

# CONSOLIDATED FINANCIAL STATEMENTS

(for the Second quarter of fiscal year 2014)

July 30, 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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Date of Submission of Quarterly Marketable Securities Filings: August 8, 2014

Date on which Dividend Payments to Commence: August 26, 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 Second Quarter of FY 2014 (January 1, 2014–June 30, 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	%
2nd Quarter of FY2014	37,663	24.4	1,332	93.2	985	99.6	687	-
2nd Quarter of FY2013	30,250	17.6	689	(10.9)	493	24.4	(2,055)	-

	Net income per share (Basic)	Net income per share (Fully diluted)
	Yen	Yen
2nd Quarter of FY2014	29.61	-
2nd Quarter of FY2013	(99.28)	-

Note: Comprehensive income for the year ended June 30, 2014 : (163) million yen -  
 Comprehensive income for the year ended June 30, 2013 : 945 million yen 121.1%

### (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2014	58,445	14,076	22.4	563.80
As of Dec. 31, 2013	56,743	14,510	23.9	583.50

Reference: Shareholders' equity at June 30, 2014: 13,086 millions of yen  
 Shareholders' equity at December 31, 2013: 13,543 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.2013	5.00	5.00	5.00	5.00	20.00
FY ended Dec.2014	5.00	5.00	-	-	-
FY ended Dec.2014 (forecast)	-	-	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)
- |                           |                   |
|---------------------------|-------------------|
| Second 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
- |                           |                |
|---------------------------|----------------|
| Second quarter of FY 2014 | 732,813 shares |
| FY 2013                   | 732,667 shares |
- (c) Average number of shares issued during the period (six months)
- |                           |                   |
|---------------------------|-------------------|
| Second quarter of FY 2014 | 23,211,504 shares |
| Second quarter of FY 2013 | 20,709,147 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 June 30, 2014
Assets		
Current assets		
Cash and deposits	3,581	3,847
Notes and accounts receivable - trade	12,840	14,321
Merchandise and finished goods	6,082	5,026
Work in process	1,188	1,378
Raw materials and supplies	3,767	4,393
Income taxes receivable	313	169
Other	2,084	2,611
Allowance for doubtful accounts	(270)	(261)
Total current assets	29,588	31,486
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,756	11,531
Machinery, equipment and vehicles	33,880	34,140
Tools, furniture and fixtures	4,748	4,646
Land	1,393	1,369
Leased assets	1,166	1,132
Construction in progress	1,582	1,423
Accumulated depreciation	(36,391)	(35,802)
Total property, plant and equipment	18,136	18,441
Intangible assets		
Goodwill	2,671	2,378
Other	1,056	984
Total intangible assets	3,727	3,363
Investments and other assets	5,204	5,085
Total non-current assets	27,068	26,889
Deferred assets	86	69
Total assets	56,743	58,445

(Millions of yen)

	As of December 31, 2013	As of June 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,393	7,048
Short-term loans payable	10,843	12,609
Current portion of bonds	770	2,420
Current portion of long-term loans payable	4,523	5,157
Income taxes payable	405	373
Other	4,417	4,632
Total current liabilities	<u>27,352</u>	<u>32,241</u>
Non-current liabilities		
Bonds payable	5,420	3,210
Long-term loans payable	6,335	5,829
Provision for retirement benefits	1,269	1,254
Other	1,855	1,833
Total non-current liabilities	<u>14,880</u>	<u>12,127</u>
Total liabilities	<u>42,233</u>	<u>44,368</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,143	8,143
Capital surplus	7,956	7,956
Retained earnings	4,836	5,292
Treasury shares	(1,524)	(1,524)
Total shareholders' equity	<u>19,412</u>	<u>19,867</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	81
Foreign currency translation adjustment	(5,914)	(6,862)
Total accumulated other comprehensive income	<u>(5,868)</u>	<u>(6,780)</u>
Minority interests	966	990
Total net assets	<u>14,510</u>	<u>14,076</u>
Total liabilities and net assets	<u>56,743</u>	<u>58,445</u>

## (2) Consolidated quarterly statements of income

(Millions of yen)

	First half of FY2013 (Jan.1, 2013 - Jun.30, 2013)	First half of FY2014 (Jan.1, 2014 - Jun.30, 2014)
Net sales	30,250	37,633
Cost of sales	25,166	31,179
Gross profit	5,083	6,454
Selling, general and administrative expenses		
Freightage and packing expenses	413	464
Employees' salaries and allowances	1,581	1,941
Depreciation	113	154
Research and development expenses	562	564
Other	1,723	1,996
Total selling, general and administrative expenses	4,393	5,122
Operating income	689	1,332
Non-operating income		
Interest income	8	6
Dividend income	0	0
Gain on valuation of derivatives	130	–
Other	17	5
Total non-operating income	156	12
Non-operating expenses		
Interest expenses	220	206
Foreign exchange losses	53	8
Loss on valuation of derivatives	–	30
Other	79	113
Total non-operating expenses	352	359
Ordinary income	493	985
Extraordinary income		
Gain on sales of non-current assets	3	16
Insurance income	131	375
Total extraordinary income	135	391
Extraordinary losses		
Loss on sales and retirement of non-current assets	8	4
Business structure improvement expenses	–	10
Additional contributions of social insurance	–	75
Loss on disaster	569	202
Total extraordinary losses	578	292
Income before income taxes and minority interests	50	1,084
Income taxes	2,044	335
Income (loss) before minority interests	(1,993)	749
Minority interests in income	62	61
Net income (loss)	(2,055)	687

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

(units: Millions of yen)

	First half of FY2013 (Jan.1, 2013 - Jun.30, 2013)	First half of FY2014 (Jan.1, 2014 - Jun.30, 2014)
Income (loss) before minority interests	(1,993)	749
Other comprehensive income		
Valuation difference on available-for-sale	9	35
Foreign currency translation adjustment	2,930	(947)
Total other comprehensive income	2,939	(912)
Comprehensive income	945	(163)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	883	(225)
Comprehensive income attributable to minority interests	62	61

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

	(Millions of yen)	
	First half of FY2013	First half of FY2014
	(Jan.1, 2013 - Jun.30, 2013)	(Jan.1, 2014 - Jun.30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	50	1,084
Depreciation	1,368	1,572
Amortization of goodwill	162	169
Interest and dividend income	(9)	(6)
Interest expenses	220	206
Loss (gain) on valuation of derivatives	(130)	30
Decrease (increase) in notes and accounts receivable - trade	(473)	(1,953)
Decrease (increase) in inventories	(298)	(148)
Increase (decrease) in notes and accounts payable - trade	963	894
Other, net	(59)	(121)
Subtotal	<u>1,794</u>	<u>1,728</u>
Interest and dividend income received	9	6
Interest expenses paid	(197)	(192)
Income taxes (paid) refund	(266)	(223)
Net cash provided by (used in) operating activities	<u>1,338</u>	<u>1,318</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,413)	(2,497)
Proceeds from sales of property, plant and equipment	13	27
Proceeds from sales of investment securities	41	-
Purchase of shares of subsidiaries and associates	(21)	(1)
Other, net	(55)	(32)
Net cash provided by (used in) investing activities	<u>(1,434)</u>	<u>(2,503)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	89	2,197
Proceeds from long-term loans payable	580	2,043
Repayments of long-term loans payable	(1,105)	(1,860)
Proceeds from issuance of bonds	600	-
Redemption of bonds	(500)	(560)
Proceeds from issuance of common shares	1,839	-
Cash dividends paid	(191)	(231)
Other, net	(25)	(25)
Net cash provided by (used in) financing activities	<u>1,285</u>	<u>1,563</u>
Effect of exchange rate change on cash and cash equivalents	404	(99)
Net increase (decrease) in cash and cash equivalents	<u>1,594</u>	<u>279</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>4,152</u>	<u>3,811</u>

## (5) Segment information

For the second quarter ended June 30, 2013 (Jan. 1, 2013 - Jun. 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	19,455	10,794	30,250
(2) Inter-segment sales or transfers	642	707	1,349
Total	20,097	11,502	31,599
Segment profit	939	725	1,664

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	1,664
Eliminations	(975)
Operating income	689

For the second quarter ended June 30, 2014 (Jan. 1, 2014 - Jun.30, 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	22,346	15,287	37,633
(2) Inter-segment sales or transfers	1,245	802	2,047
Total	23,592	16,089	39,681
Segment profit	1,407	965	2,379

Operating income	Amount
	<i>(Millions of yen)</i>
Segment profit	2,379
Eliminations	(1,046)
Operating income	1,332