

CONSOLIDATED FINANCIAL STATEMENTS

(for the fiscal year 2013.12 ended December 31, 2013)

February 12, 2014

Name of Company: **SUMIDA CORPORATION**
 Stock Listing: Tokyo
 Security Code No.: 6817
 (URL <http://www.sumida.com>)
 Representative: Shigeyuki Yawata, CEO
 Contact: Yoshiyuki Honda, CFO
 Phone: +81-(0) 3-6758-2743
 Date of Annual General Meeting of Shareholders: March 21, 2014
 Date of Submission of Marketable Securities Filings: March 24, 2014
 Date on which Dividend Payments to Commence: March 4, 2014
 Supplementary Materials Prepared for the Financial Statements: Yes
 Presentation Held to Explain the Financial Statements : Yes (for institutional investors and analysts)

(Note: Amounts of less than one million yen are omitted)

1. Consolidated Operating Results for the FY 2013.12 Ended December 31, 2013

(1) Consolidated Operating Results

(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	%
FY ended Dec. 2013	63,893	24.5	1,698	(3.2)	1,107	(3.5)	(2,008)	-
FY ended Dec. 2012	51,300	(2.8)	1,754	(16.4)	1,148	(10.5)	725	48.7

Note: Comprehensive income for the year ended December 31, 2013 : (3,039 million yen) (4.3%)
 Comprehensive income for the year ended December 31, 2012 : (2,914 million yen) (- %)

	Net income per share (Basic)	Net income per share (Fully diluted)
	Yen	Yen
FY ended Dec. 2013	(91.41)	-
FY ended Dec. 2012	37.78	-

	Ratio of Net income to Shareholders' Equity	Ratio of Ordinary income to Total Assets	Ratio of Operating Income to Net sales
	Yen	Yen	Yen
FY ended Dec. 2013	(17.7)	2.1	2.7
FY ended Dec. 2012	9.1	2.4	3.4

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2013	56,743	14,510	23.9	583.50
As of Dec. 31, 2012	46,790	9,866	19.7	479.38

Reference: Shareholders' equity at December 31, 2013: 13,543 millions of yen
 Shareholders' equity at December 31, 2012: 9,209 millions of yen

(3) Results of cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended Dec. 2013	4,313	(2,912)	(1,197)	3,531
FY ended Dec. 2012	3,003	(2,774)	(4,909)	2,557

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Ratio (Consolidated)	Ratio of Dividends to Net Assets
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Total			
	Yen	Yen	Yen	Yen	Yen			
FY ended Dec. 2012	5.00	5.00	5.00	5.00	20.00	384	52.9	4.8
FY ended Dec. 2013	5.00	5.00	5.00	5.00	20.00	444	-	3.8
FY ending Dec. 2014 (Forecast)	5.00	5.00	5.00	5.00	20.00		-	

3. Forecast of Consolidated Results for FY 2014.12 (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
FY2014	68,200	6.7	2,700	59.0	2,100	89.6	1,300	-	56.01

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) 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
- (3) Number of shares issued (common shares)
 (a) Number of shares issued at the end of the period (including treasury stock)
 FY 2013 23,944,317 shares
 FY 2012 19,944,317 shares
 (b) Number of treasury stock at the end of the period
 FY 2013 732,667shares
 FY 2012 732,361shares
 (c) Average number of shares issued during the period:
 FY 2013 21,970,774 shares
 FY 2012 19,212,021 shares

(Additional Information)

Non-Consolidated Operating Results for the FY 2013.12 Ended December 31, 2013

(1) Non-consolidated results of operations

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

	Net sales		Operating income		Ordinary income		Net income	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
FY ended Dec. 2013	1,848	96.2	1,350	174.5	1,092	270.2	435	-
FY ended Dec. 2012	942	(29.5)	492	(42.8)	295	(50.4)	(1,055)	-

	Net income per share (Basic)		Net income per share (Fully diluted)	
	<i>Yen</i>		<i>Yen</i>	
FY ended Dec. 2013	19.84		-	
FY ended Dec. 2012	(54.93)		-	

(2) Non-consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>Yen</i>
As of Dec. 31, 2013	39,093	17,131	43.8	738.07
As of Dec. 31, 2012	37,839	15,255	40.3	794.05

Reference: Shareholders' equity at December 31, 2013: 17,131 millions of yen
 Shareholders' equity at December 31, 2012: 15,255 millions of yen

*Items related to the status of the implementation of auditing procedures

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

*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.

Business conditions for the fiscal year under review

The global economy in 2013 saw the U.S. economy continue moderate but steady expansion, and the European economy also bottomed out showing signs of recovery despite a trend of slowing economic growth in emerging countries, such as China and India.

Looking at the electronic parts industry, supported by the continued advance of automotive electrification, demand for automotive related electronic parts remained firm, which was also partly due to healthy automotive demand mainly in the U.S. and Japan. In the industrial related products sector, demand for renewable energy related products in Japan increased, and signs of recovery were also observed in demand for industrial equipment. Meanwhile, demand for smartphones and tablet PCs continued to expand, and no recovery in demand was observed for products for TVs, and the contraction in demand for products for PCs and digital cameras also continued as a Given these circumstances, the Sumida Group strived to improve its corporate value by addressing following important issues also during the current fiscal year, the second year of Stage I (Foundation Building for New Business Style) of the nine-year Master Plan. The issues are "Profitability", "Global cash management", "Product management" and "Organizational resilience and adaptability". The Sumida Group aimed to achieve earnings targets under the Mid-Term Business Plan, and promoted implementation of certain measures including cost reduction activities by optimization of production sites and offices to improve profitability. In addition, the Sumida Group raised a total of 1,839 million yen of funds by way of a capital increase totaling 4 million shares of common stock through public offering in April and a third-party allocation of new shares in May with the aim of improvement of corporate value by securing adequate funding for capital investment and improvement of the financial structure.

In this environment, looking at the business results of the Sumida Group, overall net sales for the current fiscal year increased by 24.5% from the previous fiscal year to 63,893 million yen, which was partly attributable to the depreciation of the yen against the U.S. dollar and the euro compared to the previous fiscal year. Operating income decreased by 3.2% year on year to 1,698 million yen because, in spite of stable prices for raw materials such as copper, there were such factors as rising costs due to the further depreciation of the yen against the U.S. dollar and Ordinary income decreased by 3.5% year on year to 1,107 million yen due to foreign exchange losses despite the improvement in non-operating income and expenses due to such factors as an increase in gain on valuation of derivatives and a decrease in interest expenses. In net income (loss), the Company posted a 2,008 million yen net loss (net income of 725 million yen for the previous fiscal year.) The net loss resulted from such factors as insurance income of 1,426 million yen in extraordinary income due to the impact of floods damage in Germany offset by 1,742 million yen in loss on disaster in extraordinary losses. And, in consideration of the current business environment including the impact of floods, the Company decided to reverse deferred tax assets as the result of a review of recoverability of deferred tax assets and recorded income taxes-deferred of 2,089 million yen.

(Reporting segment information)

The following is the business performance in the current fiscal year by reporting segment.

1) Asia Pacific Business

Sales at the Asia Pacific Business for the current fiscal year increased by 19.9% year on year to 40,715 million yen because, in spite of the stagnation in consumer electronics related products with the exception of those for smartphones and tablet PCs, sales of automotive related products such as keyless entries increased, and there was steady demand for industrial related products, including those related to solar energy-related products. The sales growth was also partly attributable to the depreciation of the yen against the U.S. dollar compared to the previous fiscal year. Segment profit, however, decreased by 12.1% year on year to 2,291 million yen because the depreciation of the yen against the U.S. dollar was a factor for increased costs, and there was a sharp rise in payments for payroll in China in addition to other factors.

2) EU Business

Sales at the EU Business for the current fiscal year increased by 33.7% year on year to 23,177 million yen while segment profit decreased by 0.6% year on year to 1,397 million yen. Although demand for consumer electronics related products was sluggish and sales of industrial related products were also flat due to the slump in demand for renewable energy related products in Europe, there was steady demand for automotive related products for HID lamps. While there was a period when capacity utilization rate fell due to the impact of flooding in Germany, sales have increased, which is partly attributable to the depreciation of the yen against the euro compared to the previous fiscal year.

Consolidated balance sheets

(Unit: Millions of yen)

	As of December 31, 2012	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	2,608	3,581
Notes and accounts receivable-trade	10,384	12,840
Merchandise and finished goods	4,230	6,082
Work in process	1,055	1,188
Raw materials and supplies	2,850	3,767
Deferred tax assets	540	193
Income taxes receivable	226	313
Other	1,438	1,890
Allowance for doubtful accounts	(58)	(270)
Total current assets	23,277	29,588
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	10,211	11,756
Machinery, equipment and vehicles	26,664	33,880
Tools, furniture and fixtures	4,108	4,748
Land	1,292	1,393
Lease assets	958	1,166
Construction in progress	1,046	1,582
Accumulated depreciation	(29,508)	(36,391)
Total property, plant and equipment	14,773	18,136
Intangible assets		
Goodwill	2,402	2,671
Leasehold right	312	550
Software	95	109
Software in progress	-	61
Other	353	334
Total intangible assets	3,164	3,727
Investments and other assets		
Investment securities	535	534
Deferred tax assets	4,058	3,773
Other	865	896
Total investments and other assets	5,459	5,204
Total noncurrent assets	23,397	27,068
Deferred assets		
Business commencement expenses	24	17
Bond issuance cost	89	57
Share issuance cost	-	11
Total deferred assets	114	86
Total assets	46,790	56,743

(Unit: Millions of yen)

	<u>As of December 31, 2012</u>	<u>As of December 31, 2013</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,474	6,393
Short-term loans payable	10,163	10,843
Current portion of bonds	1,000	770
Current portion of long-term loans payable	2,395	4,523
Accounts payable-other	604	1,187
Accrued expenses	1,574	2,316
Income taxes payable	260	405
Deferred tax liabilities	1	23
Other	792	889
Total current liabilities	<u>20,267</u>	<u>27,352</u>
Noncurrent liabilities		
Bonds payable	5,650	5,420
Long-term loans payable	9,011	6,335
Deferred tax liabilities	85	748
Provision for retirement benefits	805	1,269
Lease obligations	534	623
Other	570	483
Total noncurrent liabilities	<u>16,655</u>	<u>14,880</u>
Total liabilities	<u>36,923</u>	<u>42,233</u>
Net assets		
Shareholders' equity		
Capital stock	7,216	8,143
Capital surplus	7,029	7,956
Retained earnings	7,269	4,836
Treasury stock	(1,524)	(1,524)
Total shareholders' equity	<u>19,991</u>	<u>19,412</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25	46
Foreign currency translation adjustment	(10,806)	(5,914)
Total accumulated other comprehensive income	<u>(10,781)</u>	<u>(5,868)</u>
Minority interests	656	966
Total net assets	<u>9,866</u>	<u>14,510</u>
Total liabilities and net assets	<u>46,790</u>	<u>56,743</u>

Consolidated statements of income

(Unit: Millions of yen)

	FY 2012.12	FY 2013.12
	(Jan. 1, 2012 - Dec. 31, 2012)	(Jan. 1, 2013 - Dec. 31, 2013)
Net sales	51,300	63,893
Cost of sales	41,651	52,841
Gross profit	9,649	11,052
Selling, general and administrative expenses		
Freightage and packing expenses	597	914
Employees' salaries and allowances	2,977	3,187
Depreciation	245	237
Research and development expenses	1,130	1,140
Other	2,943	3,873
Total selling, general and administrative expenses	7,894	9,353
Operating income (loss)	1,754	1,698
Non-operating income		
Interest income	20	17
Dividends income	1	1
Gain on valuation of derivatives	119	170
Other	44	52
Total non-operating income	185	241
Non-operating expenses		
Interest expenses	587	461
Foreign exchange losses	53	188
Commission fee	55	85
Other	96	96
Total non-operating expenses	791	832
Ordinary income (loss)	1,148	1,107
Extraordinary income		
Gain on sales of noncurrent assets	219	1,188
Insurance income	305	1,426
Other	50	20
Total extraordinary income	575	2,634
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	49	22
Impairment loss	75	748
Business structure improvement expenses	155	388
Loss on disaster	135	1,742
Directors' severance pay	315	-
Loss on liquidation of subsidiaries and associates	158	22
Other	7	-
Total extraordinary losses	897	2,924
Income (loss) before income taxes and minority	826	817
Income taxes-current	315	602
Income taxes-deferred	(296)	2,089
Total income taxes	19	2,691
Income (loss) before minority interests	807	(1,873)
Minority interests in income	81	134
Net income (loss)	725	(2,008)

Consolidated statements of comprehensive income

(units: Millions of yen)

	FY 2012.12	FY 2013.12
	(Jan. 1, 2012 - Dec. 31, 2012)	(Jan. 1, 2013 - Dec. 31, 2013)
Income before minority interests	807	(1,873)
Other comprehensive income		
Valuation difference on available-for-sale securities	1	21
Foreign currency translation adjustment	2,105	4,892
Total other comprehensive income	2,107	4,913
Comprehensive income	2,914	3,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,832	2,904
Comprehensive income attributable to minority interests	81	134

Consolidated statements of changes in net assets

FY2012.12 ((Jan. 1, 2012 - Dec. 31, 2012))

(Unit: Millions of yen)

	Net assets				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Previously stated	7,216	7,029	6,871	(1,524)	19,593
Cumulative effects of changes in accounting policies			(39)		(39)
Currently stated	7,216	7,029	6,832	(1,524)	19,554
Changes of items during period					
Issuance of new shares					
Dividends of surplus			(288)		(288)
Net income (loss)			725		725
Purchase of treasury share				(0)	(0)
Disposal of treasury share			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	437	△0	437
Net assets	7,216	7,029	7,269	△1,524	19,991

	Net assets				
	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		
Previously stated	23	(12,914)	(12,890)	483	7,186
Cumulative effects of changes in accounting policies		1	1		(38)
Currently stated	23	△12,912	△12,888	483	7,148
Changes of items during period					
Issuance of new shares					
Dividends of surplus					(288)
Net income (loss)					725
Purchase of treasury share					(0)
Disposal of treasury share					0
Net changes of items other than shareholders' equity	1	2,107	2,109	173	2,282
Total changes of items during period	1	2,107	2,109	173	2,720
Net assets	25	(10,806)	(10,781)	656	9,866

FY2013.12 ((Jan. 1, 2013 - Dec. 31, 2013))

(Unit: Millions of yen)

	Net assets				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Currently stated	7,216	7,029	7,269	△1,524	19,991
Changes of items during period					
Issuance of new shares	926	926			1,853
Dividends of surplus			(424)		(424)
Net income (loss)			(2,008)		(2,008)
Purchase of treasury share				(0)	(0)
Disposal of treasury share			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	926	926	(2,432)	(0)	(579)
Net assets	8,143	7,956	4,836	△1,524	19,412

	Net assets				
	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		
Currently stated	25	(10,806)	(10,781)	656	9,866
Changes of items during period					
Issuance of new shares					1,853
Dividends of surplus					(424)
Net income (loss)					(2,008)
Purchase of treasury share					(0)
Disposal of treasury share					0
Net changes of items other than shareholders' equity	21	4,892	4,913	309	5,222
Total changes of items during period	21	4,892	4,913	309	4,643
Net assets	46	(5,914)	(5,868)	966	14,510

Consolidated statements of cash flows

(units: Millions of yen)

	Jan.1, 2012-Dec.31, 2012	Jan.1, 2013-Dec.31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	826	817
Depreciation and amortization	2,351	2,923
Amortization of goodwill	273	337
Increase (decrease) in provision for retirement benefits	(57)	226
Interest and dividends income	(22)	(18)
Interest expenses	587	461
Loss (gain) on valuation of derivatives	(119)	(170)
Business structure improvement expenses	155	388
Impairment loss	75	748
Loss (gain) on sales and retirement of noncurrent assets	(170)	(1,165)
Loss (gain) on liquidation of subsidiaries and affiliates	158	22
Decrease (increase) in notes and accounts receivable-trade	91	(441)
Decrease (increase) in inventories	625	(1,113)
Increase (decrease) in notes and accounts payable-trade	(252)	2,002
Decrease (increase) in accounts receivable-other	(13)	7
Increase (decrease) in accounts payable-other	(188)	198
Other, net	(629)	61
Subtotal	<u>3,692</u>	<u>5,289</u>
Interest and dividends income received	22	18
Interest expenses paid	(545)	(414)
Income taxes (paid) refund	(166)	(579)
Net cash provided by (used in) operating activities	<u>3,003</u>	<u>4,313</u>
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	42	5
Payments into time deposits	(12)	(0)
Purchase of property, plant and equipment	(3,060)	(4,314)
Proceeds from sales of property, plant and equipment	483	1,553
Purchase of intangible assets	(113)	(135)
Purchase of stocks of subsidiaries and affiliates	(5)	(24)
Collection of loans receivable	1	-
Proceeds from sales of investment securities	0	43
Purchase of investment securities	(109)	(9)
Other, net	0	(29)
Net cash provided by (used in) investing activities	<u>(2,774)</u>	<u>(2,912)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(11,710)	(1,474)
Proceeds from long-term loans payable	5,300	1,855
Repayment of long-term loans payable	(2,706)	(2,482)
Repayments of finance lease obligations	(46)	(50)
Proceeds from issuance of bonds	5,600	600
Redemption of bonds	(1,065)	(1,060)
Proceeds from issuance of common shares	-	1,839
Cash dividends paid	(289)	(424)
Purchase and proceeds from sales of treasury stock	(0)	(0)
Other, net	7	-
Net cash provided by (used in) financing activities	<u>(4,909)</u>	<u>(1,197)</u>
Effect of exchange rate change on cash and cash equivalents	386	770
Net increase (decrease) in cash and cash equivalents	<u>(4,294)</u>	<u>974</u>
Cash and cash equivalents at beginning of period	<u>6,851</u>	<u>2,557</u>
Cash and cash equivalents at end of period	<u>2,557</u>	<u>3,531</u>

【Business segment information】

Year ended December 31, 2012

	Asia Pacific Business	EU Business	Total	Elimination or corporate	Consolidated
	<i>(Millions of yen)</i>				
Sales					
Sales to third parties	33,958	17,342	51,300	0	51,300
Inter-segment sales or transfers	754	1,108	1,862	(1,862)	0
Total sales	34,712	18,450	53,163	(1,862)	51,300
Operating income(loss)	2,608	1,405	4,014	(2,260)	1,754
Total assets	26,201	18,868	45,070	1,719	46,790
Depreciation	1,490	787	2,277	74	2,351
Amortization of goodwill	18	254	273	-	273
Capital expenditure	2,184	933	3,117	56	3,173

Year ended December 31, 2013

	Asia Pacific Business	EU Business	Total	Elimination or corporate	Consolidated
	<i>(Millions of yen)</i>				
Sales					
Sales to third parties	40,715	23,177	63,893	-	63,893
Inter-segment sales or transfers	1,557	1,354	2,912	(2,912)	-
Total sales	42,273	24,532	66,806	(2,912)	63,893
Operating income(loss)	2,291	1,397	3,689	(1,990)	1,698
Total assets	33,745	24,129	57,874	(1,131)	56,743
Depreciation	1,910	935	2,845	78	2,923
Amortization of goodwill	18	318	337	-	337
Capital expenditure	2,968	1,360	4,328	121	4,449