

July 31, 2013

Company Name **SUMIDA CORPORATION**
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**Notice of posting extraordinary loss for 2Q 2013,
 Reversal of deferred tax assets and
 revising full-year earnings forecast**

1. Extraordinary loss

As previously informed in two press releases on June 5th & 19th, SUMIDA AG, a consolidated subsidiary in Germany that had suffered from the damages caused by the floods in central Europe has resumed production almost at normal levels. As for the damages from the floods, extraordinary loss of 438 million yen was posted for the second quarter of 2013, breakdowns of which were fixed costs during a period of suspended operations, loss of machinery and inventory, and etc. Though these losses were insured, amount of insurance proceeds is not known yet.

2. Reversal of deferred tax and revision of full-year earnings forecast

Taking our recent performances into consideration, we have revised as follows earnings forecast for fiscal 2013 (from January 1, 2013 through December 31, 2013) that had been disclosed together with the financial statements for fiscal 2012 ending December 31, 2012.

(1) Revision of earnings forecast for fiscal 2013

	Million yen				
	Sales	Operating Income	Ordinary Income	Net Income	Net Income /share
Before revision (A)	62,300	2,300	1,770	500	21.54
After revision (B)	63,700	1,300	800	△2,200	△94.78
Change (B – A)	1,400	△1,000	△970	△2,700	–
C h a n g e (%)	2.2%	△43.5%	△54.8%	–	–
Fiscal 2012 Actual	51,300	1,754	1,148	725	36.00

Assumption of foreign exchange rates;

(A) 90 yen to the dollar & 120 yen to euro

(B) 101 yen to the dollar & 131 yen to euro

(2) Reasons for revision

With yen being weaker than previously assumed, sales have been revised upward. In addition to having failed to achieve the plan in local currencies basis in the first half of this year with damages by the floods in Germany and other factors, operating income has been revised down as production costs are expected to rise due to yen's continuous depreciation against the dollar.

As well as accelerating again growth strategies for the mid-term business plan, we will aim to save approximately 1 billion yen costs and expenses next year by eliminating and merging offices and factories and carrying out restructuring in the second half of this year aiming to optimize group-wide manufacturing and R&D functions.

On the other hand, revising 2013 earnings forecast, recoverability of deferred tax assets has been reviewed according to the revised forecast (B) based on conservative accounting principle. As a result, a part of deferred tax assets has been reversed and debited as corporate income tax expenses (1,570 million yen) in the second quarter of 2013. However, as this accounting treatment is involved with no cash out, Sumida group's cash-flow will be in no way affected.

At this moment, dividend payment schedule for fiscal 2013 remains unchanged.

<Reference information>				Million yen
	FY 2013			Cost savings effective from 2014
	1st Half	2ndHalf (est.)	Total (est.)	
Floods damages	△ 438	558	120	-
Elimination/Consolidation Offices & Factories	-	△ 150	△ 150	350
Restructuring exp.	-	△ 280	△ 280	300
Others	△ 4	△ 85	△ 90	-
Total extraordinary exp.	△ 443	43	△ 400	650
SGA exp.				350
				1,000

(Notes to earnings forecast)

Earnings forecast posted in this release is based on information available at hand and a certain number of reasonable assumptions, but we do not intend to promise to achieve it. The actual performance may significantly vary depending on various factors.

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