

CONSOLIDATED FINANCIAL STATEMENTS

(for the first quarter of fiscal year 2016)

April 28, 2016

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: May 12, 2016

Date on which Dividend Payments to Commence: May 31, 2016

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 First Quarter of FY 2016 (January 1, 2016–March 31, 2016)

(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 attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Quarter of FY2016	20,603	(4.5)	1,064	6.2	810	(11.1)	483	(21.8)
1st Quarter of FY2015	21,585	15.8	1,003	91.4	911	164.8	618	150.7

	Net income per share (Basic)		Net income per share (Fully diluted)	
	Yen		Yen	
1st Quarter of FY2016	20.85		-	
1st Quarter of FY2015	26.65		-	

Note: Comprehensive income for the year ended March 31, 2016 : -1,031 million yen (-)

Comprehensive income for the year ended March 31, 2015 : 149 million yen (-)

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2016	65,661	17,385	24.5	691.77
As of Dec. 31, 2015	67,876	18,669	25.5	746.93

Reference: Shareholders' equity at March 31, 2016: 16,056 millions of yen

Shareholders' equity at December 31, 2015: 17,337 millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Dec.2015	5.00	5.00	5.00	11.00	26.00
FY ended Dec.2016	6.00	-	-	-	-
FY ended Dec.2016 (forecast)	-	6.00	6.00	6.00	24.00

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

3. Forecast of Consolidated Results for FY 2016 (January 1, 2016–December 31, 2016)

(% 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		Profit Attributable to Owners of Parent		Net income per share
	Millions of yen	%change	Millions of yen	%change	Millions of yen	%change	Millions of yen	%change	yen
Fully year of FY2016	88,000	2.0	4,800	(14.2)	4,200	(25.0)	2,500	(27.6)	107.71

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

4. Others

- (1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None
Newly added: — Excluded: —
- (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: Yes
(b) Changes other than those in (a) above: None
(c) Changes in accounting estimates : Yes
(d) Restatement : None
- (4) Number of shares issued (common shares)
(a) Number of shares issued at the end of the period (including treasury stock)
First quarter of FY 2016 23,944,317 shares
FY 2015 23,944,317 shares
(b) Number of treasury stock at the end of the period
First quarter of FY 2016 733,350 shares
FY 2015 733,166 shares
(c) Average number of shares issued during the period (three months)
First quarter of FY 2016 23,211,063 shares
First quarter of FY 2015 23,211,294 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.

(1) Consolidated balance sheets

(Unit: Millions of yen)

	As of December 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	3,569	4,620
Notes and accounts receivable - trade	16,998	16,281
Merchandise and finished goods	7,776	6,553
Work in process	1,632	1,598
Raw materials and supplies	4,853	4,664
Income taxes receivable	98	127
Other	3,220	3,030
Allowance for doubtful accounts	(172)	(169)
Total current assets	37,978	36,707
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,128	13,239
Machinery, equipment and vehicles	41,244	39,193
Tools, furniture and fixtures	4,946	4,744
Land	1,368	1,347
Leased assets	1,275	1,241
Construction in progress	2,201	1,944
Accumulated depreciation	(41,488)	(39,768)
Total property, plant and equipment	22,676	21,941
Intangible assets		
Goodwill	1,966	1,822
Other	945	1,053
Total intangible assets	2,912	2,876
Investments and other assets	4,289	4,100
Total non-current assets	29,877	28,919
Deferred assets	20	34
Total assets	67,876	65,661

(Units: Millions of yen)

	As of December 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,042	6,706
Short-term loans payable	6,445	8,685
Current portion of bonds	420	420
Current portion of long-term loans payable	6,104	5,982
Income taxes payable	695	275
Other	4,905	4,583
Total current liabilities	<u>25,614</u>	<u>26,653</u>
Non-current liabilities		
Bonds payable	480	270
Long-term loans payable	19,720	17,919
Net defined benefit liability	1,413	1,368
Other	1,979	2,062
Total non-current liabilities	<u>23,593</u>	<u>21,621</u>
Total liabilities	<u>49,207</u>	<u>48,275</u>
Net assets		
Shareholders' equity		
Capital stock	8,143	8,143
Capital surplus	7,956	7,956
Retained earnings	7,287	7,515
Treasury shares	(1,525)	(1,525)
Total shareholders' equity	<u>21,862</u>	<u>22,090</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68	46
Deferred gains or losses on hedges	(6)	(15)
Foreign currency translation adjustment	(4,561)	(6,040)
Remeasurements of defined benefit plans	25	(24)
Total accumulated other comprehensive income	<u>(4,525)</u>	<u>(6,034)</u>
Subscription rights to shares	73	98
Non-controlling interests	1,258	1,230
Total net assets	<u>18,669</u>	<u>17,385</u>
Total liabilities and net assets	<u>67,876</u>	<u>65,661</u>

(2) Consolidated quarterly statements of income

	(Units:Millions of yen)	
	First three month of FY2015	First three month of FY2016
	(Jan.1, 2015 - Mar.31, 2015)	(Jan.1, 2016 - Mar.31, 2016)
Net sales	21,585	20,603
Cost of sales	17,981	16,943
Gross profit	3,603	3,660
Selling, general and administrative expenses		
Freightage and packing expenses	262	243
Employees' salaries and allowances	901	993
Depreciation	82	54
Research and development expenses	267	306
Other	1,086	998
Total selling, general and administrative expenses	2,600	2,595
Operating income	1,003	1,064
Non-operating income		
Interest income	3	3
Gain on valuation of derivatives	7	-
Foreign exchange gains	57	-
Other	25	3
Total non-operating income	93	7
Non-operating expenses		
Interest expenses	127	125
Foreign exchange losses	-	82
Loss on valuation of derivatives	-	4
Other	56	49
Total non-operating expenses	184	262
Ordinary income	911	810
Extraordinary income		
Gain on sales of non-current assets	4	4
Total extraordinary income	4	4
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	11
Loss on disaster	59	-
Loss on sales of investment securities	125	-
Total extraordinary losses	187	11
Income before income taxes and minority interests	728	803
Income taxes	55	282
Net income	673	520
Net income attributable to non-controlling interests	54	36
Net income attributable to owners of parent	618	483

(3) Consolidated statements of comprehensive income

(Units: Millions of yen)

	First three month of FY2015 (Jan.1, 2015 - Mar.31, 2015)	First three month of FY2016 (Jan.1, 2016 - Mar.31, 2016)
Net income	673	520
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(22)
Deferred gains or losses on hedges	—	(9)
Foreign currency translation adjustment	(566)	(1,521)
Remeasurements of defined benefit plans, net of tax	45	1
Total other comprehensive income	(523)	(1,552)
Comprehensive income	149	(1,031)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20	(1,025)
Comprehensive income attributable to non-controlling interests	129	(6)

(4) Consolidated quarterly statements of cash flows

(Units:Millions of yen)

	First three month of FY2015 (Jan.1, 2015 - Mar.31, 2015)	First three month of FY2016 (Jan.1, 2016 - Mar.31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	728	803
Depreciation	960	681
Amortization of goodwill	95	90
Interest and dividend income	(3)	(3)
Interest expenses	127	125
Loss (gain) on sales of investment securities	125	(0)
Loss (gain) on valuation of derivatives	(7)	4
Decrease (increase) in notes and accounts receivable - trade	(2,037)	2
Decrease (increase) in inventories	396	819
Increase (decrease) in notes and accounts payable - trade	(619)	21
Other, net	90	(250)
Subtotal	(141)	2,294
Interest and dividend income received	3	3
Interest expenses paid	(177)	(122)
Income taxes paid	(257)	(600)
Net cash provided by (used in) operating activities	(573)	1,576
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,109)	(1,011)
Proceeds from sales of investment securities	100	0
Other, net	(11)	(13)
Net cash provided by (used in) investing activities	(1,021)	(1,024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,593	2,353
Proceeds from long-term loans payable	5,091	500
Repayments of long-term loans payable	(2,777)	(1,619)
Redemption of bonds	(2,210)	(210)
Cash dividends paid	(116)	(255)
Other, net	(31)	(20)
Net cash provided by (used in) financing activities	1,550	748
Effect of exchange rate change on cash and cash equivalents	(177)	(248)
Net increase (decrease) in cash and cash equivalents	(221)	1,051
Cash and cash equivalents at beginning of period	3,713	3,538
Cash and cash equivalents at end of period	3,491	4,590

(5) Segment information

For the first quarter ended March 31, 2015 (Jan. 1, 2015 - Mar. 31, 2015)

	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	13,379	8,205	21,585
(2) Inter-segment sales or transfers	940	450	1,391
Total	14,319	8,656	22,976
Segment profit	945	465	1,411

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	1,411
Eliminations	(408)
Operating income	1,003

For the first quarter ended March 31, 2016 (Jan. 1, 2016 - Mar. 31, 2016)

	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	11,853	8,750	20,603
(2) Inter-segment sales or transfers	923	410	1,334
Total	12,777	9,161	21,938
Segment profit	906	643	1,550

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	1,550
Eliminations	(485)
Operating income	1,064