

# CONSOLIDATED FINANCIAL STATEMENTS

(for the third quarter of fiscal year 2013)

October 29, 2013

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 8, 2013

Date on which Dividend Payments to Commence: November 28, 2013

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 2013 (January 1, 2013–September 30, 2013)

### (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 FY2013	47,318	21.5	1,360	(0.6)	961	17.6	(1,674)	—
3rd Quarter of FY2012	38,942	(4.7)	1,368	(24.0)	817	(36.2)	631	(8.0)

	Net income per share (Basic)	Net income per share (Fully diluted)
	Yen	Yen
3rd Quarter of FY2013	(77.74)	-
3rd Quarter of FY2012	32.88	-

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

Comprehensive income for the year ended September 30, 2012 : 720 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 Sep. 30, 2013	53,545	12,994	22.6	522.19
As of Dec. 31, 2012	46,790	9,866	19.7	479.38

Reference: Shareholders' equity at September 30, 2013: 12,121 millions of yen

Shareholders' equity at December 31, 2012: 9,209 millions of yen

## 2. Dividends

	Dividend per share				
	End of second quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Dec.2012	5.00	5.00	5.00	5.00	20.00
FY ended Dec.2013	5.00	5.00	5.00	-	-
FY ended Dec.2013 (forecast)	-	-	-	5.00	20.00

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

## 3. Forecast of Consolidated Results for FY 2013 (January 1, 2013–December 31, 2013)

(% 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 FY2013	63,700	24.2	1,300	(25.9)	800	(30.3)	(2,200)	-	(94.78)

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 : 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 2013 23,944,317 shares  
FY 2012 19,944,317 shares  
(b) Number of treasury stock at the end of the period  
Third quarter of FY 2013 732,467 shares  
FY 2012 732,361 shares  
(c) Average number of shares issued during the period (six months)  
Third quarter of FY 2013 21,534,233 shares  
Third quarter of FY 2012 19,212,040 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, 2012	As of September 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	2,608	3,654
Notes and accounts receivable-trade	10,384	12,413
Merchandise and finished goods	4,230	4,639
Work in process	1,055	1,298
Raw materials and supplies	2,850	3,558
Income taxes receivable	226	248
Other	1,979	2,025
Allowance for doubtful accounts	(58)	(143)
Total current assets	<u>23,277</u>	<u>27,694</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	10,211	11,492
Machinery, equipment and vehicles	26,664	31,880
Tools, furniture and fixtures	4,108	4,534
Land	1,292	1,362
Lease assets	958	1,063
Construction in progress	1,046	845
Accumulated depreciation	(29,508)	(34,612)
Total property, plant and equipment	<u>14,773</u>	<u>16,565</u>
Intangible assets		
Goodwill	2,402	2,537
Other	762	834
Total intangible assets	<u>3,164</u>	<u>3,371</u>
Investments and other assets	<u>5,459</u>	<u>5,813</u>
Total noncurrent assets	<u>23,397</u>	<u>25,751</u>
Deferred assets	<u>114</u>	<u>99</u>
Total assets	<u>46,790</u>	<u>53,545</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,474	5,106
Short-term loans payable	10,163	9,940
Current portion of bonds	1,000	770
Current portion of long-term loans payable	2,395	4,132
Income taxes payable	260	502
Other	2,973	4,088
Total current liabilities	<u>20,267</u>	<u>24,539</u>
Noncurrent liabilities		
Bonds payable	5,650	5,420
Long-term loans payable	9,011	7,201
Provision for retirement benefits	805	1,116
Other	1,189	2,272
Total noncurrent liabilities	<u>16,655</u>	<u>16,010</u>
Total liabilities	<u>36,923</u>	<u>40,550</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,216	8,143
Capital surplus	7,029	7,956
Retained earnings	7,269	5,287
Treasury stock	(1,524)	(1,524)
Total shareholders' equity	<u>19,991</u>	<u>19,863</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25	41
Foreign currency translation adjustment	(10,806)	(7,783)
Total accumulated other comprehensive income	<u>(10,781)</u>	<u>(7,741)</u>
Minority interests	<u>656</u>	<u>873</u>
Total net assets	<u>9,866</u>	<u>12,994</u>
Total liabilities and net assets	<u>46,790</u>	<u>53,545</u>

**(2) Consolidated quarterly statements of**

(Millions of yen)

	First nine months of FY2012 (Jan.1, 2012 - Sep.30, 2012)	First nine months of FY2013 (Jan.1, 2013 - Sep. 30, 2013)
Net sales	38,942	47,318
Cost of sales	31,554	39,111
Gross profit	7,388	8,206
Selling, general and administrative expenses		
Freightage and packing expenses	448	657
Employees' salaries and allowances	2,228	2,357
Depreciation	185	171
Research and development expenses	862	848
Other	2,294	2,811
Total selling, general and administrative expenses	6,020	6,846
Operating income	1,368	1,360
Non-operating income		
Interest	16	12
Dividends	1	1
Gain on valuation of derivatives	-	128
Other	33	28
Total non-operating income	51	171
Non-operating expenses		
Interest expenses	465	331
Foreign exchange losses	14	107
Loss on valuation of derivatives	16	-
Other	105	129
Total non-operating expenses	602	569
Ordinary income	817	961
Extraordinary income		
Gain on sales of noncurrent assets	219	9
Insurance income	258	1,356
Other	3	-
Total extraordinary income	481	1,366
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	30	9
Business structure improvement expenses	102	-
Impairment loss	-	38
Directors' severance pay	315	-
Loss on disaster	130	1,458
Other	46	-
Total extraordinary losses	625	1,506
Income (loss) before income taxes and minority interests	672	821
Income taxes	(22)	2,381
Income before minority interests	695	(1,560)
Minority interests in income	64	113
Net income	631	(1,674)

**(3) Consolidated statements of comprehensive income**

	(units: Millions of yen)	
	First nine months of FY2012 (Jan.1, 2012 - Sep.30, 2012)	First nine months of FY2013 (Jan.1, 2013 - Sep. 30, 2013)
Income before minority interests	695	(1,560)
Other comprehensive income		
Valuation difference on available-for-sale	(0)	16
Foreign currency translation adjustment	26	3,023
Total other comprehensive income	25	3,039
Comprehensive income	721	1,479
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	657	1,365
Comprehensive income attributable to minority interests	64	113

#### (4) Consolidated quarterly statements of cash flows

	(Millions of yen)	
	First nine months of FY2012 (Jan.1, 2012 - Sep.30, 2012)	First nine months of FY2013 (Jan.1, 2013 - Sep. 30, 2013)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	672	821
Depreciation and amortization	1,730	2,159
Amortization of goodwill	204	248
Interest and dividends income	(18)	(13)
Interest expenses	465	331
Foreign exchange losses (gains)	(0)	3
Business structure improvement expenses	102	-
Loss (gain) on valuation of derivatives	16	(128)
Decrease (increase) in notes and accounts receivable-trade	(1,160)	(882)
Decrease (increase) in inventories	626	(303)
Increase (decrease) in notes and accounts payable-trade	161	1,137
Other, net	(488)	882
Subtotal	2,312	4,256
Interest and dividends income received	18	13
Interest expenses paid	(444)	(326)
Income taxes paid	(85)	(380)
Net cash provided by (used in) operating activities	1,800	3,563
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,289)	(2,445)
Proceeds from sales of property, plant and equipment	477	167
Proceeds from sales of investment securities	0	41
Purchase of stocks of subsidiaries and affiliates	(5)	(22)
Other, net	(136)	(132)
Net cash provided by (used in) investing activities	(1,953)	(2,390)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(8,839)	(1,538)
Proceeds from long-term loans payable	3,300	1,855
Repayment of long-term loans payable	(2,112)	(1,929)
Proceeds from issuance of bonds	5,600	600
Redemption of bonds	(1,065)	(1,060)
Proceeds from issuance of common stock	-	1,839
Cash dividends paid	(192)	(307)
Other, net	(30)	(37)
Net cash provided by (used in) financing activities	(3,340)	(578)
Effect of exchange rate change on cash and cash equivalents	52	453
Net increase (decrease) in cash and cash equivalents	(3,340)	1,047
Cash and cash equivalents at beginning of period	6,851	2,557
Cash and cash equivalents at end of period	3,411	3,605

**Segment information**

For the third quarter ended September 30, 2012 (Jan. 1, 2012 - Sep. 30, 2012)

	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	25,785	13,156	38,942
(2) Inter-segment sales or transfers	549	852	1,401
Total	26,335	14,009	40,344
Segment profit	1,966	1,110	3,077

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	3,077
Eliminations	(1,709)
Operating income	1,368

For the third quarter ended September, 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	31,426	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