

Financial Results for the 3rd quarter
ended 30 September 2002

SUMIDA CORPORATION
3-3-6 Nihonbashi Ningyocho
Chuo-ku, Tokyo
103-8589
Japan

Financial Highlights for the 3rd Quarter ended 30 September 2002

1. Consolidated Business Results

(million yen, %)

Period Category	3rd Quarter					9 Month Period (Jan. - Sept.)				
	2002	% of Total	2001	% of Total	% Change	2002	% of Total	2001	% of Total	% Change
Sales	8,474	100.0	7,636	100.0	11.0	26,778	100.0	23,976	100.0	11.7
Operating Profit	641	7.6	156	2.0	310.9	1,737	6.5	571	2.4	204.2
Income before taxes & abnormal items (Recurring Profit)	614	7.3	(44)	(0.6)	--	1,717	6.4	(274)	(1.1)	--
Income before taxes	571	6.7	(1,405)	(18.4)	--	1,646	6.1	(1,765)	(7.4)	--
Net Income	428	5.0	(1,651)	(21.6)	--	1,312	4.9	(1,876)	(7.8)	--
Per share data (yen)										
Net Income: (Basic)	31.95	--	(124.33)	--	--	98.34	--	(141.27)	--	--
Net Income: (Fully diluted)	31.64	--	(124.33)	--	--	97.20	--	(141.27)	--	--

2. Consolidated Financial Conditions

(million yen)

Period Category	3rd Quarter		
	2002	2001	%Change
Total Assets	31,665	29,551	2,114
Paid-in Capital	5,525	5,376	149
Total Shareholder's Equity	19,477	16,941	2,536
Total number of stock issued (thousand shares)	13,423	13,277	146
Equity capital per share (yen)	1,451.01	1,275.96	175.05
Equity ratio (%)	61.5	57.3	--

3. Consolidated Cash Flow Statement

(million yen)

Period Category	3rd Quarter			9 Month Period (Jan. - Sept)		
	2002	2001	%Change	2002	2001	%Change
Cash Flow from Operating Activities	1,346	506	840	1,989	1,107	882
Cash Flow from Investing Activities	(360)	(1,025)	665	(1,187)	(1,696)	509
Cash Flow from Financing Activities	(235)	798	(1,033)	(658)	(108)	(550)
Balance of cash and cash equivalents at end of interim term	5,081	4,294	787	5,081	4,294	787

Estimation of 4th Quarter 2002

Category \ Period	4th Quarter (E)	FY2002 (E)	FY2001	%Change
Sales (million yen)	8,222	35,000	31,558	10.9
Operating Income (million yen)	663	2,400	1,112	115.8
Income before taxes & abnormal items (million yen)	633	2,350	82	2765.9
Income before taxes (million yen)	188	1,500	(1,037)	--
Net Income per share (yen)	13.44	111.97	(78.11)	--

Quarterly Business Results

(million yen)

Category \ Period	2002			2001			2000		
	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q
Sales	8,474	9,349	8,955	7,582	7,636	8,114	8,226	8,693	9,207
Operating Profit	641	592	504	541	156	81	333	662	1,248
Income before taxes & abnormal items	614	589	514	356	(44)	(277)	47	505	1,149
Income before taxes	571	566	509	(14)	(1,405)	(219)	(141)	237	1,105
Net Income	428	502	382	839	(1,651)	(131)	(94)	410	669

Yearly Business Results

(million yen)

	2002 (E)	2001	2000	1999	1998	1997
Sales	35,000	31,558	33,575	24,574	21,391	21,248
Operating Profit	2,400	1,112	3,318	2,687	2,210	2,637
Income before taxes & abnormal items	2,350	82	2,967	2,439	2,336	2,305
Income before taxes	2,000	(1,779)	2,632	1,580	2,550	1,969
Net Income	1,500	(1,037)	1,973	1,003	1,942	1,385
Shareholders Equity	---	19,534	18,581	15,083	9,232	8,587
Total Assets	---	32,340	32,000	26,220	20,840	20,381
Per share (yen)						
EPS	111.97	(78.11)	163.43	101.56	205.07	146.25
Equity ratio	1,562.76	1,471.29	1,539.48	1,374.60	974.60	906.54

*Foreign exchange adjustments are included in Shareholder's Equity

Message from the CEO – 3rd Quarter 2002

Under the volatile economic environment we witnessed at the beginning of 2002, we at the Sumida Group have been taking great strides to recover from the difficulties experienced last year under the “Revive Sumida” slogan. In the third quarter of 2002, I believe that we have successfully established a corporate structure that will enable us to meet our commitments and achieve constant growth whatever the economic environment.

The source of the Group’s confidence lies in its automotive operations. As electronic technologies are increasingly applied to automobiles, sales of electronic components continue to be strong. In addition, it is expected that as the Christmas season approaches, sales of coils and other components for audio systems will continue to be stable, and based on these predictions, it is anticipated that their sales will reach a record high.

In the third quarter, we made an important decision with the Group’s future business development plans in mind. Regarding our optoelectronics business, we completely separated the development of optical pick-up products based on OEM arrangements from the Group. In the future, we will focus on actuators and other components for optical pick-up products, whose demand is expected to grow in the years to come.

Regarding North American operations, there were two options for SRC Devices: sell off or continue operations. We re-evaluated SRC’s operations and determined that in addition to graphic display terminal (GDT) and other electronic automotive component-related operations, reed relay operations would become one of the Group’s pillars of profitability. This led to our decision to continue SRC’s operations. We took this opportunity to take measures with respect to our North American subsidiary, which included (1) bolstering the sales capabilities of SRC and (2) breaking away from the initial form of governance - in which we only invested in the subsidiary and were not directly involved in its management - by placing it under the direction of the Group and sending our personnel to join its management team.

Coil operations in North America are proceeding as planned in both manufacturing and sales. In September, in an effort to further increase sales, the sales division renewed its organization through various means, including reinforcing direct sales systems. The manufacturing division increased the production of electronic automotive components and implemented thorough cost reduction plans. As a result, the profitability of coil operations improved markedly, and we aim to make a profit in these operations by as early as the end of the fourth quarter. In the next fiscal term, I firmly believe that coil operations will contribute greatly to the consolidated financial results of the Group.

In order to increase sales and profits for the entire Group in the future, it is essential to improve product quality. There is a large difference in quality management between electronic automotive components and conventional coil and other products for electric home appliances. Quality management issues cannot be avoided when we work on the electronic automotive components business. We position 2003 as the year of total quality management and will strive to improve the quality of all our products with the aim of meeting customer needs and expectations.



Shigeyuki Yawata
Chief Executive Officer
Sumida Group

Overview of Consolidated Financial Results for the Third Quarter of 2002

In the third quarter of 2002, all electronics manufacturers continued to watch what would happen in the market in the months to come after production of electronic equipment started on a full scale at the beginning of the year. Order levels for electronic components continued to be high. The production of cellular phones showed signs of recovery twice, in early spring and mid-summer, but remained at low levels in subsequent months. The production of LCD TVs, DVD players and other audiovisual devices continued to grow despite the conclusion of the World Cup soccer tournament. The personal computer market saw Hewlett-Packard continuously hold back on its shipments as it shifted to a new organization, however, the overall shipments started to rise as Dell Computer substantially increased its production. With respect to electronic automotive components, the further application of electronics to automobiles prompted markets to expand in various areas.

In the third quarter of 2002, although sales of other coil products fell and those of magnetics products remained almost the same as last quarter, those of coils for audiovisual equipment, coils for information processing and communication equipment, electronic automotive components and optoelectronics components respectively achieved two-digit growth, boosting the overall sales to ¥8.474 billion, an increase of 11.0% YOY.

In terms of profitability, although increased production entailed increases in labor and other personnel expenses, increased sales and reductions in materials costs for standard coils and other products more than quadrupled operating profits to ¥641 million YOY. Decreases in exchange rate loss and other factors substantially improved the non-operating profit/loss situation with ordinary profits and net income at ¥614 million and ¥428 million, respectively.

Overview of Consolidated Financial Results for the Period of Jan. - Sept. 2002

In the first three quarters of 2002, following the reductions in electronic equipment inventories from the fourth quarter of 2001 to the first quarter of 2002, electronics manufacturers became increasingly active in the production of electronic equipment and as a result, demand for electronic components recovered.

The production of audiovisual equipment began to rise in the first quarter due to the effects of the World Cup, and supported by strong sales of LCD TVs, it continued to grow at an accelerated pace in the second and third quarters. Although the demand for PCs did not fully recover, their production levels continued to be high after electronics manufacturers started to increase production earlier this year. Cellular phones showed signs of increasing at the beginning of the year, however in subsequent months, their production continued to fluctuate. Meanwhile, in the area of automobile equipment, as sales of new models continue to be brisk mainly in the United States, anti-brake systems (ABSs), airbags, keyless entry systems, electronic power steering (EPS) systems and car navigation systems came into wider use, further increasing demand for electronic automotive components. With respect to optoelectronics-related components, the

rising demand for such components for DVD players prompted demand for DVD optical pick-ups and lens holders to grow sharply.

Under these circumstances, we have met the needs of a wide range of customers and at the same time vigorously developed business in growth areas. With respect to electronic automotive components, we increased our share in terms of the number of ABS coils delivered to our existing customers and also put our energies into acquiring second and third ABS coil buyers and developing keyless entry systems, immobilizers and other new products. In the area of coils for information processing and communication equipment, we introduced the latest inverter units and power inductors into the Taiwanese PC market, which is expanding rapidly.

In the first three quarters of 2002, sales in magnetics operations, particularly reed relays, gas discharge tubes and other components declined due to the sluggish American market and those for other coils fell because of air-conditioner production adjustments in China. However, sales of electronic automotive components, including ABSs, car navigation systems, keyless entry systems, EPS systems and coils for immobilizers, rose and those for optoelectronics operations centered on DVD pick-ups and lens holders increased sharply. Sales of coils for information processing and communication equipment grew due to the increase in the demand for inverter units and power inductors in Taiwan, and those of coils for audiovisual equipment, primarily for LCD TVs, showed a growing tendency for recovery. All these factors combined to boost the overall sales for the period by 11.7% as compared to the same period of the previous year to ¥26.778 billion.

In terms of profitability, decreased sales put magnetics operations into the red. However, sales in coil and optoelectronic operations grew, and in addition, we put our energies into reducing raw materials costs and achieving greater efficiency chiefly in the production of standard coils. We held back new capital investments in China, thus decreasing depreciation expenses for Chinese plants, and worked hard to reduce various expenses, including those in advertising and publicity. As a result of all these efforts, operating profits for the period more than tripled to ¥1.737 billion YOY. Exchange rate losses were reduced due to foreign exchange rate contracts and the fact that no business write-offs were reported this year as they were last. For these and other reasons, the non-operating profit/loss situation significantly improved. Consequently, ordinary profits and net income were ¥1.717 billion and ¥1.312 billion, respectively.

Sales by Product Category

(million yen, %)

Period Category		3rd Quarter					9 Month Period (Jan. - Sept.)				
		2002	% of total	2001	% of total	% change	2002	% of total	2001	% of total	% change
Coil Business	AV Coils	579	6.8	492	6.4	17.7	1,521	5.7	1,332	5.5	14.2
	IT Communications Coils	3,509	41.4	3,060	40.1	14.7	10,930	40.8	9,542	39.8	14.5
	Other Coils	366	4.3	475	6.2	(22.9)	1,337	5.0	1,816	7.6	(26.4)
	Automotive	1,539	18.2	1,358	17.8	13.3	4,977	18.6	4,066	17.0	22.4
	TOTAL	5,993	70.7	5,385	70.5	11.3	18,765	70.1	16,756	69.9	12.0
	Optoelectronics	1,094	12.9	859	11.3	27.4	3,861	14.4	2,782	11.6	38.8
	Magnetics	1,387	16.4	1,392	18.2	(0.4)	4,152	15.5	4,438	18.5	(6.4)
	TOTAL	8,474	100.0	7,636	100.0	11.0	26,778	100.0	23,976	100.0	11.7

Product Segment Information

(million yen, %)

Period/ Category Segment		Jan. - Sept. 2002			Jan. - Sept. 2001		
		Sales	Operating Profit	Ratio	Sales	Operating Profit	Ratio
	Coil Business	18,765	2,232	11.9	16,756	1,355	8.1
	Optoelectronics	3,861	277	7.2	2,782	106	3.8
	Magnetics	4,152	(772)	(18.6)	4,438	(890)	(20.1)
	TOTAL	26,778	1,737	6.5	23,976	571	2.4

Sales by Product Region

(million yen, %)

Period Region		3rd Quarter					9 Month Period (Jan. - Sept.)				
		2002	% of Total	2001	% of Total	Change %	2002	% of Total	2001	% of Total	Change %
	Japan	2,293	27.1	1,889	24.7	21.4	6,679	24.9	6,069	25.3	10.1
	HK/China	1,354	16.0	1,172	15.4	15.5	4,805	17.9	4,170	17.4	15.2
	ASEAN	626	7.4	638	8.4	(1.9)	1,808	6.8	1,881	7.8	(3.9)
	Taiwan/Korea	1,589	18.7	1,269	16.6	25.2	5,252	19.6	3,449	14.4	52.3
	NAFTA	1,353	16.0	1,315	17.2	2.9	3,871	14.5	3,995	16.7	(3.1)
	EU	1,259	14.8	1,353	17.7	(6.9)	4,363	16.3	4,412	18.4	(1.1)
	TOTAL	8,474	100.0	7,636	100.0	11.0	26,778	100.0	23,976	100.0	11.7

Business Segment Information

The Sumida Group's businesses are composed of the coil business, the optoelectronics business and the magnetics business. (In delineating the condition of each business for the period from January to September of 2002, in addition to amounts in yen, the percentage of increase or decrease compared to the previous period will also be calculated using local currencies. In cases where a single currency is involved, the corresponding local currency will be used; in cases where multiple currencies are involved, the amounts will be converted into US\$.)

1. Coil Business

Although sales of other coils decreased, coils for electronic automotive components, coils for audiovisual equipment and coils for information processing and communication equipment continued to be strong. As a result, sales for coil operations totaled ¥18.765 billion, a 12.0% increase YOY (up by 6.1% on a local-currency basis).

In terms of profitability, increased production led to a rise in labor costs. In addition to increased sales of standard coils, inverter units and other products, efforts for reducing raw materials costs, particularly for standard coils, and achieving greater production efficiency, decreases in depreciation expenses due to reductions in new capital investments and endeavors to squeeze various expenses, including advertising and publicity expenses, boosted operating profits by 64.7% to ¥2.232 billion.

a) Coils for Audiovisual Equipment

Sales of coils for audiovisual equipment grew by 14.2% (up by 8.2% YOY in local currency) to ¥1.521 billion.

By region, in Japan, sales of coils for LCD TVs grew significantly, and in addition, sales of coils for radios, DVDs and other types of audio systems remained steady with the overall sales for Japan at ¥708 million, a 14.4% increase YOY. Overseas, sales in Hong Kong and China jumped by 41.0% YOY to ¥485 million due to increases in sales of radios and tape recorders and those targeted at general distributors. In ASEAN countries, sales fell by 11.1% YOY to ¥328 million because of continued production adjustments on the part of TV and other electronics manufacturers.

b) Coils for Information Processing and Communication Equipment

Sales of coils for information processing and communication equipment rose by 14.5% (up 8.5% YOY in local currency) to ¥10.93 billion.

A breakdown of sales by product shows that sales of coils for cellular phones declined by 11.2% YOY to ¥174 million, sales of coils for digital cameras decreased by 7.7% YOY to ¥397 million and sales of coils for other types of communications and information processing equipment totaled ¥2.67 billion, the same level as for the previous year. As described above, sales of coils for these products remained sluggish, however, sales of inverter units jumped by 46.6% YOY to ¥3.132 billion. In addition, sales of coils and transformers for PCs, personal digital assistants (PDAs) and PC peripheral devices increased by 10.9% YOY to ¥4.557 billion.

By region, sales in Japan slid by 4.3% YOY to ¥2.931 billion, sales in the United States declined by 20.9% to ¥605 million and sales in ASEAN countries fell by 14.7% YOY to ¥970 million. Meanwhile, in Taiwan, sales of inverter units for notebook PCs and LCD monitors continued to be brisk, and in addition, sales of power inductors doubled. As a result, total sales for Taiwan soared by 62.4% YOY to ¥4.653 billion. Sales for Hong Kong and China grew by 3.4% YOY to ¥1.771 billion.

c) Other Coils

Sales of other coils fell by 26.4% (down by 30.3% YOY in local currency) to ¥1.337 billion. Although sales of coils for factory automation equipment gradually recovered and went above the 2001 level, those of 4V coils for hot water suppliers and heating/cooling switchover systems remained stagnant.

d) Automotive Components

Sales of electronic automotive components totaled ¥4.977 billion, an increase of 22.4% YOY (up 16.0% YOY in local currency). Sales of ABS coils steadily grew, increasing by 21.4% YOY to ¥2.907 billion. The production quantities for these coils were 18.399 million units in 1998, 39.398 million units in 1999, 47.471 million units in 2000 and 57.2 million units in 2001, and for the period from January to September 2002, production increased by 34.3% YOY to 55.265 million units. Sales of EPS systems soared by 57.1% YOY to ¥110 million, and those of car audio systems, car navigation systems, keyless entry systems and other electronic automotive components jumped by 33.4% YOY to ¥1.706 billion. Sales of transformers for high-intensity discharge lamps, which had continued to decline sharply since the beginning of the year, were gradually starting to pick up, totaling ¥254 million, a 21.1% decrease YOY.

2. Optoelectronics Business

Sales of optoelectronic parts jumped by 38.8% YOY (up by 31.5% in local currency) to ¥3.861 billion. Sales of DVD pick-ups increased sharply, totaling ¥655 million, a 184.8% increase YOY, and those of optical pick-ups for CD-ROMs also continued to be strong, totaling ¥2.174 billion, an 11.1% increase YOY. In addition to brisk sales of lens holders, sales of production facilities for customers were additionally reported, boosting the sales of other optoelectronics parts by 73.2% YOY to ¥1.032 billion. Rising demand for these products increased labor and other production expenses, however, it also increased sales as well as significantly improving production efficiency due to efforts for improving production technologies, primarily for DVD lens holders. This resulted in contributing to operating profits of ¥277 million, a 161.3% increase YOY.

3. Magnetics Business

Sales in the magnetics business fell by 6.4% YOY (down by 11.4% YOY in local currency) to ¥4.152 billion. As the American economy stagnated, sales for magnetics remained almost on the same level as for the previous year in a local currency, however, the stagnation of the telecommunications equipment industry caused sales of reed relays and other components to fall sharply. In terms of profitability, although we worked hard to reduce raw materials costs, make transport

of raw materials efficient and squeeze labor and other expenses, chiefly in the area of magnetics, the decrease in sales affected the performance of this division, causing it to report an operating loss of ¥772 million.

The Future Management Environment and Business Development Policy

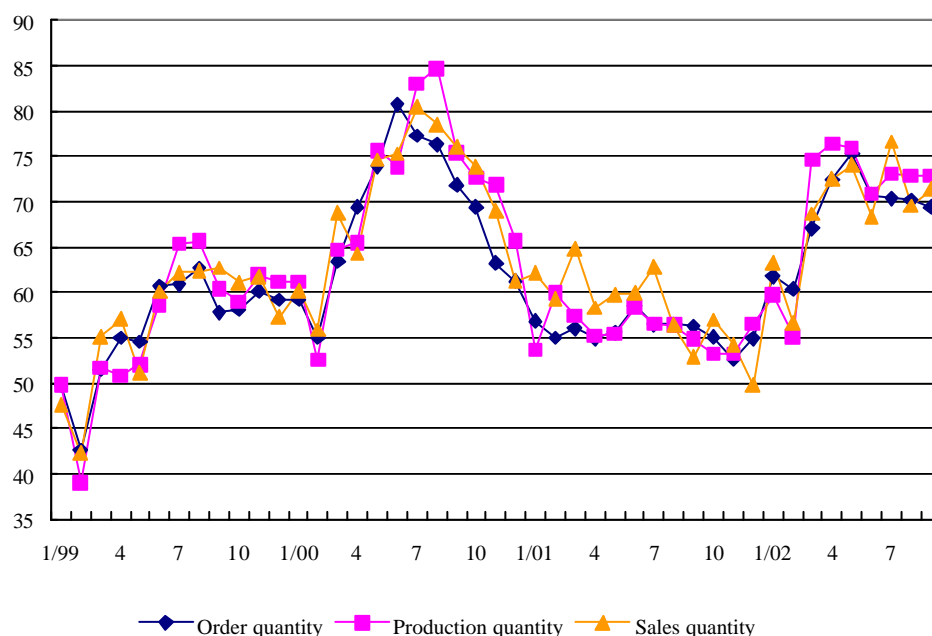
Caution Concerning Forward-Looking Statements: This document includes certain forward-looking statements. These statements are based on management's expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in global economic, business, competitive market and regulatory factors.

1. Coil Business

Monthly orders (amount delivered in a given month) for Sumida Group coils reached a record high of 80.729 million units in June 2000, and afterwards, the number of coils ordered started to decline. The sluggish situation continued until November 2001, however, the number began to grow sharply in the beginning of 2002. In April 2002, it topped the 70 million mark for the first time in 19 months, and it remained at high levels in subsequent months, although it slightly fell in June. The number of coils ordered during this period was 75.307 million units in May (an increase of 35.5% YOY and 4.0% over the previous month), 70.766 million units in June (an increase of 20.7% YOY and a decrease of 6.0% over the previous month), 70.37 million units in July (an increase of 24.7% YOY and a decrease of 0.5% compared to the previous month), 70.117 million units in August (an increase of 24.0% and a decrease of 0.4% compared to the previous month) and 69.385 million units in September (an increase of 23.4% YOY and a decrease of 1.0% compared to the previous month).

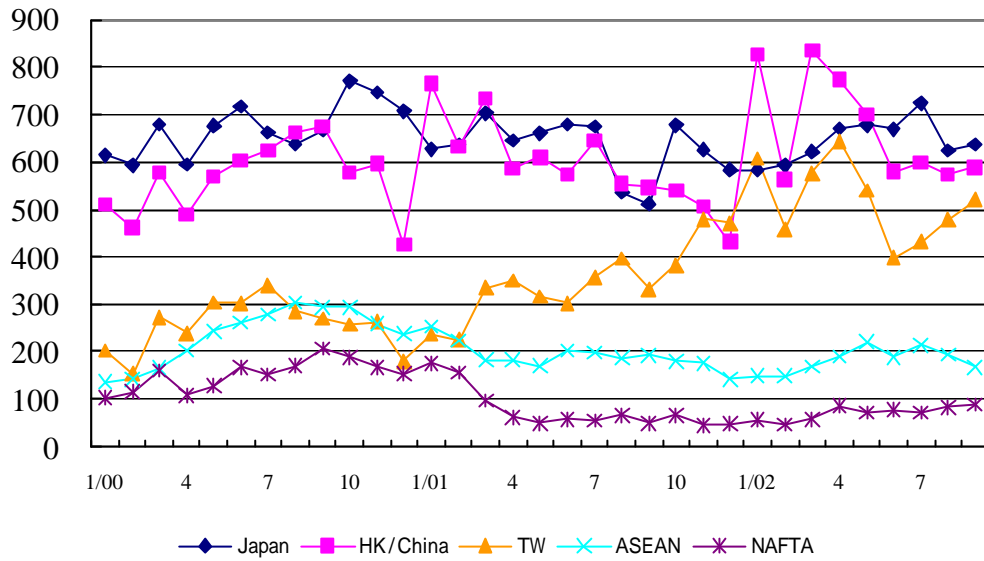
(million units)

Order, Production and Sales Quantities



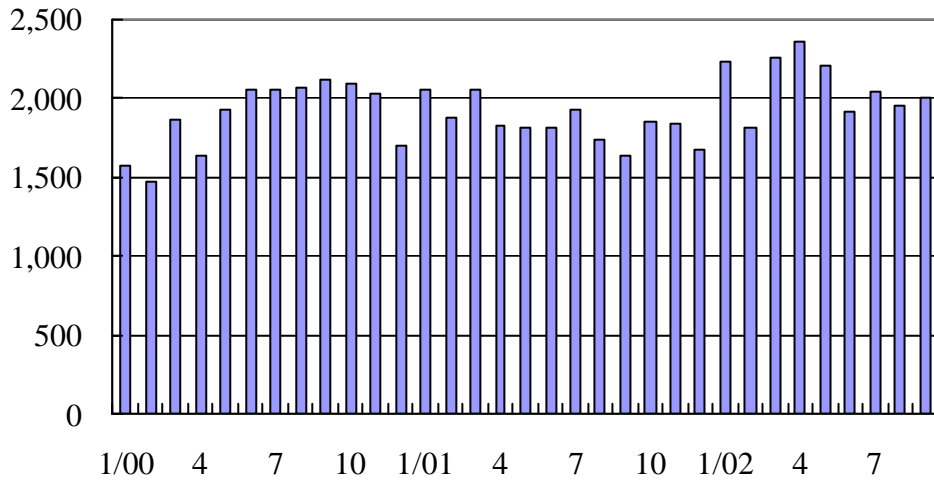
Sales of Coils

(million yen)



Sales of Coils

(million yen)

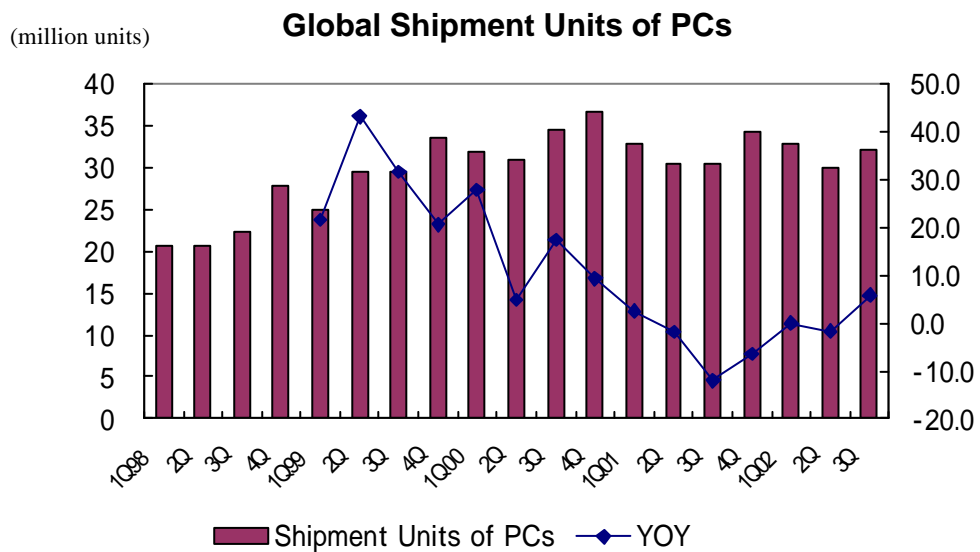


Order quantities for coils bottomed out in September 2001, at ¥1.632 billion, and afterwards, grew rapidly after January 2002 reaching ¥2.362 billion in April 2002. A look at the monthly sales quantities for coils during this period by region indicates that ASEAN countries saw their sales fall by ¥2 million due to production adjustments for audiovisual equipment and sluggish production for information processing and communication equipment, and that in the NAFTA region, sales rose only by ¥36 million because of the lackluster communications equipment industry. On the other hand, sales in Japan increased by ¥158 million due to strong sales of coils for LCD TVs, sales for notebook PCs and electronic automotive components. Sales in Hong Kong and China grew by ¥226 million due to the shift by electronic equipment manufacturers worldwide of their operations to China and brisk sales of

ABS coils. In Taiwan, contributions by inverter units for notebook PCs as well as by power inductors boosted sales by ¥312 million. The percentage of coil sales in Taiwan increased from 20.3% in September 2001 to 27.3% in April 2002. By April 2002, Taiwanese operations had grown to a level close to Hong Kong and China, which account for 32.7%, and Japan, which accounts for 28.4% of Sumida Group's total coil sales.

In subsequent months, although the monthly sales quantities for coils decreased, they continued to fluctuate around a high level of ¥2 billion. The decrease during this period was attributed to the decrease in sales of 4V coils for heating/cooling switchover systems due to production adjustments on the part of customers in Hong Kong and China and the decrease in sales of inverter units in Taiwan. In the NAFTA and ASEAN regions, sales showed no marked fluctuations in terms of value while the sales value for Japan was maintained at high levels, although it varied from one month to another. The reason sales of inverter units decreased in Taiwan was that following the merger of Hewlett-Packard (HP) with Compaq Computer to form the new HP, its price negotiations with Taiwanese manufacturers supplying notebook PCs on original equipment manufacture (OEM) arrangements came up to the surface, leading other major electronics manufacturers to refrain from placing orders based on OEM arrangements.

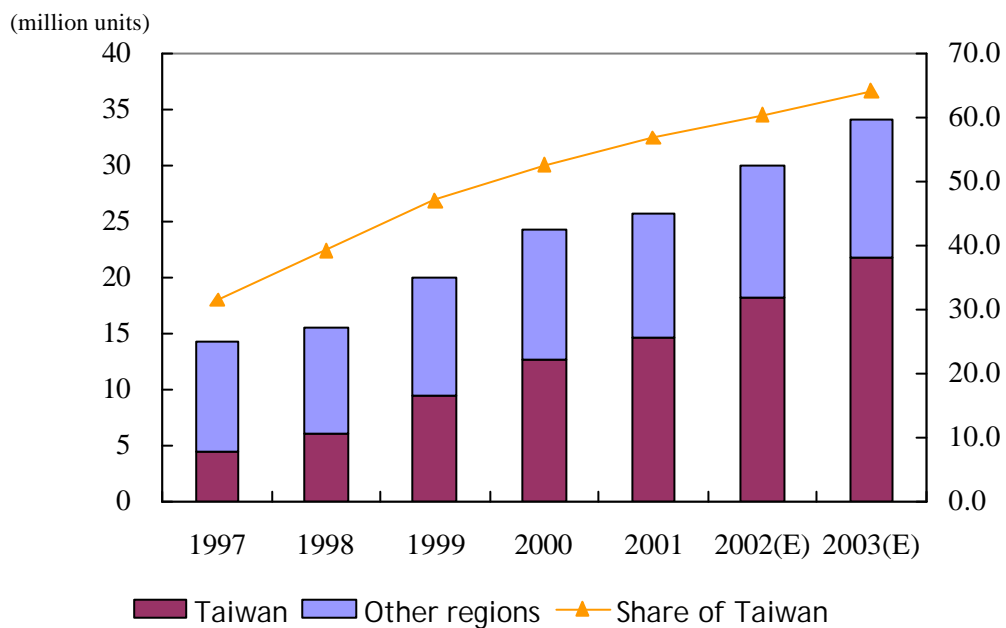
In order to predict the future environment surrounding coil operations, it is still important to obtain a clear understanding of trends in the PC market. Approximately 60% of the coils produced by the Sumida Group are used for information processing and communication equipment, and a little more than 70% of them are accounted for by coils for PCs, PC peripheral devices and PDAs. The remaining portion, a little less than 30%, includes coils for printers and digital cameras, whose demand fluctuation is relative to that for PCs. In particular, coils from the Group are used for notebook PCs in large numbers because they display their strengths in components that require precision processing technologies for making PCs smaller and thinner.



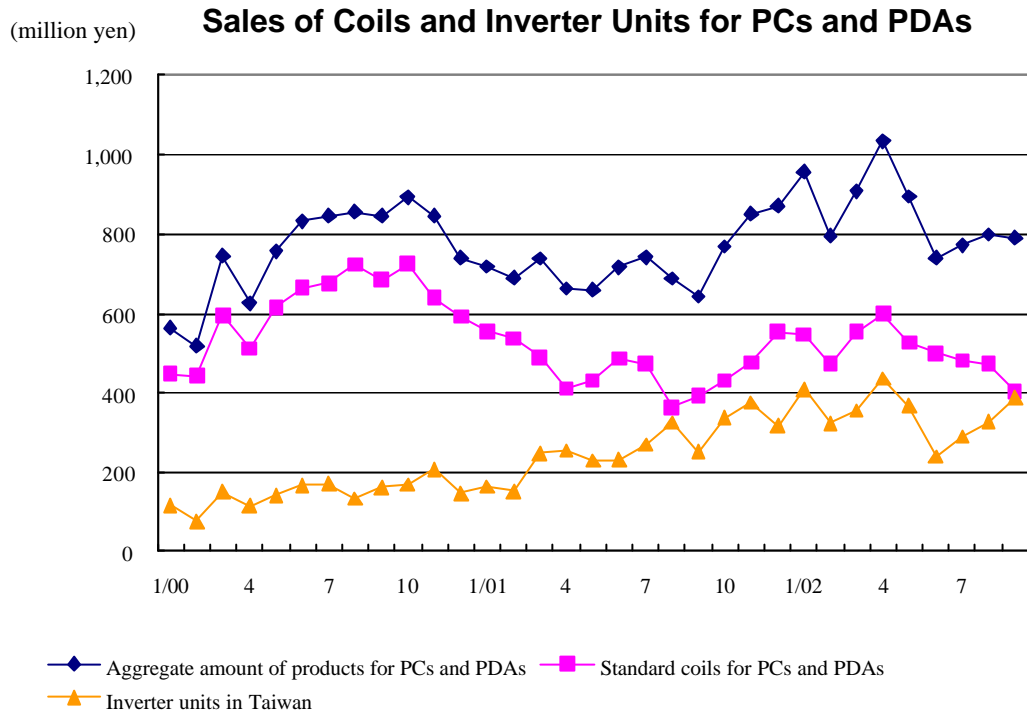
(Source: Created by Sumida based on materials published by Dataquest)

The number of PCs shipped worldwide started to decline in the second quarter of 2001 YOY after it reached its peak in the fourth quarter of 2000, totaling 36.7 million. In the first quarter of 2002, it remained almost on the same level YOY, showing signs of recovery, however in the second quarter, due to the confusion that followed the shift to HP's new management organization, it declined again as compared to a year earlier. In the third quarter, it increased by 5.8% YOY to 32.2 million unit level due to the reaction to the effects of the September 11 terrorist attacks in the U.S.. However, this is currently an unpredictable situation.

Global Shipment Units of Notebook PCs



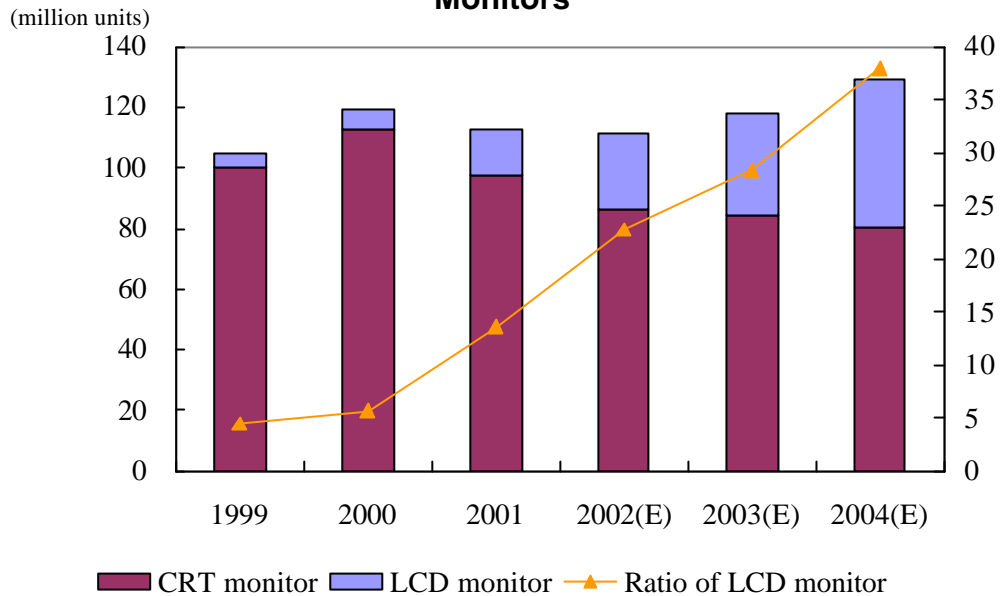
(Source: Created using MIC materials and the results of surveys conducted by Sumida)



In 2000, the number of notebook PCs shipped worldwide increased significantly, totaling 24.2 million, a 21.5% YOY, however in 2001, and the growth slowed down, keeping the number at 25.7 million, a 6.3% YOY. In the first half of 2002, following the inventory adjustments that continued for more than one year, shipments by major electronics manufacturers started to rise. Although supply and demand temporarily slackened due to the problems related to the newborn HP at the end of the second quarter, they are expected to return to normal in subsequent months. The number of notebook PCs shipped in Taiwan, which accounts for 60% of the total worldwide production, increased steadily, totaling 4.18 million in the first quarter of 2002, 4.56 million in the second and 4.68 million in the third quarter. Although shipments to the new HP still remained weak, it appeared that those to Dell Computer and Sony continued to be strong. It is expected that the number of notebook PCs shipped in Taiwan during 2002 will grow by 23.8% YOY to 18.1 million. In terms of value, sales of inverter units in the Taiwanese market fell sharply in June, however in September, they recovered to the level of April, when they reached their peak.

The overall demand for coils for conventional PCs, PC peripheral devices and PDAs is different from that in 2001, when notebook PC inventories grew substantially, and therefore, it is expected to continue to be stable in the future.

Global Shipment Units of CRT Monitors and LCD Monitors



(Source: Created by Sumida based on JEITA materials)

The majority of inverter units from the Sumida Group were used for notebook PCs, and LCD monitors. Few other markets have been developed except for Korea, however recently, we started to deliver LCD monitors to major LCD monitor manufacturers. In the information terminal device monitor market, while the number of cathode-ray tube (CRTs) monitors shipped declined by 13.3% from 113 million in 2000 to 98 million in 2001, that of LCD monitors grew sharply in 2001, doubling to 15 million, and is expected to jump by 66.7% to 25 million in 2002. Since the U.S. government has prohibited the import of CRTs from 2007 and thereafter, the majority of the CRT monitor market for which approximately 90 million CRTs are currently produced in a year is expected to be replaced by LCD monitors by around 2005. In terms of value, sales of inverter units for LCD monitors are anticipated to grow in the future.

With respect to electronic automotive components, which account for approximately 30% of total sales for coil operations and constitute one of the major pillars of profitability, after coils for information processing and communication equipment at Sumida, sales of the mainstay ABS coils are expected to increase in the years to come. In addition to steadily growing shipments for existing major customers, the mass production of ABS coils began in the third quarter of 2002 for delivery to new customers. Monthly sales of 1.8 million ABS coils are planned for the fourth quarter. Furthermore, a contract was concluded with a third customer with delivery started in October. We plan to start sales targeted at the two new customers in 2003 and thereafter. With respect to electronic automotive components other than ABS coils, passive entry systems have started to be widely used for compact cars in addition to luxury cars, prompting sales of coils for keyless entry systems to grow. Given that the use of passive entry systems for a wider range of models is spreading rapidly and that such systems are expected to come into wide use overseas as well, it is predicted that sales of such systems will

further grow in the future. European automakers first adopted immobilizers for preventing theft and the American and Japanese counterparts are expected to follow suit. Therefore, coils for immobilizers are expected to develop into the Group's promising component item.

In coil operations, manufacturing plants are taking cost reduction measures on a continuous basis. At the Panyu plant in China, the ratio of cost reduction effects to the total value of raw materials purchased monthly, which was 3.3% in the first quarter of 2002, rose to 5.2% in the second quarter and 6.3% in the third quarter, indicating that efforts brought steady results (percentages are calculated as follows: the material unit price at the end of 2001 minus the material unit price in a given month of 2002 multiplied by the given month's purchase quantity divided by the given month's material purchase cost). The Taiping plant, too, shows a similar tendency. In particular, these Chinese plants have worked to reduce costs for plastics, ferrite cores, wire and other materials, and as a result, for standard coils, the ratio of materials costs to total sales has substantially fallen. In the future, we will continue to hold active negotiations with suppliers and at the same time improve production technologies, thereby striving for cost reductions in coil operations. Furthermore, our policy is to continue to put our energies into reducing plant expenses, as well as selling, general and administrative expenses.

2. Optoelectronics Business

With respect to optical pick-ups, the leading product item in this segment, sales of optical pick-ups for CDs are gradually declining because they are being replaced by DVD optical pick-ups. On the other hand, DVD optical pick-ups are rapidly penetrating into the market and the shift of DVD optical pick-ups from CD-ROMs to DVD players is under way. For these and other reasons, the demand for DVD optical pick-ups remains at high levels. With respect to the application of DVD optical pick-ups produced by the Sumida Group, the ratio of DVD optical pick-ups for DVD-ROMs to those for DVD players is 1:2, indicating that a higher proportion of the Group's DVD optical pick-ups are used for DVD players. For this reason, DVD optical pickup operations are changing into ones that relatively undergo seasonal fluctuations. In the fourth quarter of 2002, the demand for DVD optical pick-ups is expected to fall temporarily because production of DVD players targeted at the Christmas selling campaigns will have passed its peak. In the medium term, however, DVD optical pickup operations are anticipated to continue growing.

The demand for lens holders and other components used for DVD optical pick-ups is also expected to further grow in the future as the DVD optical pickup market expands. Coil winding machines developed independently by the Sumida Group are used to produce lens holders, and this and other efforts are favorably evaluated in the optoelectronics equipment industry, enabling the Group to maintain industry leadership in the external sales market, which does not include lens holders produced and used by the Group. Our policy is to make aggressive efforts to increase sales of lens holders, including those for new customers.

We have worked to improve the production process for DVD optical pick-ups and lens holders for DVD optical pick-ups. As a result, we have achieved significantly

higher yields and have been able to increase the profitability of optoelectronics operations. In the future, we will strive to raise production efficiency further.

3. Magnetics Business

Magnetics operations are divided into three major product types: magnetics, components (reed relays and GDTs) and switches.

Among these, magnetics has a high proportion of raw materials costs to sales and had, since the year before last, become a factor that made magnetics operations stagnant. In this division, reducing additional raw materials transport costs incurred by accepting a larger number of orders from new customers and improving production lines for new products had been issues to be addressed. For these reasons, we worked hard to establish efficient transport routes and also improve production technologies. As a result of the effects of these efforts, the percentage of raw materials costs to sales was reduced by 2.2 percentage points in the second quarter of 2001 as compared to the level of the first quarter of 2001, by 3.9 percentage points in the third quarter, by 12.0 percentage points in the fourth quarter, by 11.0 percentage points in the first quarter of 2002, by 16.9 percentage points in the second quarter and by 16.4 percentage points in the third quarter. In addition, the percentage of production expenses to sales was reduced by 6.6 percentage points in third quarter of 2002 YOY through personnel cuts and other rationalization measures. Consequently, this division went into the black in the second quarter of 2002 on a gross-profit basis and was even able to further increase profits in the third quarter. The division had suffered operating losses for a long period of time but started to make a profit in September 2002. In the future, we will endeavor to increase operating profits for the division by taking thorough restructuring measures, including reduction of unprofitable products.

By contrast, magnetics components and switches are directly affected by the sluggish American and European economies. In general, of the applications for reed relays, the mainstay product in the component division, about 30% is accounted for by communications equipment, about 20% by automatic measuring instruments, about 10% by automatic control systems and about 40% by others. Reed relays are easily influenced by trends in the communications equipment industry and capital investments by communications equipment manufacturers, and sales for the period from January to September 2002 plummeted by a little more than 40% YOY. The majority of GDTs are also used for communications and information processing equipment, and sales for the same period plunged by a little more than 30% YOY. In general, 25% of switches are used for reed relays, 24% for magnetic sensors, 24% for automobiles, 15% for security systems, 10% for cellular phones and 2% for others. At the Sumida Group, however, a relatively higher proportion of switches are destined for the communications equipment industry as exemplified by the fact that switches, primarily for reed relays and cellular phones, achieved significant growth prior to the acquisition, in the first half of 2000. For this reason, the monthly sales value for switches, which reached a record high in the summer of 2000, nose-dived to one-eighth of the highest level in the third quarter of 2002.

However, sales of reed relays, GDTs and switches all began to pick up in September

2002. The number of orders accepted is also on the rise because the effects of sales network restructuring that was implemented early this year have started to manifest themselves, existing American distributors have received a substantial number of orders and an increasing number of inquiries about switches have been received from new customers in Taiwan. In the future, we will make continued efforts to further reinforce our sales networks and at the same time reduce production, selling and administrative expenses. With respect to switches, we will work hard to explore new markets by focusing on developing new products for magnetic sensors and security systems.

Prospects of Performance for the 4th Quarter of 2002

Sales	¥8,222 million
Operating profits	¥663 million
Ordinary profits	¥633 million
Net income	¥188 million

In the fourth quarter of 2002, we predict the effects of decreases in sales of optoelectronics parts for DVD players and other products due to seasonal fluctuations, as well as of selective order acceptance by American magnetics operations with emphasis on profitability. It is anticipated, however, that sales of electronic automotive components and coils for information processing and communication equipment will continue to be brisk. As a result, for the fourth quarter, we expect sales of ¥8.222 billion. Plans call for North American operations to be reviewed again in the fourth quarter, incurring an extraordinary expense of ¥430 million, and as a result, a net income of ¥188 million is expected.

Consolidated Balance Sheet as at 30 September 2002

(thousand yen)

	3Q 2002	%	3Q 2001	%	Year End 2001	%
ASSETS						
Current Assets						
1.Cash & Cash Equivalents	5,080,704		4,293,912		5,349,268	
2.Accounts Receivable	6,776,584		6,449,313		6,325,910	
3.Inventories	3,954,877		3,447,174		3,821,519	
4.Other	1,023,713		1,828,659		1,235,438	
5.Provision for Doubtful Debts	65,343		92,638		(63,412)	
Total Current Assets	16,770,535	53.0	15,926,420	53.9	166,668,723	51.5
Non Current Assets						
(1)Tangible Non-Current Assets						
1.Buildings	6,392,276		6,459,415		6,643,163	
2.Machinery & equipment	10,566,007		9,550,761		10,549,409	
3.Furniture & Fixtures	3,206,591		2,992,578		3,328,409	
4.Land	1,256,032		1,255,768		1,259,545	
5.Construction in Progress	311,299		79,226		147,145	
6.Accumulated Depreciation	(10,143,889)		(10,143,889)		(9,349,035)	
Total Non-current Assets	11,588,316	36.6	12,122,575	41.0	12,578,636	38.9
(2)Intangible Assets						
1.Land Occupancy Rights	598,568		587,509		649,483	
2.Consolidation Adjustments	---		49,671		41,153	
3.Other	196,290		110,847		102,037	
Total Intangible Assets	794,858	2.5	748,027	2.5	792,673	2.5
(3)Investments & Other Assets						
1.Investments in Securities	175,628		314,412		333,450	
2.Other	2,335,606		439,301		1,966,527	
Total Investments & Other Assets	2,511,234		753,713	2.6	2,299,977	7.1
Total Fixed Assets	14,894,408		13,624,315	46.1	15,671,286	48.5
TOTAL ASSETS	31,664,943		29,550,735	100.0	32,340,009	100.0

Continued over

Consolidated Balance Sheet as at 30 September 2002 (continued)

LIABILITIES						
Current Liabilities						
1.Accounts Payable	2,823,786		1,921,397		2,325,131	
2.Short-term loans	5,248,661		6,050,436		5,153,758	
3.Other current liabilities	2,282,590		2,814,895		2,675,606	
Total Current Liabilities	10,355,037	32.7	10,786,728	36.5	10,105,106	31.3
Non-current liabilities						
1.Long-term loans	1,583,318		1,573,800		2,377,424	
2.Deferred tax liability	211,509		191,929		-	
3.Other Non-current liabilities	26,202		45,484		311,586	
Total Non-current liabilities	1,821,029	5.8	1,811,213	6.2	2,689,010	8.3
TOTAL LIABILITIES	12,176,066	38.5	12,597,941	42.7	12,794,116	39.6
(Minority Interests)						
Minority Shareholders Interests	11,907	0.0	11,862	0.0	11,517	0.0
SHAREHOLDER'S EQUITY						
Paid-in capital	5,524,631	17.4	5,375,711	18.2	5,375,711	6.66
Capital reserves	5,322,646	16.8	5,169,258	17.5	5,169,258	16.0
Consolidated Reserves	9,392,878	29.7	7,508,949	25.4	8,347,551	25.8
Unrealized Gains/Losses on Securities at Market Valuation	44,186	0.1	40,436	0.1	100,523	0.3
Cumulative Translation Adjustments	(803,912)	(2.5)	(1,153,302)	(3.9)	541,874	1.7
Treasury Stock	3,459	(0.0)	120	(0.0)	(541)	(0.0)
TOTAL SHAREHOLDER'S EQUITY	19,476,970	61.5	16,940,932	57.3	19,534,376	60.4
TOTAL LIABILITIES & SHRHLR'S EQUITY	31,664,943	100.0	29,550,735	100.0	32,340,009	100.0

Consolidated Statement of Income

(thousand yen)

	3rd Quarter				9 Month Period (Jan. - Sept.)			
	2002		2001		2002		2001	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
		%		%		%		%
Sales	8,473,664	100.0	7,635,845	100.0	26,777,769	100.0	23,975,989	100.0
Cost of Sales	6,274,727	74.0	5,927,120	77.6	20,236,005	75.6	18,484,102	77.1
Gross Profit	2,198,937	26.0	1,708,725	22.4	6,541,764	24.4	5,491,887	22.9
Selling, General & Admin Expenses	1,557,485	18.4	1,552,528	20.4	4,804,297	17.9	4,921,361	20.5
Operating Profit	641,452	7.6	156,197	2.0	1,737,467	6.5	570,526	2.4
Non-operating Income (Expenses)								
Interest & Dividends Received	11,369		27,297		43,285		88,020	
Interest Paid	21,564		35,991		65,528		93,689	
Exchange Gains (Losses)	(38,481)		(102,985)		(6,576)		(454,475)	
Amortization of Goodwill	---		109,203		---		319,520	
Other Non-operating Income (Expenses)	21,628		20,639		8,759		(65,081)	
Total non-operating profit	(27,048)	(0.3)	(200,243)	(2.6)	(20,060)	(0.1)	(844,745)	(3.5)
Profit before taxes, gains (losses) on special item	614,404	7.3	(44,046)	(0.6)	1,717,407	6.4	(274,219)	(1.1)
Gains (Losses) on Special Item								
Profit on disposal of fixed assets	(77)		1,239		156		34,357	
Loss on disposal of fixed assets	12,625		17,022		41,339		88,286	
Write-Off of Goodwill	---		1,237,292		---		1,237,292	
Special severance Payments	---		106,575		---		198,216	
Other Gains (Losses) on Special Items	(30,535)		(1,249)		(30,535)		(1,249)	
Special Gains (Losses)	(43,237)	(0.6)	(1,360,899)	(17.8)	(71,718)	(0.3)	(1,490,686)	(6.3)
Profit before Taxes	571,167	6.7	(1,404,945)	(18.4)	1,645,689	6.1	(1,764,905)	(7.4)
Income Taxes	142,792	1.7	245,809	3.2	333,645	1.2	110,761	(0.4)
Net Income	428,375	5.0	(1,650,754)	(21.6)	1,312,044	4.9	(1,875,666)	(7.8)

Consolidated Cash Flow Statement

(thousand yen)

	3rd Quarter		9 Month Period (Jan. – Sep t)	
	2002	2001	2002	2001
I. Cash Flows from Operating Activities				
Net Profit Before Taxes	428,375	(1,650,754)	1,312,044	(1,875,666)
Depreciation & Amortization	521,252	1,847,360	1,563,712	3,029,415
Loss on Disposal of Fixed Assets	12,625	17,022	41,339	88,286
Change in Accounts Receivable	677,778	(139,637)	(737,692)	662,036
Change in Inventory	218,764	537,854	(394,542)	1,036,040
Change in Accounts Payable	(73,691)	(206,702)	690,128	(1,120,728)
Other	(440,493)	101,216	(485,544)	(712,151)
Cash Flows from Operating Activities	1,345,610	506,359	1,989,445	1,107,232
II. Cash Flows from Investing Activities				
Acquisition of Tangible Fixed Assets	(357,510)	(1,041,083)	(1,149,371)	(1,765,844)
Disposal of Tangible Fixed Assets	2,983	15,819	2,989	69,354
Other	(5,789)	---	(40,776)	-
Cash Flows from Investing Activities	(360,316)	(1,025,264)	(1,187,158)	(1,696,490)
III. Cash Flows from Financing Activities				
Change in Short-term Borrowings	108,796	1,130,514	104,880	724,790
Change in Long-term Borrowings	(264,702)	(199,700)	(794,106)	(579,100)
Cash Dividends Paid	(133,949)	(132,768)	(266,716)	(253,467)
Other	55,080	---	297,840	-
Cash Flows from Financing Activities	(234,775)	798,046	(658,102)	(107,777)
IV. Effect of exchange rate changes on cash and cash equivalents	34,775	(199,135)	(412,749)	98,310
V. Net Increase (Decrease) in cash and cash equivalents	785,294	80,006	(268,564)	(598,725)
VI. Cash and Cash equivalents at the beginning of the year	4,295,410	4,213,906	5,349,268	4,892,637
VII. Cash and Cash Equivalents at the end of the year	5,080,704	4,293,912	5,080,704	4,293,912