4,892	(1,727)	3,165

[Overseas sales]

For the first nine months ended September 30, 2009 (Jan. 1, 2009 - Sep. 30, 2009)

	Hong Kong/China	ASEAN	Taiwan/Korea	NAFTA	EU	Other	Total
Overseas sales (millions of yen)	4,675	3,511	798	2,757	13,608	158	25,507
Consolidated net sales (millions of yen)							30,969
Overseas sales as a percentage of consolidated net sales(%)	15.1	11.3	2.6	8.9	44.0	0.5	82.4

For the first nine months ended September 30, 2010 (Jan. 1, 2010 - Sep. 30, 2010)

	Hong Kong/China	ASEAN	Taiwan/Korea	NAFTA	EU	Other	Total
Overseas sales (millions of yen)	5,936	3,424	1,001	4,475	17,384	103	32,323
Consolidated net sales (millions of yen)							40,830
Overseas sales as a percentage of consolidated net sales(%)	14.5	8.4	2.5	11.0	42.6	0.2	79.2