

CONSOLIDATED FINANCIAL STATEMENTS

(for the first quarter of fiscal year 2014)

April 24, 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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 Phone: +81-(0) 3-6758-2743
 Date of Submission of Quarterly Marketable Securities Filings: May 13, 2014
 Date on which Dividend Payments to Commence: May 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 First Quarter of FY 2014 (January 1, 2014–March 31, 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	%
1st Quarter of FY2014	18,647	31.1	524	117.9	344	114.2	246	829.3
1st Quarter of FY2013	14,228	15.0	240	14.7	160	(8.8)	26	(73.1)

	Net income per share (Basic)		Net income per share (Fully diluted)	
	Yen		Yen	
1st Quarter of FY2014	10.63		-	
1st Quarter of FY2013	1.38		-	

Note: Comprehensive income for the year ended March 31, 2014 : -272 million yen -
 Comprehensive income for the year ended March 31, 2013 : 1,867 million yen 55.5%

(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, 2014	56,477	14,074	23.2	565.62
As of Dec. 31, 2013	56,743	14,510	23.9	583.50

Reference: Shareholders' equity at March 31, 2014: 13,129 millions of yen
 Shareholders' equity at December 31, 2013: 13,543 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.2013	5.00	5.00	5.00	5.00	20.00
FY ended Dec.2014	5.00	-	-	-	-
FY ended Dec.2014 (forecast)	-	5.00	5.00	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	68,200	6.7	2,700	59.0	2,100	89.6	1,300	-	56.01

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: 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)
- | | |
|--------------------------|-------------------|
| First 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
- | | |
|--------------------------|----------------|
| First quarter of FY 2014 | 732,749 shares |
| FY 2013 | 732,667 shares |
- (c) Average number of shares issued during the period (three months)
- | | |
|--------------------------|-------------------|
| First quarter of FY 2014 | 23,211,634 shares |
| First quarter of FY 2013 | 19,211,940 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 March 31, 2014
Assets		
Current assets		
Cash and deposits	3,581	2,907
Notes and accounts receivable-trade	12,840	14,047
Merchandise and finished goods	6,082	5,059
Work in process	1,188	1,318
Raw materials and supplies	3,767	3,937
Income taxes receivable	313	253
Other	2,084	2,394
Allowance for doubtful accounts	(270)	(267)
Total current assets	29,588	29,651
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,756	11,631
Machinery, equipment and vehicles	33,880	34,303
Tools, furniture and fixtures	4,748	4,716
Land	1,393	1,381
Lease assets	1,166	1,150
Construction in progress	1,582	1,165
Accumulated depreciation	(36,391)	(36,238)
Total property, plant and equipment	18,136	18,110
Intangible assets		
Goodwill	2,671	2,524
Other	1,056	1,029
Total intangible assets	3,727	3,554
Investments and other assets	5,204	5,082
Total noncurrent assets	27,068	26,747
Deferred assets	86	77
Total assets	56,743	56,477

(Millions of yen)

	As of December 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,393	6,086
Short-term loans payable	10,843	11,591
Current portion of bonds	770	2,420
Current portion of long-term loans payable	4,523	5,305
Income taxes payable	405	378
Other	4,417	4,166
Total current liabilities	27,352	29,948
Noncurrent liabilities		
Bonds payable	5,420	3,210
Long-term loans payable	6,335	6,161
Provision for retirement benefits	1,269	1,263
Other	1,855	1,818
Total noncurrent liabilities	14,880	12,453
Total liabilities	42,233	42,402
Net assets		
Shareholders' equity		
Capital stock	8,143	8,143
Capital surplus	7,956	7,956
Retained earnings	4,836	4,967
Treasury stock	(1,524)	(1,524)
Total shareholders' equity	19,412	19,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	44
Foreign currency translation adjustment	(5,914)	(6,459)
Total accumulated other comprehensive income	(5,868)	(6,414)
Minority interests	966	945
Total net assets	14,510	14,074
Total liabilities and net assets	56,743	56,477

(2) Consolidated quarterly statements of income

(Millions of yen)

	First three month of FY2013 (Jan.1, 2013 - Mar.31, 2013)	First three month of FY2014 (Jan.1, 2014 - Mar.31, 2014)
Net sales	14,228	18,647
Cost of sales	11,904	15,590
Gross profit	2,324	3,057
Selling, general and administrative expenses		
Freightage and packing expenses	193	226
Employees' salaries and allowances	739	946
Depreciation	57	76
Research and development expenses	266	259
Other	827	1,023
Total selling, general and administrative expenses	2,084	2,533
Operating income	240	524
Non-operating income		
Interest and dividends income	3	2
Gain on valuation of derivatives	106	-
Other	7	3
Total non-operating income	117	6
Non-operating expenses		
Interest expenses	108	104
Foreign exchange losses	49	13
Loss on valuation of derivatives	-	28
Other	38	40
Total non-operating expenses	197	186
Ordinary income	160	344
Extraordinary income		
Gain on sales of noncurrent assets	2	7
Insurance income	-	171
Total extraordinary income	2	179
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	8	0
Loss on disaster	-	116
Total extraordinary losses	8	117
Income (loss) before income taxes and minority	155	406
Income taxes	93	133
Income before minority interests	61	272
Minority interests in income	35	25
Net income	26	246

(3) Consolidated statements of comprehensive income

(units: Millions of yen)

	First three month of FY2013 (Jan.1, 2013 - Mar.31, 2013)	First three month of FY2014 (Jan.1, 2014 - Mar.31, 2014)
Income before minority interests	61	272
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(1)
Foreign currency translation adjustment	1,796	(544)
Total other comprehensive income	1,805	(545)
Comprehensive income	1,867	(272)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,831	(298)
Comprehensive income attributable to minority interests	35	25

(4) Consolidated quarterly statements of cash flows

	(Millions of yen)	
	First three month of FY2013	First three month of FY2014
	(Jan.1, 2013 - Mar.31, 2013)	(Jan.1, 2014 - Mar.31, 2014)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	155	406
Depreciation and amortization	659	768
Amortization of goodwill	78	93
Interest and dividends income	(3)	(2)
Interest expenses	108	104
Loss (gain) on valuation of derivatives	(106)	28
Decrease (increase) in notes and accounts receivable-	(242)	(1,456)
Decrease (increase) in inventories	233	509
Increase (decrease) in notes and accounts payable-trade	106	(211)
Other, net	247	(262)
Subtotal	<u>1,236</u>	<u>(23)</u>
Interest and dividends income received	3	2
Interest expenses paid	(126)	(125)
Income taxes paid	(157)	(67)
Net cash provided by (used in) operating activities	<u>955</u>	<u>(212)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(738)	(1,282)
Purchase of stocks of subsidiaries and affiliates	(0)	(0)
Other, net	(24)	(13)
Net cash provided by (used in) investing activities	<u>(764)</u>	<u>(1,296)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(389)	972
Proceeds from long-term loans payable	580	2,043
Repayment of long-term loans payable	(571)	(1,429)
Proceeds from issuance of bonds	600	-
Redemption of bonds	(500)	(560)
Cash dividends paid	(96)	(116)
Other, net	(12)	(11)
Net cash provided by (used in) financing activities	<u>(390)</u>	<u>899</u>
Effect of exchange rate change on cash and cash	235	(59)
Net increase (decrease) in cash and cash equivalents	<u>36</u>	<u>(669)</u>
Cash and cash equivalents at beginning of period	<u>2,557</u>	<u>3,531</u>
Cash and cash equivalents at end of period	<u>2,594</u>	<u>2,862</u>

(5) Segment information

For the first quarter ended March 31, 2013 (Jan. 1, 2013 - Mar. 31, 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	9,055	5,173	14,228
(2) Inter-segment sales or transfers	227	391	619
Total	9,283	5,564	14,848
Segment profit	388	302	690

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	690
Eliminations	(449)
Operating income	240

For the first quarter ended March 31, 2014 (Jan. 1, 2014 - Mar. 31, 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	10,944	7,703	18,647
(2) Inter-segment sales or transfers	590	437	1,027
Total	11,534	8,141	19,675
Segment profit	525	494	1,019

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	1,019
Eliminations	(495)
Operating income	524