

# NOTICE OF THE 58TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

**Time and Date:**

**1:00 p.m., Wednesday, March 20, 2013 (JST)**

(The reception desk will open at 12:30 p.m., JST.)

**Venue:**

Orion, Hotel Nikko Tokyo (1st Floor),  
1-9-1, Daiba, Minato-ku, Tokyo

**Agenda: Election of nine (9) directors**



Stock Code: 6817

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*This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.*

(Stock Code: 6817)

March 1, 2013

## **NOTICE OF THE 58TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

SUMIDA CORPORATION (the “Company”) hereby would like to inform you that the 58th Annual General Meeting of Shareholders will be held as outlined below. Please accept our cordial invitation to this meeting.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please examine the appended “Reference Materials for Annual General Meeting of Shareholders” and exercise your voting rights in accordance with the instructions given on page 3.

Yours faithfully,

Shigeyuki Yawata

Director, Representative Executive Officer and CEO

SUMIDA CORPORATION

Asahi Building,

3-12-2, Nihonbashi, Chuo-ku, Tokyo

**1. Time and Date:** 1:00 p.m., Wednesday, March 20, 2013 (JST)  
(The reception desk will open at 12:30 p.m., JST.)

**2. Venue:** Orion, Hotel Nikko Tokyo (1st Floor),  
1-9-1, Daiba, Minato-ku, Tokyo

### **3. Meeting Agenda:**

*- Items to be reported*

1. Business Report, Consolidated Financial Statements and reports on the audited results of the Consolidated Financial Statements by the independent auditors and the Audit Committee for the 58th term (January 1 to December 31, 2012)
2. Non-consolidated Financial Statements for the 58th term (January 1 to December 31, 2012)

*- Item to be resolved*

Agenda: Election of nine (9) directors

#### **4. Decisions Made for the Notice of the Meeting**

- (1) If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right in writing or via the Internet, the Company will treat such cases as indications of acceptance.
- (2) In the event that a shareholder exercises a voting right via the Internet, even if the voting form is returned to us by mail, the Company will treat the shareholder's Internet vote as the effective exercise of the voting right.
- (3) If a shareholder exercises a voting right in writing, the shareholder is requested to return the voting form to us by mail by 5:00 p.m. on Tuesday, March 19, 2013 (JST).
- (4) If a shareholder exercises a voting right via the Internet, the shareholder is requested to do so by 5:00 p.m. on Tuesday, March 19, 2013 (JST).
- (5) In the event that a shareholder exercises voting rights diversely, the shareholder is requested to submit his/her intention to do so and the reason for the diverse exercise of voting rights to the Company in writing by three days before the meeting.

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If the Reference Materials for Annual General Meeting of Shareholders, Business Report, and Non-consolidated and Consolidated Financial Statements are subsequently revised, the revisions shall be posted on the Company's website (<http://www.sumida.com>).

### <Concerning the Exercise of Voting Rights>

- \* Shareholders attending the meeting in person are requested to submit the voting form enclosed with this notice at the reception desk on the day of the meeting.
- \* A shareholder may exercise his/her voting rights by designating one proxy who is another shareholder of the Company with voting rights pursuant to Article 17 of the Articles of Incorporation. In such cases, please submit to the Company a document proving the proxy's power of representation (power of attorney).
- \* If you are unable to attend the meeting in person, please exercise your voting rights using either of the below methods.

[How to submit your voting form by mail]

After indicating your acceptance or rejection of the agenda items on the voting form enclosed with this notice, return the form to us.

[How to exercise your voting rights via the Internet]

1. From a computer, a mobile phone or a smartphone:
  - (1) Access the Website for Exercising Voting Rights at <http://www.tosyodai54.net>
  - (2) After reading the requests listed on the voting form, input the exercise code and password for the exercise of voting rights.
  - (3) Follow the instructions given on the screen to exercise your voting rights.
2. Please note that shareholders are to bear any and all telecommunications charges, including call charges, and connection charges to be paid to Internet service providers when accessing the Website for Exercising Voting Rights.
3. For shareholders who intend to exercise voting rights via mobile phones or smartphones, please note that it may not be possible to do so using certain models.
4. In the event that a shareholder exercises a voting right on multiple occasions via the Internet, the Company will treat the shareholder's final vote as the effective exercise of the voting right.

Please direct any inquiries you may have concerning the exercise of voting rights via the Internet to:

Shareholders' Register Manager: Tokyo Securities Transfer Agent Co., Ltd.

Tel: 0120-88-0768 (Toll-free, available only in Japan)

Operating hours: 9:00 a.m. to 9:00 p.m. (JST: excluding Saturdays, Sundays and holidays)

[To All Institutional Investors]

In the event that you apply for the use of the platform for electronic exercise of voting rights (the so-called TSE platform) operated by ICJ, you may use it as your electronic method for exercising voting rights at the Company's General Meetings of Shareholders, in addition to the above-mentioned electronic methods via the Internet.

## Reference Materials for Annual General Meeting of Shareholders

### Agenda: Election of nine (9) directors

The terms of office of nine (9) directors will expire at the conclusion of this Annual General Meeting of Shareholders. The Company requests the election of nine (9) directors based on the decision of the Nomination Committee.

The candidates for the directors' positions are as follows. Eight (8) of the candidates for director, Kotaro Miyagi, Ulrich Ruetz, Masaru Hattori, Charles F. Martin, Nobuyuki Oneda, Shinji Yoko, Johji Sato and Auyang Pak Hong, seek positions as outside directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

No.	Name (Date of birth)	Brief personal profile and position and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
1	Shigeyuki Yawata (October 28, 1951)	<p><b>(Brief personal profile)</b>            Nov. 1977    Joined the Company            Mar. 1988    Director            Mar. 1990    Representative Director and Senior Managing Director            Apr. 1991    Representative Director and Vice President            Mar. 1992    Representative Director and President            Apr. 2003    Director, Representative Executive Officer and CEO                              (To date)</p> <p><b>(Position and duties at the Company)</b>            Director (Chairman of the Board of Directors), Representative Executive Officer and CEO,            Chairman, Strategy Committee and Risk Management Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b>            Managing Director, SUMIDA Europe GmbH</p>	561,331
2	Kotaro Miyagi (June 17, 1940)	<p><b>(Brief personal profile)</b>            Mar. 1995    Director, Canon Inc.            Mar. 2001    Full-time Corporate Auditor, Canon Inc.            Mar. 2004    Resigned Canon Inc. Full-time Corporate Auditor            Mar. 2006    Director of the Company                              (To date)</p> <p><b>(Position and duties at the Company)</b>            Director, Chairman, Compensation Committee,            Member, Audit Committee, Strategy Committee and Risk Management Committee,            Lead Director</p>	2,900

No.	Name (Date of birth)	Brief personal profile and position and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
3	Ulrich Ruetz (March 15, 1940)	<p><b>(Brief personal profile)</b></p> <p>Feb. 1983 Director, BERU GmbH (Currently BorgWarner BERU Systems GmbH)</p> <p>Jan. 1994 President, BERU GmbH (Currently BorgWarner BERU Systems GmbH)</p> <p>Oct. 1997 CEO, BERU GmbH (Currently BorgWarner BERU Systems GmbH)</p> <p>Apr. 2003 Resigned BERU GmbH (Currently BorgWarner BERU Systems GmbH) CEO</p> <p>Mar. 2007 Director of the Company (To date)</p> <p><b>(Position and duties at the Company)</b> Director, Member, Compensation Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b> Outside Director, Progress Werk Oberkirch AG Outside Director, Wüstenrot Holding AG Outside Director, Wüstenrot &amp; Württembergische AG</p>	3,000
4	Masaru Hattori (February 12, 1945)	<p><b>(Brief personal profile)</b></p> <p>Jul. 1974 Joined Orient Leasing Co., Ltd. (Currently ORIX Corporation)</p> <p>Jun. 2002 Corporate Auditor, Fuji Fire and Marine Insurance Co., Ltd.</p> <p>Jun. 2005 Director, Fuji Fire and Marine Insurance Co., Ltd.</p> <p>Jan. 2006 Executive Vice President, ORIX Corporation</p> <p>Jan. 2008 Resigned ORIX Corporation Executive Vice President</p> <p>Mar. 2008 Director of the Company</p> <p>May 2008 Outside Corporate Auditor, Ryohin Keikaku Co., Ltd.</p> <p>Jun. 2009 Resigned Fuji Fire and Marine Insurance Co., Ltd. Director (To date)</p> <p><b>(Position and duties at the Company)</b> Director, Chairman, Audit Committee, Member, Risk Management Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b> Outside Corporate Auditor, Ryohin Keikaku Co., Ltd.</p>	0

No.	Name (Date of birth)	Brief personal profile and position and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
5	Charles F. Martin (April 21, 1955)	<p><b>(Brief personal profile)</b></p> <p>May 1988      Joined Bankers Trust Company</p> <p>Apr. 1997      Principal, Mergers and Acquisitions, Tokyo, Japan, Bankers Trust Company</p> <p>Jul. 1999      Joined Deutsche Bank Group</p> <p>Apr. 2001      Managing Director, Mergers and Acquisitions, Tokyo, Japan, Deutsche Securities Inc.</p> <p>Apr. 2008      Retired from Deutsche Securities Inc.</p> <p>Dec. 2009      CEO, Martin &amp; Company Inc.</p> <p>Mar. 2010      Director of the Company (To date)</p> <p><b>(Position and duties at the Company)</b></p> <p>Director, Chairman, Nomination Committee, Member, Strategy Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>CEO, Martin &amp; Company Inc.</p>	0
6	Nobuyuki Oneda (May 6, 1945)	<p><b>(Brief personal profile)</b></p> <p>Apr. 1969      Joined Sony Corporation</p> <p>May 2000      Deputy President and CFO, Sony Electronics Inc.</p> <p>Jun. 2004      Corporate Executive Officer, Senior Vice President, Sony Corporation</p> <p>Jun. 2005      Corporate Executive Officer, Executive Vice President and CFO, Sony Corporation</p> <p>Apr. 2009      Representative Corporate Executive Officer, Executive Vice President and CFO, Sony Corporation</p> <p>Jun. 2009      Director, Representative Corporate Executive Officer, Executive Deputy President and CFO, Sony Corporation</p> <p>Jun. 2010      Retired from Sony Corporation</p> <p>Mar. 2011      Outside Corporate Auditor, Kirin Holdings Company, Limited Outside Director, KOKUYO Co., Ltd.</p> <p>Jun. 2011      Outside Director, UKC Holdings Corporation</p> <p>Mar. 2012      Director of the Company (To date)</p> <p><b>(Position and duties at the Company)</b></p> <p>Director, Member, Audit Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Outside Corporate Auditor, Kirin Holdings Company, Limited Outside Director, KOKUYO Co., Ltd. Outside Director, UKC Holdings Corporation</p>	0



No.	Name (Date of birth)	Brief personal profile and position and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
7	Shinji Yoko (January 2, 1948)	<p><b>(Brief personal profile)</b></p> <p>Apr. 1970    Joined TDK Corporation</p> <p>Apr. 1984    Executive Vice President, TDK Corporation of America</p> <p>Sep. 1989    President, TDK Electronics Europe GmbH</p> <p>Jun. 1998    Director, TDK Corporation</p> <p>Jun. 2002    Senior Vice President, General Manager, Sales &amp; Marketing, TDK Corporation</p> <p>Jun. 2005    General Manager, Osaka Regional Headquarters, TDK Corporation (Concurrent)</p> <p>Jun. 2009    Retired from TDK Corporation</p> <p>Apr. 2010    External Director, LITE-ON JAPAN LTD.</p> <p>Mar. 2012    Director of the Company (To date)</p> <p><b>(Position and duties at the Company)</b></p> <p>Director, Member, Nomination Committee and Strategy Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>External Director, LITE-ON JAPAN LTD.</p>	0
8	Johji Sato (November 20, 1953)	<p><b>(Brief personal profile)</b></p> <p>Apr. 1982    Joined Chuo Coopers &amp; Lybrand Associates, Inc.</p> <p>Sep. 1985    Assigned to London Office, Coopers &amp; Lybrand UK (Currently PricewaterhouseCoopers LLP)</p> <p>Oct. 1989    Partner (International Corporate Tax Division), London Office, Coopers &amp; Lybrand UK (Currently PricewaterhouseCoopers LLP)</p> <p>Jul. 1995    Lead Partner (Japanese Business Group in Europe, the Middle East and Africa), London Office, Coopers &amp; Lybrand UK (Currently PricewaterhouseCoopers LLP)</p> <p>Jul. 2002    Chair Partner, Japanese Business Steering Committee, Central Cluster (Europe, the Middle East, Africa and India), PricewaterhouseCoopers LLP</p> <p>Mar. 2012    Retired from London Office, PricewaterhouseCoopers LLP</p> <p>May 2012    Executive Senior Director (Global Japanese Business), PricewaterhouseCoopers Co., Ltd. (To date)</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Executive Senior Director (Global Japanese Business), PricewaterhouseCoopers Co., Ltd.</p>	0

No.	Name (Date of birth)	Brief personal profile and position and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
9	Auyang Pak Hong (December 24, 1967)	<p><b>(Brief personal profile)</b></p> <p>Sep. 1991     Joined Computime Group Limited            Sep. 2002     CEO, Computime Group Limited            Oct. 2009     Retired from Computime Group Limited            Nov. 2009     Chairman, Vida Nova Ventures            Jul. 2010     Co-CEO &amp; Executive Director, Touchmedia                              (To date)</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Co-CEO &amp; Executive Director, Touchmedia            Vice Chairman, Dragonchip Limited            Outside Director, Grayhill Hong Kong Company Limited            Director, QVIVO Limited            Director, Greenlink Global Limited</p>	0

Notes:

1. SUMIDA Europe GmbH is a subsidiary of the Company. Among other things, the Company loans funds to the subsidiary.
2. There are no special interest relationships between the candidates and the Company.
3. Eight (8) candidates for outside director, Kotaro Miyagi, Ulrich Ruetz, Masaru Hattori, Charles F. Martin, Nobuyuki Oneda, Shinji Yoko, Johji Sato and Auyang Pak Hong, will be designated as independent directors of the Company in accordance with the rules of the Tokyo Stock Exchange and their names will be notified to the said stock exchange.

Reasons for selection:

Seven (7) of the candidates for director, Shigeyuki Yawata, Kotaro Miyagi, Ulrich Ruetz, Masaru Hattori, Charles F. Martin, Nobuyuki Oneda and Shinji Yoko, have sufficiently served as directors who determine basic management policies and supervise operations. The Company therefore requests for them to be reelected as directors.

Regarding the reasons for our selection of the new candidates Johji Sato and Auyang Pak Hong, please refer to items (vii) and (viii), on page 9.

Reasons for the selection of candidates for outside director, independence as outside directors and liability limitation contracts with outside directors are as follows.

(1) Reasons for the selection of candidates for outside director

The Company is a company employing a committee-based corporate governance structure, called a company-with-committees. At a company-with-committees, the board of directors specializes in supervising management, while a committee made up of a majority of outside directors is established to improve the transparency of management and executive officers are installed as an organ to work full-time for the execution of operations. Thus, a company-with-committees clearly separates "supervision of management" from "execution of operations" to make them function effectively. Such a company generally needs to elect multiple outside directors. To further enhance the functions of the board of directors, the Company is to make outside directors account for a majority of directors, and hereby requests the election of eight (8) outside directors.

- (i) Kotaro Miyagi served as president of overseas subsidiaries of Canon Inc., and director and full-time corporate auditor of Canon. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the electric and electronics industry. He currently serves as outside director of the Company. The length of his service as outside director will be seven (7) years at the conclusion of this Annual General Meeting of Shareholders.
- (ii) Ulrich Ruetz has engaged in the management of car component manufacturer BorgWamer BERU Systems GmbH of Germany for many years. He currently serves as outside director of many European corporations. The

Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the automobile and electric and electronics industries and the European market. He currently serves as outside director of the Company. The length of his service as outside director will be six (6) years at the conclusion of this Annual General Meeting of Shareholders.

- (iii) Masaru Hattori served as executive vice president of ORIX Corporation and outside corporate auditor and outside director of Fuji Fire and Marine Insurance Co., Ltd. He also serves as outside corporate auditor of Ryohin Keikaku Co., Ltd. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, especially in the corporate planning and accounting fields, and his insight into the audit. He currently serves as outside director of the Company. The length of his service as outside director will be five (5) years at the conclusion of this Annual General Meeting of Shareholders.
  - (iv) Charles F. Martin has advised over many years on financial strategy and M&As in the field of investment banking, among others. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on his insight on financial strategy and corporate value enhancement measures fostered throughout his career. He currently serves as outside director of the Company. The length of his service as outside director will be three (3) years at the conclusion of this Annual General Meeting of Shareholders.
  - (v) Nobuyuki Oneda worked for Sony Corporation for many years. During that period, he worked as an executive member of an overseas subsidiary, director of headquarters, and representative corporate executive officer, executive deputy president and CFO of Sony Corporation. Moreover, he currently serves as outside corporate auditor of Kirin Holdings Company, Limited, and outside director of KOKUYO Co., Ltd. and UKC Holdings Corporation. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the electric and electronics industry. He currently serves as outside director of the Company. The length of his service as outside director will be one (1) year at the conclusion of this Annual General Meeting of Shareholders.
  - (vi) Shinji Yoko worked for TDK Corporation for many years. During that period, he worked as president of an overseas subsidiary and director of headquarters. Moreover, he currently serves as external director of LITE-ON JAPAN LTD. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the electronic components industry. He currently serves as outside director of the Company. The length of his service as outside director will be one (1) year at the conclusion of this Annual General Meeting of Shareholders.
  - (vii) Johji Sato has been involved in the provision of advice regarding taxation and investment to global corporations over many years, and has held various posts including partner at PricewaterhouseCoopers LLP. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the managerial knowledge and experience that he has accumulated throughout his career, especially in the fields of accounting and taxation.
  - (viii) Auyang Pak Hong has engaged in the management of electronic control products manufacturer Computime Group Limited of Hong Kong, and currently serves as a manager or director at Asian companies mainly in China and Hong Kong. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the Asian market.
- (2) Independence of candidates for outside director
- (i) None of the candidates for outside director have been managing members of the Company or business operators that have specific relations with the Company in the past.

- (ii) None of the candidates for outside director have received or plan to receive a large amount of money or other property from the Company or business operators that have specific relations with the Company.
  - (iii) None of the candidates for outside director have relatives in the third degree or closer with directors or executive officers of the Company.
- (3) Liability limitation contracts with outside directors
- The Company has entered into liability limitation contracts with candidates Kotaro Miyagi, Ulrich Ruetz, Masaru Hattori, Charles F. Martin, Nobuyuki Oneda and Shinji Yoko, who are currently outside directors of the Company. (Outline of the contracts is stated on page 29 of the Business Report.) If their reelections are approved, the Company will continue the above liability limitation contracts with them. If Johji Sato and Auyang Pak Hong are elected as directors, the Company will also enter into the above liability limitation contract with each of them.

# Business Report

for the 58th term

(January 1 to December 31, 2012)

Shigeyuki Yawata

Director, Representative Executive Officer and CEO  
SUMIDA CORPORATION

# Business Report

(January 1 to December 31, 2012)

## 1. Matters Concerning the Current Status of the Sumida Group

### (1) Business conditions for the fiscal year under review

#### (i) Progress and results of the business

The global economy continued to experience gloomy developments during 2012, including the slowing European economy in spite of measures in EU member countries to address financial uncertainty and a lackluster U.S. economy despite indications of recovery as well as a trend of slowing economic growth in emerging countries, such as China, which had previously sustained good conditions, were no longer able to avoid the effects from the economic slowdown in the developed countries.

Looking at the electronic parts industry during the current fiscal year, although consumer electronics saw increased demand for smartphones and tablet PCs, no recovery in demand was observed for products for TVs and digital cameras, etc. Moreover, PC demand, which had been anticipated as a benefit of Windows 8 compatibility and the launch of new products such as the Ultrabook, was sluggish mainly as a result of market encroachment by tablet PCs and the effect of the economic slowdown. Demand in the industrial related products was sluggish for industrial equipment and construction machinery, which was partly attributable to the impact of the slowdown in capital expenditure in countries such as China. Meanwhile, demand for automotive related products remained firm, which was partly due to healthy new car sales and advancing automotive electrification as a result of the sales growth of hybrid vehicles and electric cars.

In this environment, the Sumida Group addressed the issues highlighted in Stage I (Realignment & Foundation Building) of the Mid-Term Business Plan, which the Company announced in the current fiscal year.

On the manufacturing side, the Group pushed ahead with reduction of indirect personnel, further automation of production lines for automotive related products, and production transfers to satellite plants, and also pressed forward with cost reductions such as direct labor costs.

In terms of sales, in the consumer electronics related products, the Sumida Group proceeded with specialization in growth segments with an emphasis on profitability.

With respect to finance, the Sumida Group effectively utilized funds within the Group, improved capital efficiency and accelerated the repayment of debt and reduction of interest bearing debt through cash pooling.

In terms of regions, the Sumida Group worked to strengthen R&D functions in North America and expand its business there. Moreover, as a strategy to expand its business in China, the Group boosted collaboration between teams in the U.S., Europe and Japan and aimed to strengthen design-in capabilities in those countries.

Despite the steady performance of automotive related products, overall net sales for the current fiscal year decreased by 2.8% to 51,300 million yen from the previous fiscal year, which was partly attributable to the appreciation in the average rate for the yen by 1.0% against the U.S. dollar and 8.4% against the euro compared to the previous fiscal year in addition to the sluggish performance in the consumer electronics related and industrial related products. Operating income decreased by 19.1% year on year to 1,706 million yen. Ordinary income decreased

by 15.0% year on year to 1,100 million yen as a result of non-operating expenses, which included interest expenses. Net income increased by 39.2% year on year to 691 million yen because the amount of income taxes-deferred became a negative figure (which is a positive for net income).

The following is the business performance in the current fiscal year by segment. The Sumida Group is composed of the Asia Pacific Business and EU Business.

### I. Asia Pacific Business

Sales at the Asia Pacific Business for the current fiscal year increased by 0.3% year on year to 33,958 million yen because, in spite of the stagnation in consumer electronics related products with the exception of those for smartphones and tablet PCs, there was steady demand for automotive related products. Operating income increased by 2.8% to 2,608 million yen.

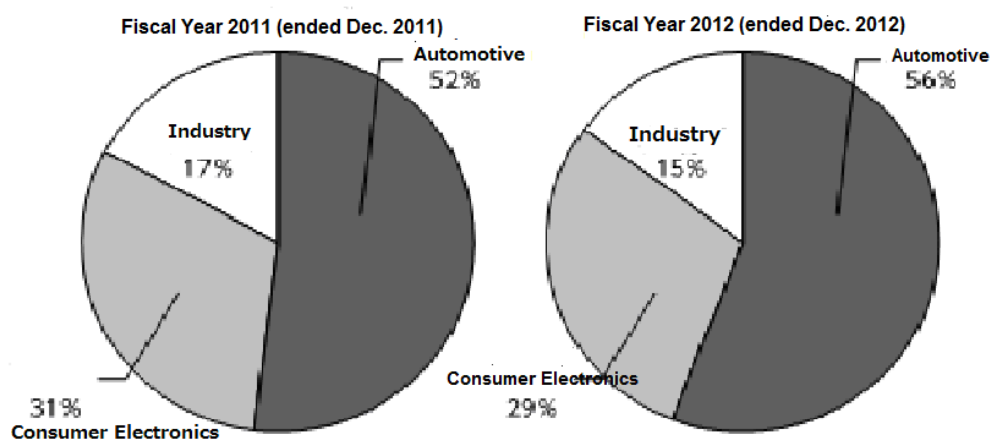
### II. EU Business

Sales at the EU Business for the current fiscal year decreased by 8.3% year on year to 17,342 million yen mainly due to the sluggish performance of the consumer electronics related and industrial related products and the impact from the euro's further weakness against the yen compared to the previous fiscal year, although there was steady business for automotive related products, including for luxury vehicles. Operating income decreased by 19.1% to 1,358 million yen.

Business segment	Net sales (million yen)
Asia Pacific Business	33,958
EU Business	17,342
Total	51,300

(Reference)

Looking at the composition of sales by market, the share of sales derived from consumer electronics related products decreased from 31% in the previous fiscal year to 29%, while the share derived from industrial related products decreased from 17% to 15%. The share of sales derived from automotive related products, meanwhile, increased from 52% in the previous fiscal year to 56%.



(ii) Fund procurement

The Group has concluded loan commitment agreements with 12 of its financing banks to raise working capital effectively. The unutilized commitment pertaining to the loan commitment as of the end of the current fiscal year is as shown below:

Total loan commitment:	6,900 million yen
Borrowings utilized:	—
Balance:	6,900 million yen

(iii) Plant and equipment investment

The Group continuously makes investments to expand facilities and enhance research and development for rationalization of production, quality improvement and increasing demand. For the current fiscal year, total investment amounted to 3,173 million yen, including constant investments related to the development and manufacturing of new products.

(iv) Acquisition or disposal of shares, other stakes or stock acquisition rights of other companies

SUMIDA AG

After the Group fulfilled demand of purchasing shares by shareholders, the percentage of SUMIDA AG shares held by the Sumida Group increased to 97.0% from 96.4%.

Accordingly, the ratio of shareholding in subsidiaries of the company by the Sumida Group also increased.

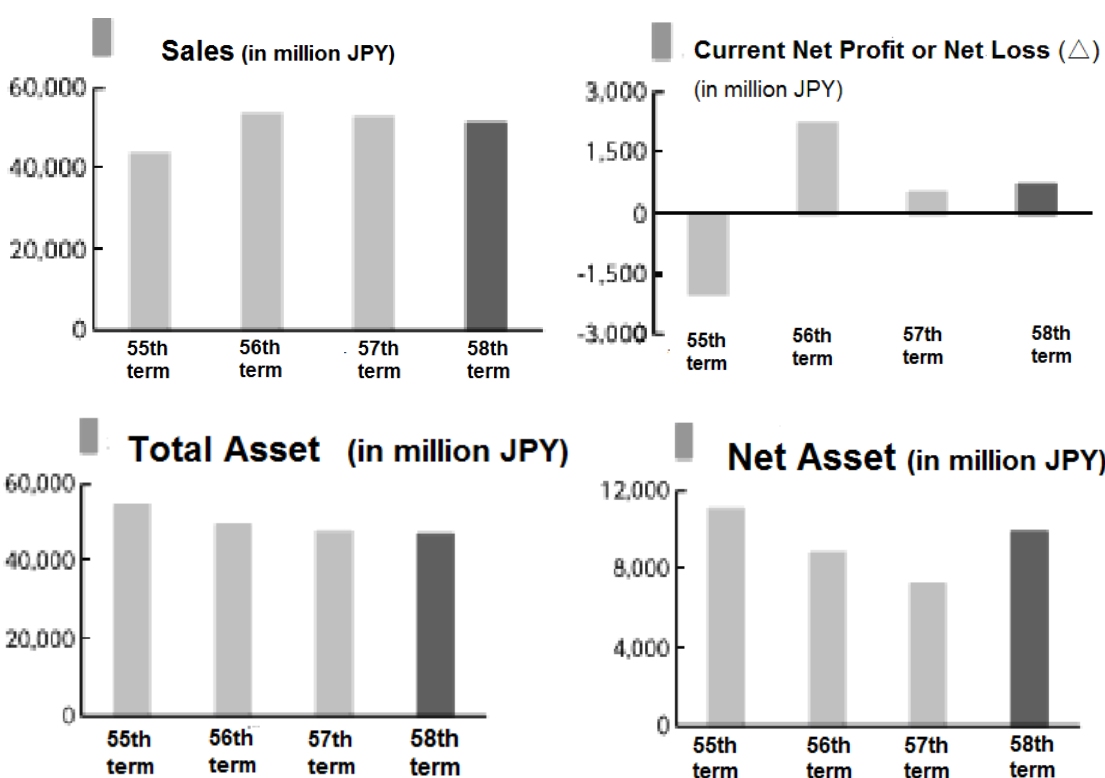
**(2) Summary of assets, profit and losses**

Item	55th term (ended Dec. 2009)	56th term (ended Dec. 2010)	57th term (ended Dec. 2011)	58th (current) term (ended Dec. 2012)
Net sales (million yen)	43,652	53,445	52,759	51,300
Net income (loss) (million yen)	(2,009)	2,210	496	691
Net income (loss) per share (yen)	(104.57)	115.05	25.85	36.00
Total assets (million yen)	54,504	49,410	47,497	46,788
Net assets (million yen)	11,068	8,848	7,186	9,871
Net assets per share (yen)	545.55	433.22	348.92	479.66

Note:

Net income (loss) per share is calculated based on the average number of shares issued in each fiscal term and net assets per share is calculated based on the total number of shares issued at the end of each fiscal term. In calculating net income (loss) per share and net assets per share, treasury shares are excluded from the total average number of shares issued during each fiscal term and from the total number of shares issued at the end of each fiscal term.





### (3) Significant matters of the parent company and subsidiaries

#### (i) Parent company

There were no relevant issues.

#### (ii) Significant subsidiaries (as of December 31, 2012)

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
Sumida Electronic Components Co., Ltd.	50,000 yen	100	Control of the Asia Pacific Business
Sumida Electric Co., Ltd.	450,000 yen	100 (100)	Manufacture, sale and research & development of coils
Sumida Corporate Service Incorporated	25,000 yen	100	Control of Group management
Dongguan Sumida (Tai Ping) Electric Co., Ltd.	305,000 Hong Kong dollars	100 (100)	Manufacture of coils
SUMIDA ELECTRIC (GUANGXI) CO., LTD.	17,561 yuan	100 (100)	Manufacture of coils
Sumida Electric (H.K.) Company Limited	245,000 Hong Kong dollars	100 (100)	Manufacture and research & development of coils
SUMIDA SERVICE COMPANY LIMITED	13,000 Hong Kong dollars	100 (100)	Group internal services
SUMIDA TRADING COMPANY LIMITED	80,000 Hong Kong dollars	100 (100)	Sale of coils
SUMIDA TRADING PTE. LTD.	6,000 Singapore dollars	100 (100)	Sale of coils

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
SUMIDA AMERICA COMPONENTS INC.	6,350 U.S. dollars	100 (100)	Sale of coils
SUMIDA TRADING (SHANGHAI) COMPANY LIMITED	8,070 yuan	100 (100)	Sale of coils
TAIWAN SUMIDA TRADING COMPANY LIMITED	30,000 Taiwan dollars	100 (100)	Sale of coils
SUMIDA TRADING (KOREA) COMPANY LIMITED	250,000 Korea won	100 (100)	Sale of coils
SUMIDA Europe GmbH	25 euro	100	Control of the EU Business
SUMIDA Components GmbH	105 euro	97.0 (97.0)	Manufacture and sale of coils
SUMIDA AG	5,848 euro	97.0 (97.0)	Intermediate holding company of the EU Business
SUMIDA Components & Modules GmbH	25 euro	97.0 (97.0)	Control of coil business and sale of coils
SUMIDA EMS GmbH	25 euro	97.0 (97.0)	Controlling company of EMS
SUMIDA Lehesten GmbH	1,100 euro	97.0 (97.0)	EMS
SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V.	50 Mexico peso	71.8 (71.8)	Manufacture of coils
SUMIDA ROMANIA S.R.L.	2,791 euro	97.0 (97.0)	Manufacture of coils
SUMIDA electronic Shanghai Co., Ltd.	37,904 yuan	97.0 (97.0)	Manufacture and sale of coils
SUMIDA Slovenija, d.o.o.	503 euro	71.8 (71.8)	Manufacture of coils
vogtronics GmbH	25 euro	71.8 (71.8)	Manufacture and sale of coils
SUMIDA flexible connections GmbH	25 euro	97.0 (97.0)	Manufacture and sale of flat cables
SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L.	156 euro	97.0 (97.0)	Manufacture and sale of flat cables
Sumida Electric (Thailand) Co., Ltd.	70,000 baht	100 (100)	Development and manufacture of power electronics related coils
EIWA (HK) COMPANY LIMITED	51 U.S. dollars	100 (100)	Development and manufacture of power electronics related coils
ISMART GLOBAL LIMITED	6,308 euro	100	Intermediate holding company
Sumida Finance B.V.	20 euro	100	Financial control company
SUMIDA ELECTRONIC VIETNAM CO., LTD.	2,000 U.S. dollars	100 (100)	Manufacture of coils
Sumida Electric (Changde) Co., Ltd.	8,796 yuan	100 (100)	Manufacture of coils
Sumida Electric (JI'AN) Co., Ltd.	8,723 yuan	100 (100)	Manufacture of coils

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
Guangzhou Sumida Electric Co., Ltd.	50,698 yuan	100 (100)	Manufacture of coils

Note:

Figures shown in parentheses in the column of voting rights are the percentages held indirectly.

#### (4) Issues to address

##### (i) Turning point for global dynamics

European economy, which is slowing down on the back of credit crisis, and other developed economies such as the U.S. and Japan are facing a decline in their relative position. Meanwhile, although the growth fundamentals of the BRICs are unchanged, moderate slow downs are observed in the high rates of growth. Within this global dynamic, manufacturing industries in the emerging economies are improving their product quality and productivity, posing a threat to manufacturers in developed economies. Moreover, in emerging economies such as China, their economic growth is increasing their significance as sales markets beyond their historical positioning as production locations. Given these circumstances, the Group will have to adjust its planning approach so that the Group's actions are quickly responsive to changes and trends as they emerge.

##### (ii) Improving corporate value

###### (Business expansion into new fields)

The Company will leverage its expertise to develop products for new applications in automotive related products and specialize in growth segments with an emphasis on profitability in consumer electronics related products. Moreover, it will seek business expansion in the industrial related products, focusing on the six fields of industrial machinery & tools, energy, medical and healthcare, identification systems, security and lighting.

###### (Sales)

In addition to the automotive related business, the Company will focus on expanding the U.S. sales of high technology applications such as energy, medical and security related areas which have extremely high potential for growth and expanding China sales by strengthening design-in capabilities and re-engineering the distribution system within China to expand business with Chinese manufacturers.

###### (Manufacturing)

The Sumida Group will further accelerate the automation of production lines, which the Group has been promoting for some time, particularly for automotive related products with long product life cycles and lower volume fluctuations. Moreover, the Group will strengthen its overall purchasing power through unification of the procurement system and focus on a single contact window to suppliers, expediting the global optimization of suppliers. The Sumida Group will lower direct labor costs by continuously promoting the transfer of production to low cost sites, primarily satellite plants, in accordance with the "Sumida Silk Road" strategy.

Combined with the on-going development of and transfer of production to new low cost sites for both Asia and Europe, the Group believes that even greater reductions in direct labor costs will be possible. The Group will strive for significant manufacturing cost reduction through examining Myanmar, Laos and Cambodia in Asia and Moldova in Europe as primal candidate sites.

(Finance)

The Sumida Group will continuously monitor cash flow of the whole Group, and use cash pooling to utilize efficient cash management and accelerate repayment of debts. Furthermore, the Group will raise capital efficiency through inventory reductions and improve accounts receivable and payable terms.

(iii) Continuing focus on corporate governance

Developments in the Japanese business environment show that the Company's focus is correct. The basics of the Company's corporate governance are to maintain transparency and efficiency of management, meet the expectations of stakeholders and continuously improve the corporate value, which it recognizes as being one of the most important issues for its management. In particular, the role of governance under a system in which "execution" and "supervision" are segregated through delegation of substantial authority for executing operations is extremely important. The Company always tries to develop a system in which both duties function effectively and efficiently to realize more suitable governance.

(iv) Pursuing corporate social responsibility

Also of continuing importance to the Company is corporate social responsibility. Under the existing circumstances, in which companies need to fulfill legal, economic and social responsibilities more than ever, and in which they need to actively contribute to society and make concrete actions, the Group fulfills its social responsibilities by performing business based on basic principles such as integrity, discipline and common sense, and at the same time makes broad efforts to further enhance the trust that society places in it through measures including reinforcement of the legal and compliance functions and active commitment to environmental and social issues.

**(5) Major business lines (as of December 31, 2012)**

Lines of business	Key products
Asia Pacific Business	DC/DC converter transformers, switching power supply transformers, stroboscopical oscillating transformers, noise filter coils, DC/DC converter units, power inductors, IFT/RF coils, keyless entry antenna coils, ADSL modem transformers, data line filters, antenna coils, video filters, signal inductors, RF-ID, four-way valve coils, CCFL driving inverter transformers, ABS coils, injection coils, antenna coils, sensor coils, noise filers, solenoid coils for automotive air conditioner, high-frequency transformers, high-frequency choke coils, edge-wise coils, stick coils, motor coils for HDD, low-frequency transformers, harmonic preventive reactors, reactors, common mode coils
EU Business	Antenna coils, sensor coil modules, ignition coil modules, noise filters, xDSL splitter modules, DC/DC converter transformers, keyless entry antenna coils, Xenon igniter, power steering control units, GPS antennas, anti-theft control units, diesel engine control units, power supplies, high-frequency transformers, high-frequency choke coils, edge-wise coils, stick coils, motor coils for HDD, low-frequency transformers, harmonic preventive reactors, reactors, common mode coils

**(6) Major business offices of the Sumida Group (as of December 31, 2012)**

**Headquarters:** Chuo-ku, Tokyo (the Company)

**Business Supervising Companies:**

Sumida Electronic Components Co., Ltd. (Chuo-ku [Tokyo]), SUMIDA Europe GmbH (Germany), SUMIDA AG (Germany), Sumida Corporate Service Incorporated (Chuo-ku [Tokyo]), Sumida Finance B.V. (Netherlands)

**Domestic sales offices:**

Sumida Electric Co., Ltd. (Chuo-ku [Tokyo], Osaka, Nagoya and other three offices)

**Overseas sales offices:**

SUMIDA TRADING COMPANY LIMITED (Hong Kong), SUMIDA TRADING PTE. LTD. (Singapore), SUMIDA AMERICA COMPONENTS INC. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA TRADING (SHANGHAI) COMPANY LIMITED (China), SUMIDA Components & Modules GmbH (Germany), vogtronics GmbH (Germany), SUMIDA Lehesten GmbH (Germany), SUMIDA flexible connections GmbH (Germany), SUMIDA TRADING (KOREA) COMPANY LIMITED (South Korea), TAIWAN SUMIDA TRADING COMPANY LIMITED (Taiwan), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA electronic Shanghai Co., Ltd. (China)

**Domestic production bases:**

Sumida Electric Co., Ltd. (Ueda-shi [Nagano], Mutsu-shi [Aomori])

**Overseas production bases:**

Sumida Electric (H.K.) Company Limited (Hong Kong), Dongguan Sumida (Tai Ping) Electric Co., Ltd. (China), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA ROMANIA S.R.L. (Romania), SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V. (Mexico), SUMIDA Slovenija, d.o.o. (Slovenia), SUMIDA Lehesten GmbH (Germany), SUMIDA electronic Shanghai Co., Ltd. (China), SUMIDA flexible connections GmbH (Germany), SUMIDA ELECTRIC (GUANGXI) CO., LTD. (China), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L. (Romania), SUMIDA ELECTRONIC VIETNAM CO., LTD. (Vietnam), Sumida Electric (JI'AN) Co., Ltd. (China), Sumida Electric (Changde) Co., Ltd. (China), Guangzhou Sumida Electric Co., Ltd. (China)

**Domestic R&D centers:**

Sumida Electric Co., Ltd. (Chuo-ku [Tokyo], Natori-shi [Miyagi], Komoro-shi [Nagano])

**Overseas R&D centers:**

Sumida Electric (H.K.) Company Limited (Hong Kong), SUMIDA AMERICA COMPONENTS INC. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA flexible connections GmbH (Germany)

**(7) Employees (as of December 31, 2012)****(i) Employees of the Sumida Group**

Business segments	Number of employees	Changes from the end of the previous fiscal year
Asia Pacific Business	15,779	Decrease by 1,365
EU Business	2,232	Decrease by 143
Company-wide (common)	130	Decrease by 2
Total	18,141	Decrease by 1,510

Notes:

1. The number of employees is the number of persons who engage in work in the Sumida Group.
2. "Company-wide (common)" indicates the number of employees posted in Sumida Corporate Service Incorporated which carries out a headquarter and support function, in SUMIDA SERVICE COMPANY LIMITED, Sumida Finance B.V. and in the Service Department of Sumida Electric Co., Ltd.
3. The number of employees includes those in the consigned processing companies.

**(ii) Employees of the Company**

The Company is a pure holding company and it has no employees.

**(8) Major lenders (as of December 31, 2012)**

Lenders	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	4,104
Mizuho Corporate Bank, Ltd.	4,071
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,947
Resona Bank, Limited	2,805

**(9) Policy on determination of dividend from surplus**

The Company considers the return of profits to its shareholders as a priority business issue. The mid- and long-term policy of the Company is to maintain stable dividend payments depending on its consolidated business results, while expanding the necessary internal reserves to boost its future business and keep up with the changing business environment.

The Company shall decide on the base amount of annual dividend at the beginning of the fiscal year in accordance with the annual business plan and basic dividend payout ratio (25–30%) and divide it into quarters to pay on a quarterly basis. However, in order to ensure stable dividends, the base amount of annual dividend shall be 20 yen or more per share. In addition, in order to have dividends reflect the consolidated business results, if the dividend amount calculated with consolidated net income and basic dividend payout ratio exceeds the base amount of annual dividend, it is the Company's policy to add the excess amount to the annual dividend when paying dividends for the fourth quarter.

Regarding the annual dividend in the current fiscal year, the Company decided to set the base amount of annual dividend at 20 yen per share at the beginning of the fiscal year, and paid 5 yen in each three-month term.

Date of Board of Directors resolution	Term	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Date of commencement of payment
April 26, 2012	The 1st quarter	96	5.00	March 31, 2012	May 29, 2012
July 30, 2012	The 2nd quarter	96	5.00	June 30, 2012	August 23, 2012
October 30, 2012	The 3rd quarter	96	5.00	September 30, 2012	November 29, 2012
February 15, 2013	The 4th quarter	96	5.00	December 31, 2012	March 4, 2013

Note:

Pursuant to Article 459 of the Companies Act, the Company stipulates in the Articles of Incorporation that it shall be entitled to allocate dividends from surplus on predetermined record dates (March 31, June 30, September 30 and December 31) by a resolution of the Board of Directors.

## 2. Matters Concerning the Company

### (1) Shares of the Company (as of December 31, 2012)

- (i) Number of shares issuable: 70,000,000 shares
- (ii) Total number of shares issued: 19,944,317 shares (including treasury stock)
- (iii) Number of shareholders as of December 31, 2012: 8,030
- (iv) Major shareholders (top 10 shareholders, excluding treasury stock)

Name of shareholders	Number of stock held (thousand shares)	Ratio of the number of stock held (%)
Yawata Building Co., Ltd.	5,210	27.12
Japan Trustee Services Bank, Ltd.	1,376	7.17
The Master Trust Bank of Japan, Ltd.	630	3.28
Wahei Takeda	590	3.07
Shigeyuki Yawata	561	2.92
CITIBANK INTERNATIONAL PLC LUX BQ DEGROOF LUX JP SICAV	312	1.62
Nippon Life Insurance Company	260	1.35
Sumitomo Mitsui Banking Corporation	207	1.08
The Chase Manhattan Bank	207	1.08
Yasutoshi Yawata	200	1.04

Notes:

1. Although the Company holds 732,361 shares of treasury stock, it is excluded from the list of major shareholders above.
2. The ratio of the number of stock held has been calculated excluding treasury shares.

### (2) Matters concerning the Company's stock acquisition rights

There were no relevant issues at the end of this fiscal year.



### (3) Matters concerning corporate officers of the Company

#### (i) Directors and executive officers (as of December 31, 2012)

Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Director, Representative Executive Officer and CEO	Shigeyuki Yawata	Chairman of the Board of Directors, Strategy Committee and Risk Management Committee Managing Director, SUMIDA Europe GmbH
Director	Robert E. Patterson	Member of the Nomination Committee and Compensation Committee Managing Director, Peninsula Ventures Outside Director, mondoBIOTECH holding AG (Chairman of the Board of Directors)
Director	Ashok B. Melwani	Member of the Nomination Committee CEO, AB Melwani PTE, Ltd.
Director	Kotaro Miyagi	Chairman of the Compensation Committee Member of the Audit Committee, Strategy Committee and Risk Management Committee Lead Director
Director	Ulrich Ruetz	Member of the Compensation Committee Outside Director, Progress Werk Oberkirch AG Outside Director, Wüstenrot Holding AG Outside Director, Wüstenrot & Württembergische AG
Director	Masaru Hattori	Chairman of the Audit Committee Member of the Risk Management Committee Outside Corporate Auditor, Ryohin Keikaku Co., Ltd.
Director	Charles F. Martin	Chairman of the Nomination Committee Member of the Strategy Committee CEO, Martin & Company Inc.
Director	Nobuyuki Oneda	Member of the Audit Committee Outside Corporate Auditor, Kirin Holdings Company, Limited Outside Director, KOKUYO Co., Ltd. Outside Director, UKC Holdings Corporation
Director	Shinji Yoko	Member of the Nomination Committee and Strategy Committee External Director, LITE-ON JAPAN LTD.
Representative Executive Officer, President	Tomoharu Suseki	Member of the Risk Management Committee Representative Director and President, Sumida Electronic Components Co., Ltd. Managing Director, SUMIDA Europe GmbH
Representative Executive Officer and CFO	Yoshiyuki Honda	Member of the Risk Management Committee Representative Director, Sumida Finance B.V. Managing Director, SUMIDA Europe GmbH
Executive Officer	Paul Hofbauer	Managing Director, SUMIDA Europe GmbH
Executive Officer	Takatoshi Oyo	Representative Director, Sumida Electric (H.K.) Company Limited
Executive Officer	Ryoji Iwanaga	Representative Director and President, Sumida Corporate Service Incorporated

#### Notes:

- Messrs. Robert E. Patterson, Ashok B. Melwani, Kotaro Miyagi, Ulrich Ruetz, Masaru Hattori, Charles F. Martin, Nobuyuki Oneda and Shinji Yoko are outside directors set forth in Article 2, Item 15 of the Companies Act.
- Messrs. Robert E. Patterson, Ashok B. Melwani, Kotaro Miyagi, Ulrich Ruetz, Masaru Hattori, Charles F. Martin, Nobuyuki Oneda and Shinji Yoko have been designated as independent directors of the Company in accordance with the rules of the Tokyo Stock Exchange and their names have been notified to the said stock exchange.
- Aside from statutory committees (Nomination, Audit and Compensation Committees), the Company has voluntarily set up a Strategy Committee and a Risk Management Committee.
- All outside directors hold voluntary Independent Directors meetings on regular basis.

5. Mr. Masaru Hattori, member of the Audit Committee, has years of experience in the accounting section of ORIX Corporation, while Mr. Nobuyuki Oneda, member of the Audit Committee, has years of experience as CFO at Sony Corporation. Both members thus have good knowledge of finance and accounting.

(ii) Directors and executive officers who retired during this fiscal year

Name	Date of retirement	Reason for retirement	Position and duties at the Company and important concurrent occupations or positions at other organizations at the time of retirement
Kazunori Kondo	March 20, 2012	Expiration of his term of office	Member of the Audit Committee
Masato Tsuru	March 20, 2012	Expiration of his term of office	Chairman of the Nomination Committee
Chiu Ka Sheung	March 20, 2012	Expiration of his term of office	Member of the Risk Management Committee Representative Director, Sumida Electronic Components Co., Ltd. Managing Director, SUMIDA Europe GmbH
Saburo Matsuda	March 20, 2012	Expiration of his term of office	Member of the Risk Management Committee Representative Director, Sumida Finance B.V.

(iii) Policy to determine the amount of compensation for directors and executive officers by the Compensation Committee

1. Scope of decision and extent of disclosure

“The amount of individual compensation for directors and executive officers” that the Compensation Committee defines and discloses shall be the total amount of compensation paid by the Sumida Group in order to enhance its transparency. It shall be disclosed separately for directors and executive officers.

2. Directors’ compensation

The directors’ compensation shall be determined by reflecting the position and responsibility of each director, and in consideration of the economic trends and the business environment of the Company. Directors’ compensation is composed of the following five elements and this will not be paid to those who serve as executive officer concurrently.

1) Basic compensation

Compensation for the responsibilities as director (including the compensation for the responsibilities of the members of the Nomination and Compensation Committees)

2) Compensation of Audit Committee members

Compensation for the responsibilities as the member of the Audit Committee

3) Compensation of Strategy Committee members

Compensation for the knowledge and insight provided by the member of the Strategy Committee

4) Compensation of Lead Director

Compensation for the responsibilities as Lead Director

5) Overseas director compensation

Compensation for directors residing overseas

3. Executive officers' compensation

For executive officers' compensation, incentive compensation (corporate performance-linked compensation) shall be adopted in addition to the basic compensation (fixed compensation) in order to maintain and raise the motivation for the execution of operations. Executive officers' compensation is composed of the following four elements:

1) Basic compensation

Basic compensation shall be on a fixed basis in consideration of the position and responsibility as an executive officer within the Company, and any additional post as an officer at subsidiaries. The amount of compensation shall be determined by taking into account the previous operational performance and comparison with the actual compensation for the previous fiscal year.

2) Short-term incentives

These compensations are intended to maintain and raise the short-term motivation, and the base amount shall be determined depending on the position and responsibility of each executive officer. The amount to be paid will be changed in accordance with the target performance set at the beginning of the term and the actual performance and execution of duties of the Group as a whole or the function in charge. Additional bonuses may be paid to any distinguished achievement for which the Compensation Committee gives credit.

3) Long-term incentives

The Company shall grant this compensation to maintain and raise the medium- and long-term motivation of executive officers, and to prevent the loss of such officers.

4) Pension plans

The Company shall grant this compensation as additional benefit to public pension in consideration of their service period in order to help eligible retired executive officers have stable lives after retirement.

(iv) Total amount of compensation paid to directors and executive officers  
(Period: January 1 to December 31, 2012)

Category	Number of payees	Basic compensation (million yen)	Short-term incentive (million yen)	Long-term incentive (million yen)	Pension plan (million yen)	Total (million yen)
Executive officers	8	222	131	36	38	429
Directors	0	–	–	–	–	–
Outside directors	10	84	–	–	–	84
Total	18	306	131	36	38	513

Notes:

- During the current fiscal year, the Company has eight executive officers, two directors and ten outside directors. As two of the eight executive officers serve as directors concurrently, the total number of officers is eighteen. Directors' compensation are not paid to those who concurrently serve as executive officer and director, and therefore, they are included in the figures shown in the row of executive officers and excluded from the figures indicated in the row of directors. The above rows of executive officers and outside directors include amounts paid during the period from January to March 2012 to two executive officers and two outside directors, who retired at the

conclusion of the 57th Annual General Meeting of Shareholders, which was held on March 20, 2012.

2. The figures are consolidated compensation of the Group. Compensation relating to the Company consists of 222 million yen for eight executive officers, and 84 million yen for ten outside directors.
3. Long-term incentive compensation  
Phantom stocks depending on the positions of the executive officers for the next fiscal year shall be granted, with underlying assets calculated by multiplying the total amount of dividend for this fiscal year by the rate designated by the Company.
4. The cell of outside directors in the basic compensation row indicates the sum of basic compensation, compensation of Audit Committee members, compensation of Strategy Committee members, compensation of Lead Director and compensation of overseas directors.
5. In addition to the above compensations, the Group paid fringe benefits totaling 20 million yen (including 8 million yen paid by the Company) to eligible executive officers and special retirement benefits of 315 million yen (fully paid by a subsidiary) to an executive officer, who retired at the conclusion of the 57th Annual General Meeting of Shareholders, which was held on March 20, 2012.

(v) Matters concerning outside directors

1. Important concurrent occupations or positions at other organizations  
This is as described in the list of (i) Directors and executive officers above. There are no business relationships between the Company and other organizations where they hold the additional posts.
2. Relationships with business operators that have specific relations with the Company including main clients
  - 1) None of the outside directors have been managing members of the Company or business operators that have specific relations with the Company in the past.
  - 2) None of the outside directors have relatives in the third degree or closer with directors or executive officers of the Company.
3. Main activities during the current fiscal year
  - 1) Attendance of outside directors

Name	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Strategy Committee meetings	Risk Management Committee meetings
Robert E. Patterson	6/6		6/7	4/4	2/2	
Ashok B. Melwani	6/6		6/7		2/2	
Kotaro Miyagi	6/6	13/13		4/4	5/5	4/4
Ulrich Ruetz	6/6			4/4	2/2	
Masaru Hattori	6/6	13/13				4/4
Charles F. Martin	6/6		7/7		5/5	
Nobuyuki Oneda	5/5	10/10				
Shinji Yoko	5/5		6/6		3/3	

Notes:

1. The Company established the Risk Management Committee. Members include the Lead Director and Chairman of the Audit Committee as well as executive officers and their staff members.
2. As Messrs. Robert E. Patterson, Ashok B. Melwani and Ulrich Ruetz retired from the Strategy Committee on March 20, 2012, their attendance at the Strategy Committee meetings held prior to this date is recorded.
3. As Mr. Nobuyuki Oneda was appointed as a director and a member of the Audit Committee on March 20, 2012, his attendance at meetings held after this date is recorded.

4. As Mr. Shinji Yoko was appointed as a director and a member of the Nomination Committee and the Strategy Committee on March 20, 2012, his attendance at meetings held after this date is recorded.

2) Statements of each outside director

(a) Mr. Robert E. Patterson

At the meetings of the Board of Directors, he made necessary remarks in deliberations on a timely basis, mainly from the standpoint of a legal expert, in consideration of actual model of U.S. corporate governance.

At the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Compensation Committee meetings, he made necessary and timely remarks in deliberations in order to fairly and properly determine the compensation bases for directors and executive officers.

At the Strategy Committee meetings held during his service period until March 20, 2012, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the Mid-Term Business Plan.

(b) Mr. Ashok B. Melwani

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a business executive of an Asian company.

At the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Strategy Committee meetings held during his service period until March 20, 2012, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the Mid-Term Business Plan.

(c) Mr. Kotaro Miyagi

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the viewpoint of a business executive and based on the knowledge on electric and electronics industry.

As chairman of the Compensation Committee, he led the deliberations from the perspective of determining fairly and properly the compensation bases for directors and executive officers, and defines the policy on the details and amount of individual compensation received by directors and executive officers.

At the Audit Committee meetings, he made necessary and timely remarks in deliberations, from the perspective of promoting compliance management

through audits and leveraging it to enhance the corporate value.

At the Strategy Committee meetings, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the Mid-Term Business Plan.

At the Risk Management Committee meetings, he made necessary remarks in risk identification and planning of risk-averse measures on a timely basis.

As Lead Director, he led deliberations fairly and equitably, and orchestrates the opinions of the Independent Directors.

(d) Mr. Ulrich Ruetz

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a business executive of a European company.

At the Compensation Committee meetings, he made necessary and timely remarks in deliberations in order to fairly and properly determine the compensation bases for directors and executive officers.

At the Strategy Committee meetings held during his service period until March 20, 2012, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the Mid-Term Business Plan.

(e) Mr. Masaru Hattori

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a business executive.

As chairman of the Audit Committee meetings, he led the deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value, and performed audits of the Business Report, the Non-consolidated Financial Statements, the Consolidated Financial Statements, etc.

At the Risk Management Committee meetings, he made necessary remarks in risk identification and planning of risk-averse measures on a timely basis.

(f) Mr. Charles F. Martin

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a financial strategy expert.

As chairman of the Nomination Committee, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Strategy Committee meetings, he made necessary and timely remarks for

strategy formulation to enhance the corporate value of the Company and actualize the Mid-Term Business Plan.

(g) Mr. Nobuyuki Oneda

At the meetings of the Board of Directors held since his appointment on March 20, 2012, he made necessary remarks in deliberations from time to time, mainly from the perspective of a financial strategy expert.

At the Audit Committee meetings held since his appointment on March 20, 2012, he made necessary and timely remarks in deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.

(h) Mr. Shinji Yoko

At the meetings of the Board of Directors held since his appointment on March 20, 2012, he made necessary remarks in deliberations from time to time, mainly from the perspective of his knowledge and experience as a business executive that he accumulated throughout his career and an expert in the electronic components industry.

At the Nomination Committee meetings held since his appointment on March 20, 2012, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Strategy Committee meetings held since his appointment on March 20, 2012, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the Mid-Term Business Plan.

3) Independent Directors meeting

The Company holds Independent Directors meetings with all outside directors. All outside directors attended four meetings held during this term to discuss and review better corporate governance and the role of the Board of Directors from the position of representing shareholders.

4. Outline of liability limitation contracts

In order to obtain excellent directors from outside, the Company has made provisions limiting liability for damages under Article 423, Paragraph 1 of the Companies Act in the Articles of Incorporation pursuant to the provisions under Article 427, Paragraph 1 of the said act. In accordance with the aforementioned provisions, the Company has entered into liability limitation contracts with eight outside directors. The limit of liability for damages under such contracts has been set at the minimum liability provided for under Article 425, Paragraph 1 of the Companies Act. However, liability limitation is applied only when the relevant outside directors have carried out their duties, for which they are supposed to assume liability, in good faith or without gross negligence.

5. Total amount of compensations received from the subsidiaries

There were no relevant issues.

6. Criteria and policy relating to independence

The Company has not defined specific criteria relating to independence in electing outside directors. However, with reference to the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange, the company carefully investigates and examines the beneficial interests and other relationships between outside directors and the Company and ensures the absence of possible conflicts of interest with ordinary shareholders. Meanwhile, the Company focuses on election of outside directors who have a wealth of experience and knowledge relating to management in a wide array of business fields and high levels of expertise.

**(4) Independent auditors**

(i) Name: KPMG AZSA LLC

(ii) Amount of compensations:

	Amount to be paid (million yen)
Amount of compensations for the current fiscal year	80
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to independent auditors	80

Note:

Since in the audit agreement concluded between the Company and the independent auditor, compensation for audits is not clearly classified into compensation based on the Companies Act and compensation in accordance with the Financial Instruments and Exchange Act, and since that compensation cannot substantially be divided either, the item “Amount of compensations for the current fiscal year” shows the sum of these amounts.

(iii) Auditing of consolidated subsidiaries

Important consolidated subsidiaries of the Company that are located abroad, such as Sumida Electric (H.K.) Company Limited, SUMIDA TRADING COMPANY LIMITED and SUMIDA AG, were audited (only those stipulated by the Companies Act or Financial Instruments and Exchange Act [including foreign laws and regulations that are the equivalent of these laws]) by either an auditing firm or a certified public accountant (including those who possess equivalent qualifications abroad) who is not an independent auditor at the Company.

(iv) Details of non-audit services

There were no relevant issues.

(v) Policy on determination of dismissal or non-reappointment of the independent auditor

When the Audit Committee finds that any of the items in Article 340, Paragraph 1 of the Companies Act apply to the independent auditor, that independent auditor shall be dismissed with the consent of all the committee members. In addition, the Audit Committee will annually discuss whether to reappoint the independent auditor in consideration of the quality of the audit performed by the independent auditor and the effectiveness and efficiency of its audit performance.



**(5) System to secure properness of operations**

(i) System to ensure that executive officers and employees comply with the applicable laws, regulations and the Articles of Incorporation with regard to their business activities  
The Group has established “Sumida Business Principles (hereinafter, the ‘Principles’)” which embodies the Group’s vision, management principles, commitment, code of conduct, corporate governance principles, and environment policy.  
Representative executive officers shall build up a system to monitor for compliance which enables to ensure that the executive officers and employees perform their duties in accordance with the Principles. Details are as follows:

- (a) All directors, officers and employees shall always be reminded to understand and embody the Principles. The Principles, which is written in four languages, Japanese, English, Chinese and German, is always put on the company’s intranet and a booklet is distributed to all members of the Group, so that it enables the employees to check and confirm their activities and behaviors as needed. The Corporate Governance Office\* shall be responsible for monitoring and verifying how the Principles have been observed.
- (b) While compliance is recognized as the base of corporate governance, SUMIDA regards it in a more proactive manner rather than simply limiting the issue to the observance of laws and regulations, by defining it as activities to positively fulfill our Corporate Social Responsibility (CSR) based on integrity, discipline and common sense. The Corporate Governance Office shall be primarily responsible for the enhancement of the Group’s overall system and monitoring its activities.
- (c) The Corporate Governance Office shall report the situation of the aforementioned activities to the representative executive officers and the Audit Committee, and a summary of which shall be reported to the Board of Directors.
- (d) Representative executive officers shall verify the effectiveness of internal control, including compliance, and shall send reports to the Board of Directors.

\* The Corporate Governance Office reports to representative executive officers and made up of the Risk Management Office, Compliance Office and Internal Control Team.

(ii) System regarding the preservation and management of information of executive officers’ business activities  
Representative executive officers shall centrally manage important information related to execution of duties with clarifying the level of importance of information as well as the period and place of safekeeping, in accordance with the rules and regulations regarding information and document management. Documents are available to the directors at all times.

(iii) System and regulations with regard to risk management  
Representative Executive Officer and CEO, as the Chief Risk Management Officer who takes the highest responsibility for risk management, shall establish the Risk Management Committee, which is responsible for overseeing risk management, and shall set up the Risk Management Office, which is responsible for executing the duties of said Committee, within the Corporate Governance Office. The Risk Management Office shall set out the internal risk management rules and thereby identify and analyze potential risks and formulate and manage preventive measures from a global business perspective through placement of a risk management monitoring system in major business bases of the Group including overseas sites.

In the event that a risk materializes, the Risk Management Office shall discuss countermeasures to minimize losses. Executive officers and employees shall perform their duties in compliance with the rules. The Corporate Governance Office shall monitor and evaluate the implementation of the above, and shall report the situation to the representative executive officers and the Audit Committee, and deliver a summary to the Board of Directors.

- (iv) System to ensure the effectiveness and efficiency of executive officers' business activities  
Executive officers shall set up a system based on the Principles to ensure a proper decision-making process and surveillance of individual activities and thereby enhance the operating efficiency. Details are as follows:
  - (a) Each representative executive officer shall set up an Advisory Board as the need arises, with whom they shall consult and engage in sufficient discussion when making important decisions.
  - (b) Representative executive officers shall set out the authority and regulations for decision-making process and conduct regular reviews of the situation.
  - (c) Representative executive officers shall make regular reviews of the achievement and progress of businesses they are responsible for decision-making thereof and ensure further propriety and efficiency of management and execution of operation by giving feedback of the results of the review.
  - (d) Representative executive officers shall ensure a proper and quick decision-making process by smoothly collecting, analyzing, communicating, sharing and archiving the necessary information on SUMIDA's business activities.
  
- (v) System to ensure the propriety of business of the Group consisting of the Company and its subsidiaries  
SUMIDA CORPORATION is a pure holding company with business activities conducted by its group companies. In light of this, directors and executive officers shall always perform their duties with the view of group governance.  
The Corporate Governance Office oversees compliance and risk management operations. It also performs internal audits and then submits the results to the representative executive officers and the Audit Committee as internal audit reports. The Audit Committee shall carry out its audit in cooperation with Corporate Governance Office. The Corporate Governance Office shall take charge of internal control of not only the Company, but also the entire Group.
  
- (vi) System with regard to employees who assist the Audit Committee and matters concerning the independence of those employees from executive officers  
The Corporate Governance Office shall be responsible for the secretariat of the Audit Committee. Any decisions with regard to changes or transfers of personnel, reorganization or any other considerations shall require the prior approval of the Audit Committee.

- (vii) System whereby executive officers and employees report to the Audit Committee and other systems for reporting to the Audit Committee  
The Corporate Governance Office shall set out the rules for representative executive officers, executive officers and employees to report the following matters, and thereby report them to the Audit Committee. A summary of the following matters shall be reported to the Board of Directors.
- (a) Incidents, which may cause material losses and/or gains to, or material damage and/or benefit to, the Company
  - (b) When there arises any material fact or possibility thereof involving misconduct or malpractice, breach of laws and regulations or Articles of Incorporation in relation to the execution of duties of the directors or executive officers, such fact
  - (c) Monthly accounting statements on a consolidated basis
  - (d) Internal audit report
  - (e) Monthly reports from the main operating divisions
  - (f) Other important matters
- (viii) System to ensure the effectiveness of audits executed by the Audit Committee members  
To ensure the effectiveness of audit executed by the Audit Committee members, the following matters shall be performed.
- (a) The Corporate Governance Office shall have prior consultations with the Audit Committee when setting out the annual audit policies and plans. The Office shall also report the progress and results of internal audit to the Audit Committee. The Audit Committee may request the Corporate Governance Office for an additional audit if necessary.
  - (b) Independent auditors shall explain to the Audit Committee its auditing plan at the outset of the fiscal year and report to the Audit Committee the progress of its interim audit and the end-term audit results, etc. Furthermore, the independent auditors may have consultations and discussions with the Audit Committee if needed.
  - (c) In order to ensure the independence of independent auditors from the executive officers, as well as to guarantee the implementation of the audit activities, decisions on the independent auditors' compensation shall require the Audit Committee's prior consent.

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Note: The amounts of money and the numbers of shares described in this business report are rounded down to the nearest units.

# Consolidated and Non-consolidated Financial Statements

for the 58th term

(January 1 to December 31, 2012)

Consolidated Balance Sheet

Consolidated Statement of Income

Consolidated Statement of Changes in Shareholders' Equity

Non-consolidated Balance Sheet

Non-consolidated Statement of Income

Non-consolidated Statement of Changes in Shareholders' Equity

Shigeyuki Yawata

Director, Representative Executive Officer and CEO

SUMIDA CORPORATION

## Consolidated Balance Sheet

As of December 31, 2012

	Millions of yen
<b>ASSETS</b>	
Current assets:	
Cash and deposits	2,608
Notes and accounts receivable-trade	10,384
Merchandise and finished goods	4,230
Work in process	1,055
Raw materials and supplies	2,850
Deferred tax assets	540
Income taxes receivable	226
Other	1,438
Allowance for doubtful accounts	(58)
Total current assets	23,277
Noncurrent assets	
Property, plant and equipment	
Buildings and structures	10,211
Machinery, equipment and vehicles	26,664
Tools, furniture and fixtures	4,108
Land	1,292
Lease assets	958
Construction in progress	1,046
Accumulated depreciation	(29,508)
Total property, plant and equipment	14,773
Intangible assets:	
Goodwill	2,402
Leasehold right	312
Software	95
Other	353
Total intangible assets	3,164
Investments and other assets:	
Investment securities	535
Deferred tax assets	4,056
Other	865
Total investments and other assets	5,457
Total noncurrent assets	23,395
Deferred assets	
Business commencement expenses	24
Bond issuance cost	89
Total deferred assets	114
Total assets	46,788

Note: The amounts of money described above are rounded down to the nearest million yen.

**Consolidated Balance Sheet**  
**As of December 31, 2012**

	Millions of yen
<b>LIABILITIES</b>	
Current liabilities:	
Notes and accounts payable-trade	3,474
Short-term loans payable	10,163
Current portion of bonds	1,000
Current portion of long-term loans payable	2,395
Accounts payable-other	604
Accrued expenses	1,574
Income taxes payable	260
Deferred tax liabilities	1
Other	792
Total current liabilities	20,267
Noncurrent liabilities:	
Bonds payable	5,650
Long-term loans payable	9,011
Provision for retirement benefits	798
Deferred tax liabilities	85
Lease obligations	534
Other	569
Total noncurrent liabilities	16,648
Total liabilities	36,916
<b>NET ASSETS</b>	
Shareholders' equity:	
Capital stock	7,216
Capital surplus	7,029
Retained earnings	7,275
Treasury stock	(1,524)
Total shareholders' equity	19,997
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	25
Foreign currency translation adjustment	(10,807)
Total accumulated other comprehensive income	(10,782)
Minority interests	656
Total net assets	9,871
Total liabilities and net assets	46,788

Note: The amounts of money described above are rounded down to the nearest million yen.

**Consolidated Statement of Income**  
**Year ended December 31, 2012**

	Millions of yen
Net sales	51,300
Cost of sales	41,651
Gross profit	9,649
Selling, general and administrative expenses	7,942
Operating income	1,706
Non-operating income:	
Interest income	20
Dividends income	1
Gain on valuation of derivatives	119
Other	44
	185
Non-operating expenses:	
Interest expenses	587
Foreign exchange losses	53
Other	151
	791
Ordinary income	1,100
Extraordinary income:	
Gain on sales of noncurrent assets	219
Insurance income	305
Other	50
	575
Extraordinary loss:	
Loss on sales and retirement of noncurrent assets	49
Loss on liquidation of subsidiaries and affiliates	158
Business structure improvement expenses	155
Loss on disaster	135
Directors' special retirement benefits	315
Other	83
	897
Income before income taxes	779
Income taxes-current	315
Income taxes-deferred	(309)
Income before minority interests	773
Minority interests in income	81
Net income	691

Note: The amounts of money described above are rounded down to the nearest million yen.

**Consolidated Statement of Changes in Shareholders' Equity**  
**Year ended December 31, 2012**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Jan. 1, 2012	7,216	7,029	6,871	(1,524)	19,593
Changes of items during the period					
Dividends from surplus			(288)		(288)
Net income			691		691
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	403	(0)	403
Balance as of Dec. 31, 2012	7,216	7,029	7,275	(1,524)	19,997

(Millions of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of Jan. 1, 2012	23	(12,914)	(12,890)	483	7,186
Changes of items during the period					
Dividends from surplus					(288)
Net income					691
Purchase of treasury stock					(0)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	1	2,106	2,108	173	2,281
Total changes of items during the period	1	2,106	2,108	173	2,685
Balance as of Dec. 31, 2012	25	(10,807)	(10,782)	656	9,871

Note: The amounts of money described above are rounded down to the nearest million yen.



**Non-consolidated Balance Sheet**  
**As of December 31, 2012**

	Millions of yen
<b>ASSETS</b>	
Current assets:	
Cash and deposits	232
Notes receivable-trade	481
Prepaid expenses	37
Deferred tax assets	32
Short-term loans receivable	5,594
Consumption taxes receivable	6
Accounts receivable-other	87
Deposits paid	134
Total current assets	6,607
Noncurrent assets:	
Property, plant and equipment	
Buildings	815
Structures	16
Machinery and equipment	2
Land	503
Lease assets	14
Total property, plant and equipment	1,351
Intangible assets:	
Telephone subscription right	3
Software	3
Total intangible assets	7
Investments and other assets:	
Investment securities	325
Stocks of subsidiaries and affiliates	28,834
Long-term prepaid expenses	9
Insurance funds	577
Other	35
Total investments and other assets	29,782
Total noncurrent assets	31,142
Deferred assets	
Bond issuance cost	89
Total deferred assets	89
Total assets	37,839

Note: The amounts of money described above are rounded down to the nearest million yen.

**Non-consolidated Balance Sheet**  
**As of December 31, 2012**

	Millions of yen
<b>LIABILITIES</b>	
Current liabilities:	
Short-term loans payable	4,469
Current portion of bonds	1,000
Current portion of long-term loans payable	2,183
Accounts payable-other	159
Accrued expenses	31
Income taxes payable	8
Deposits received	3,198
Other	6
Total current liabilities	11,056
Noncurrent liabilities:	
Bonds payable	5,650
Long-term loans payable	5,481
Deferred tax liabilities	297
Other	98
Total noncurrent liabilities	11,527
Total liabilities	22,584
<b>NET ASSETS</b>	
Shareholders' equity:	
Capital stock	7,216
Capital surplus	7,029
Legal capital surplus	7,029
Retained earnings	2,531
Legal retained earnings	264
Other retained earnings	2,267
General reserve	3,100
Retained earnings brought forward	(832)
Treasury stock	(1,524)
Total shareholders' equity	15,253
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	1
Total valuation and translation adjustments	1
Total net assets	15,255
Total liabilities and net assets	37,839

Note: The amounts of money described above are rounded down to the nearest million yen.

**Non-consolidated Statement of Income**  
**Year ended December 31, 2012**

	Millions of yen
Operating revenue	942
Operating expenses	450
Operating income	492
Non-operating income:	
Interest income	150
Foreign exchange gains	9
Other	4
	165
Non-operating expenses:	
Interest expenses	255
Interest on bonds	40
Commission fee	65
Other	0
	362
Ordinary income	295
Extraordinary loss:	
Loss on valuation of membership	1
	1
Income before income taxes	293
Income taxes-current	66
Income taxes-deferred	1,282
Net loss	1,055

Note: The amounts of money described above are rounded down to the nearest million yen.

**Non-consolidated Statement of Changes in Shareholders' Equity**  
**Year ended December 31, 2012**

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					General reserve	Retained earnings brought forward			
Balance as of Jan. 1, 2012	7,216	7,029	7,029	264	3,100	510	3,875	(1,524)	16,597
Changes of items during the period									
Dividends from surplus						(288)	(288)		(288)
Net loss						(1,055)	(1,055)		(1,055)
Purchase of treasury stock								(0)	(0)
Disposal of treasury stock						(0)	(0)	0	0
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	-	-	-	(1,343)	(1,343)	(0)	(1,343)
Balance as of Dec. 31, 2012	7,216	7,029	7,029	264	3,100	(832)	2,531	(1,524)	15,253

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of Jan. 1, 2012	1	1	16,598
Changes of items during the period			
Dividends from surplus			(288)
Net loss			(1,055)
Purchase of treasury stock			(0)
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	(1,343)
Balance as of Dec. 31, 2012	1	1	15,255

Note: The amounts of money described above are rounded down to the nearest million yen.

**(Translation)**

**Audit Report**

The Audit Committee has audited the performance of duties by directors and executive officers for the 58th term from January 1, 2012 to December 31, 2012. We report the methods and the results of the audit as follows.

**1. Methods used in audits and content of audits**

With respect to the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 416, Paragraph 1, Item 1, (b) and (e) of the Companies Act and the status of the system based on said resolutions (internal control systems), the Audit Committee received reports from directors, executive officers, employees and others, requested explanations on those reports, when necessary, and expressed an opinion concerning the establishment and operation of the system. We also inspected in cooperation with the internal control division the process and content of the decision making at significant meetings, the content of the major authorization documents and other important documents related to business operations, the business performance of the executive officers, and the Company's operation and condition of property in accordance with the auditing policies established by the Audit Committee, the segregation of duties and others. With respect to subsidiaries, the Audit Committee took steps to facilitate communication with the directors and others of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

In addition, the Audit Committee also monitored and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the independent auditor that it implemented the "system for ensuring the proper execution of its duties" (as enumerated in items of Article 131 of the Corporate Accounting Rules) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, Audit Committee requested explanations on the notification.

Based on the foregoing methods, the Audit Committee also examined the Business Report, the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Shareholders' Equity, and notes to Non-consolidated Financial Statements) and supporting schedules, and the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity, and notes to Consolidated Financial Statements)

related to the fiscal year.

## **2. Results of the Audit**

### **(1) Results of audit of Business Report**

- (i) In our opinion, the Business Report and supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws and regulations, and the Articles of Incorporation.
- (ii) Neither improper actions in the execution of duties by directors and executive officers, nor material facts in violation of the provisions of applicable laws and regulations or the Articles of Incorporation, were found.
- (iii) In our opinion, the content of the resolution by the Board of Directors regarding internal control systems was appropriate; furthermore, nothing was pointed out regarding the contents of the Business Reports and the execution of duties by directors and executive officers with respect to executing internal control systems.

### **(2) Results of the audit of Non-consolidated Financial Statements and supporting schedules**

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

### **(3) Results of the audit of Consolidated Financial Statements**

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

February 12, 2013

Audit Committee

SUMIDA CORPORATION

Masaru Hattori (Seal)

Member of the Audit Committee

Kotaro Miyagi (Seal)

Member of the Audit Committee

Nobuyuki Oneda (Seal)

Member of the Audit Committee

The three members of the Audit Committee are outside directors as stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.