

CONSOLIDATED FINANCIAL STATEMENTS

(for the Third quarter of fiscal year 2014)

October 30, 2014

Name of Company: **SUMIDA CORPORATION**

Stock Listing: Tokyo

Security Code No.: 6817

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

Representative: Shigeyuki Yawata, CEO

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Date of Submission of Quarterly Marketable Securities Filings: November 7, 2014

Date on which Dividend Payments to Commence: November 28, 2014

Supplementary Materials Prepared for the Financial Statements: Yes

Presentation Held to Explain the Quarterly Financial Statements : Yes (for institutional investors and analysts)

(Amounts of less than one million yen are omitted.)

1. Consolidated Operating Results for the Third Quarter of FY 2014 (January 1, 2014–September 30, 2014)

(1) Consolidated Operating Results (cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3rd Quarter of FY2014	57,938	22.4	2,768	103.5	2,364	145.8	1,337	-
3rd Quarter of FY2013	47,318	21.5	1,360	(0.6)	961	17.6	(1,674)	-

	Net income per share (Basic)		Net income per share (Fully diluted)	
	Yen	Yen	Yen	Yen
3rd Quarter of FY2014	57.62	-	-	-
3rd Quarter of FY2013	(77.74)	-	-	-

Note: Comprehensive income for the year ended September 30, 2014 : 1,814 million yen 22.7%

Comprehensive income for the year ended September 30, 2013 : 1,479 million yen 104.9%

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2014	65,485	15,980	22.7	641.80
As of Dec. 31, 2013	56,743	14,510	23.9	583.50

Reference: Shareholders' equity at September 30, 2014: 14,897 millions of yen

Shareholders' equity at December 31, 2013: 13,543 millions of yen

2. Dividends

	Dividend per share				
	End of Third quarter	End of Third quarter	End of third quarter	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Dec.2013	5.00	5.00	5.00	5.00	20.00
FY ended Dec.2014	5.00	5.00	5.00	-	-
FY ended Dec.2014 (forecast)	-	-	-	5.00	20.00

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

3. Forecast of Consolidated Results for FY 2014 (January 1, 2014–December 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%change	Millions of yen	%change	Millions of yen	%change	Millions of yen	%change	yen
Fully year of FY2014	76,000	8.7	3,100	82.6	2,500	125.8	1,600	-	68.93

Note: Whether the forecasts for consolidated figures under review have been revised: Yes

4. Others

- (1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None
Newly added: — Excluded: —
- (2) Application of simplified accounting methods and/or special accounting method for preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and changes in accounting estimates
- (a) Changes in accounting principles : None
- (b) Changes other than those in (a) above : None
- (c) Changes in accounting estimates : None
- (d) Restatement : None
- (4) Number of shares issued (common shares)
- (a) Number of shares issued at the end of the period (including treasury stock)
- | | |
|--------------------------|-------------------|
| Third quarter of FY 2014 | 23,944,317 shares |
| FY 2013 | 23,944,317 shares |
- (b) Number of treasury stock at the end of the period
- | | |
|--------------------------|----------------|
| Third quarter of FY 2014 | 732,914 shares |
| FY 2013 | 732,667 shares |
- (c) Average number of shares issued during the period (nine months)
- | | |
|--------------------------|-------------------|
| Third quarter of FY 2014 | 23,211,518 shares |
| Third quarter of FY 2013 | 21,534,233 shares |

Note:

Items related to the status of the implementation of quarterly reviews

At the time of disclosure of these quarterly consolidated financial statements, review procedures were in progress for the quarterly financial statements based on the Financial Instruments and Exchange Act.

Note:

Explanation of the appropriate use of performance forecasts and other related items

Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual financial results may materially differ from these forecasts due to potential risks and uncertainties.

Consolidated Financial Statements

(1) Consolidated quarterly balance sheets

	(Millions of yen)	
	As of December 31, 2013	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	3,581	4,119
Notes and accounts receivable - trade	12,840	17,464
Merchandise and finished goods	6,082	5,655
Work in process	1,188	1,368
Raw materials and supplies	3,767	4,687
Income taxes receivable	313	375
Other	2,084	2,875
Allowance for doubtful accounts	(270)	(260)
Total current assets	29,588	36,286
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,756	12,189
Machinery, equipment and vehicles	33,880	37,306
Tools, furniture and fixtures	4,748	4,732
Land	1,393	1,380
Leased assets	1,166	1,136
Construction in progress	1,582	1,661
Accumulated depreciation	(36,391)	(37,824)
Total property, plant and equipment	18,136	20,581
Intangible assets		
Goodwill	2,671	2,482
Other	1,056	1,001
Total intangible assets	3,727	3,483
Investments and other assets	5,204	5,075
Total non-current assets	27,068	29,139
Deferred assets	86	59
Total assets	56,743	65,485

	(Millions of yen)	
	As of December 31, 2013	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,393	7,464
Short-term loans payable	10,843	7,033
Current portion of bonds	770	4,520
Current portion of long-term loans payable	4,523	6,214
Income taxes payable	405	788
Other	4,417	5,012
Total current liabilities	<u>27,352</u>	<u>31,034</u>
Non-current liabilities		
Bonds payable	5,420	900
Long-term loans payable	6,335	14,498
Provision for retirement benefits	1,269	1,281
Other	1,855	1,790
Total non-current liabilities	<u>14,880</u>	<u>18,471</u>
Total liabilities	<u>42,233</u>	<u>49,505</u>
Net assets		
Shareholders' equity		
Capital stock	8,143	8,143
Capital surplus	7,956	7,956
Retained earnings	4,836	5,826
Treasury shares	(1,524)	(1,524)
Total shareholders' equity	<u>19,412</u>	<u>20,401</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	64
Foreign currency translation adjustment	(5,914)	(5,568)
Total accumulated other comprehensive income	<u>(5,868)</u>	<u>(5,504)</u>
Minority interests	966	1,083
Total net assets	<u>14,510</u>	<u>15,980</u>
Total liabilities and net assets	<u>56,743</u>	<u>65,485</u>

(2) Consolidated quarterly statements of income

(Millions of yen)

	9-monts of FY2013 (Jan.1, 2013 - Sep.30, 2013)	9-months of FY2014 (Jan.1, 2014 - Sep.30, 2014)
Net sales	47,318	57,938
Cost of sales	39,111	47,497
Gross profit	8,206	10,440
Selling, general and administrative expenses		
Freightage and packing expenses	657	685
Employees' salaries and allowances	2,357	2,885
Depreciation	171	227
Research and development expenses	848	940
Other	2,811	2,932
Total selling, general and administrative expenses	6,846	7,671
Operating income	1,360	2,768
Non-operating income		
Interest income	12	9
Dividend income	1	1
Gain on valuation of derivatives	128	-
Foreign exchange gains	-	42
Other	28	60
Total non-operating income	171	113
Non-operating expenses		
Interest expenses	331	329
Foreign exchange losses	107	-
Loss on valuation of derivatives	-	3
Other	129	185
Total non-operating expenses	569	518
Ordinary income	961	2,364
Extraordinary income		
Gain on sales of non-current assets	9	28
Insurance income	1,356	375
Reversal of impairment loss	-	137
Total extraordinary income	1,366	540
Extraordinary losses		
Loss on sales and retirement of non-current assets	9	23
Business structure improvement expenses	-	13
Impairment loss	38	-
Additional contributions of social insurance	-	228
Loss on disaster	1,458	257
Total extraordinary losses	1,506	523
Income before income taxes and minority interests	821	2,381
Income taxes	2,381	931
Income (loss) before minority interests	(1,560)	1,450
Minority interests in income	113	113
Net income (loss)	(1,674)	1,337

(3) Consolidated statements of comprehensive income

(units: Millions of yen)

	9-months of FY2013 (Jan.1, 2013 - Sep.30, 2013)	9-months of FY2014 (Jan.1, 2014 - Sep.30, 2014)
Income (loss) before minority interests	(1,560)	1,450
Other comprehensive income		
Valuation difference on available-for-sale	16	17
Foreign currency translation adjustment	3,023	346
Total other comprehensive income	3,039	363
Comprehensive income	1,479	1,814
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,365	1,701
Comprehensive income attributable to minority interests	113	113

(4) Consolidated quarterly statements of cash flows

	(Millions of yen)	
	9-months of FY2013	9-months of FY2014
	(Jan.1, 2013 - Sep.30, 2013)	(Jan.1, 2014 - Sep.30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	821	2,381
Depreciation	2,159	2,424
Amortization of goodwill	248	276
Interest and dividend income	(13)	(10)
Interest expenses	331	329
Reversal of impairment loss	-	(137)
Loss (gain) on valuation of derivatives	(128)	3
Decrease (increase) in notes and accounts receivable - trade	(882)	(4,442)
Decrease (increase) in inventories	(303)	(578)
Increase (decrease) in notes and accounts payable - trade	1,137	979
Other, net	885	(336)
Subtotal	4,256	888
Interest and dividend income received	13	10
Interest expenses paid	(326)	(297)
Income taxes (paid) refund	(380)	(461)
Net cash provided by (used in) operating activities	3,563	140
Cash flows from investing activities		
Proceeds from sales of investment securities	(2,445)	(4,271)
Proceeds from sales of property, plant and equipment	167	87
Proceeds from sales of investment securities	41	91
Purchase of shares of subsidiaries and associates	(22)	(1)
Other, net	(132)	(271)
Net cash provided by (used in) investing activities	(2,390)	(4,365)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,538)	(3,643)
Proceeds from long-term loans payable	1,855	13,410
Repayments of long-term loans payable	(1,929)	(3,849)
Proceeds from issuance of bonds	600	-
Redemption of bonds	(1,060)	(770)
Proceeds from issuance of common shares	1,839	-
Cash dividends paid	(307)	(347)
Other, net	(37)	(37)
Net cash provided by (used in) financing activities	(578)	4,763
Effect of exchange rate change on cash and cash equivalents	453	11
Net increase (decrease) in cash and cash equivalents	1,047	549
Cash and cash equivalents at beginning of period	2,557	3,531
Cash and cash equivalents at end of period	3,605	4,081

(5) Segment information

For the third quarter ended September 30, 2013 (Jan. 1, 2013 - Sep. 30, 2013)

	Asia Pacific	EU	Total
	<i>(Millions of yen)</i>	<i>Millions of yen</i>	<i>Millions of yen</i>
Sales			
(1) Sales to third parties	30,347	16,970	47,318
(2) Inter-segment sales or transfers	1,078	1,026	2,105
Total	31,246	17,996	49,423
Segment profit	1,673	1,187	2,861

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	2,861
Eliminations	(1,500)
Operating income	1,360

For the third quarter ended September 30, 2014 (Jan. 1, 2014 - Sep.30, 2014)

	Asia Pacific	EU	Total
	<i>(Millions of yen)</i>	<i>Millions of yen</i>	<i>Millions of yen</i>
Sales			
(1) Sales to third parties	34,729	23,209	57,938
(2) Inter-segment sales or transfers	2,055	1,203	3,258
Total	36,784	24,412	61,197
Segment profit	2,690	1,642	4,333

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	4,333
Eliminations	(1,564)
Operating income	2,768