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2002

Financial Results for the 4th Quarter ended 31 December 2002

SUMIDA CORPORATION
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Financial Highlights for the 4th Quarter ended 31 December 2002

1. Consolidated Business Results

(Million yen, %)

Category \ Period	4th Quarter					12-months period (Jan. - Dec.)				
	2002	% Of Total	2001	% Of Total	% Change	2002	% Of Total	2001	% Of Total	% Change
Net sales	8,018	100.0	7,582	100.0	5.8	34,796	100.0	31,558	100.0	10.3
Operating income	433	5.4	541	7.1	(20.0)	2,171	6.3	1,112	3.5	95.2
Income before income taxes	398	5.0	356	4.7	11.8	2,116	6.1	82	0.3	2,476.8
Income before provisions for taxes on income	7	0.1	(14)	(0.2)	---	1,653	4.8	(1,779)	(5.6)	---
Net income	(194)	(2.4)	838	11.1	---	1,118	3.2	(1,037)	(3.3)	---
Per share data (yen)										
Net income: (Basic)	(14.49)	---	63.16	---	---	83.64		(78.11)		
Net income: (Fully diluted)	(14.36)	---	63.16	---	---	82.73		---		

2. Consolidated Financial Conditions

(Million yen)

Category \ Period	4th Quarter		
	2002	2001	%Change
Total Asset	30,666	32,340	△1,674
Paid-in Capital	5,527	5,376	151
Total Shareholder’s Equity	18,910	19,534	△624
Total number of stock issued (thousand shares)	13,426	13,277	149
Equity capital per share (yen)	1,408.72	1,471.29	△62.57
Equity ratio (%)	61.7	60.4	---

3. Consolidated Cash Flow Statement

(Million yen)

Category \ Period	4th Quarter			12-month period (Jan. - Dec.)		
	2002	2001	%Change	2002	2001	%Change
Cash Flows from Operating Activities	718	639	79	2,707	1,746	961
Cash Flows from Investing Activities	△437	△52	△385	△1,624	△1,644	20
Cash Flows from Financing Activities	△380	△98	△282	△1,038	△206	△832
Balance of cash and cash equivalents at end of interim term	4,349	5,349	△560	4,789	5,349	△560

Estimation of 1st Quarter 2003

Category \ Period	1st Quarter (E)	FY2002	FY2001	%Change
Net sales (million yen)	8,400	34,796	31,558	10.3
Operating income (million yen)	599	2,171	1,112	95.1
Income before income taxes (million yen)	590	2,116	82	2479.2
Net income (million yen)	400	1,118	(1,037)	--

Quarterly Business Results

(Million yen)

Category \ Period	2002				2001				2000
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q
Net sales	8,017	8,474	9,349	8,955	7,582	7,636	8,114	8,226	8,693
Operating income	433	641	592	504	541	156	81	333	662
Income before income taxes	398	614	589	514	356	(44)	(277)	47	505
Net income	(194)	428	502	382	839	(1,651)	(131)	(94)	410

Yearly Business Results

(Million yen)

	2002	2001	2000	1999	1998	1997
Net sales	34,796	31,558	33,575	24,574	21,391	21,248
Operating income	2,171	1,112	3,318	2,687	2,210	2,637
Income before income taxes	2,116	82	2,967	2,439	2,336	2,305
Net income	1,118	(1,037)	1,973	1,003	1,942	1,385
Shareholders equity	18,910	19,534	18,581	15,083	9,232	8,587
Total assets	30,666	32,340	32,000	26,220	20,840	20,381
Per share（yen）						
EPS	83.64	(78.11)	163.43	101.56	205.07	146.25
Equity ratio	1,408.72	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 – 4th Quarter 2002

It seems that over the past year, the environment surrounding Sumida has turned favorable thanks to stable growth in conventional coils for home electric appliances and communications, and support by new markets, such as those in the automotive area. However, an unstable worldwide environment remains, particularly with the events occurring in the Middle East and North Korea. In response to this period of uncertainty, in 2003, Sumida will focus on crisis and risk management systems, in order to become an organization ready to face whatever happens in the international arena.

Looking back upon 2002, I would say that it was a successful year for the Sumida Group, as we were able to build up our business confidence. Under the “Revive Sumida” project, all Sumida employees made concentrated efforts and expended their energy in order to recover businesses in a short period of time. I hope this will be a trigger toward success in our goal of becoming a “US $1 Billion Company” which is our mid-term business plan.

I have determined that the internal driving force for FY 2003 at Sumida is “Challenge 5!” At the corporate level, we set several “Challenge 5!” goals; one of which being that Sumida spend more than 5% of total sales on R&D investments, in contrast to the current figure of 3-4%. The “5” in “Challenge 5!” may represent different things to different employees at Sumida, as each person sets their own challenges relating to the number “5”. For example, someone may set a goal of 5% reduction in costs, while another may set a 50% increase to their sales targets.

Moreover, Sumida Corporation challenges to achieve a mid-term target of 50% (¥50 billion) of total sales in the automotive area. Fortunately, we have made great strides with our ABS coils, however, we expect that market opportunities in the automotive area can provide Sumida with more than ten times the amount of our current business. We have spent a great deal of time with R&D and Marketing and realize that a large degree of differences lie between conventional coils and those in the automotive business. We challenge Sumida employees to strive for improvement in quality and production efficiency, and believe that FY2003 will be a milestone year towards reaching our mid-term targets.

Lastly, I would like to declare that the Sumida English Promotion Program reached its completion in January 2003. Sumida will now concentrate on using English as a common language in order to better business relationships in the global community.

Shigeyuki Yawata
Chief Executive Officer
Sumida Group

Overview of Consolidated Business Results for the 4th Quarter of 2002

The market in the fourth quarter 2002 showed the highest level of demand of any fourth-quarter period in the group's history, despite continued production adjustments among equipment manufacturers. This was a result of a large increase in electronic equipment production in the early part of the year. Production of personal computers in the third and fourth quarters exceeded those of the same periods in 2001, supported by a rebound after the terrorist attacks. Inquiries for cellular phone orders for 2003 have been active, although the market has not yet expanded. Production of digital cameras and LCD TVs is steadily increasing, mainly among Japanese firms. The market for various electronic automotive components continues to expand.

Sales in the fourth quarter 2002 increased 5.8% YOY, to ¥8.018 billion. Sales of coils for audiovisual equipment, electronic automotive components, and other coils increased, whereas sales of coils for information processing and communication equipment remained flat due to a negative rebound after a large increase in the same quarter of the previous year. Optoelectronics and magnetics businesses also showed decreased sales. Operating income decreased 20% to ¥433 million YOY due to a decline in the profitability of the coil business. This decrease is attributable to an increase in the workforce in Sumida's China factory and increased repair costs, despite reduced operating losses in the magnetics business and efforts to cut costs in raw materials (mainly for standard coils). Other income showed improvement due to a lack of foreign exchange loss incurred by applicable foreign exchange forward contracts. Accordingly, operating earnings before taxes was ¥398 million, up 11.8% YOY. A restructuring cost of ¥332 million associated with the magnetics business was booked as an extraordinary loss, and we eventually arrived at a net loss figure of ¥194 million.

Overview of Consolidated Financial Results for the Period of January-December 2002

Demand for electronic components recovered significantly throughout the year due to active production on the part of equipment manufacturers, reflecting progress in inventory adjustment over the course of a year. Although there was some concern that another production adjustment was about to begin, a high level of production has continued overall.

Production of audiovisual equipment increased from the first quarter, supported by effects of the 2002 FIFA World Cup. Active production of LCD TVs then continued, accelerating even further after the second quarter. Production of personal computers showed expansion from the beginning of the year for PC manufacturers in general, although production levels appeared to flatten in the second quarter. However, production heated up once again in the third and fourth quarters.

Production of cellular phones fluctuated, alternating from low levels to recovery levels. In the automotive area, demand for electronic automotive components has been expanding in accordance with the increased use of ABS systems, air bags, keyless entry systems, and car-navigation systems attributable to greater new-car sales in the US. Regarding optoelectronics components, demand for DVD optical pickups and lens holders increased significantly due to increased shipments of DVD players.

Given this market situation, the Sumida Group undertook business initiatives in a broader range of businesses, in order to build up a solid corporate structure to cope with the changing business environment. As for electronic automotive components, efforts were focused on new-customer development for ABS coils, and also on new-product development (such as keyless entry systems and immobilizers), also with a focus on increasing market share of ABS coils for existing customers. In terms of coils for information processing and communication equipment, new inverter units and power inductors were introduced to the rapidly expanding Taiwanese market. At the same time, a base in Suzhou, China, was established for the manufacture and sale of inverter units.

Regarding sales in FY2002 (from January through December), the magnetics business showed a continued decrease in sales of components (such as reed relays and gas discharge tubes) due to the sluggish US economy. Sales of other coils also decreased due to a production adjustment of air conditioners in China. However, electronic automotive components such as ABS systems, car-navigation systems, keyless entry systems, EPS (electronic power steering) and coils for immobilizers showed increased sales. The optoelectronics business, centering on DVD optical pickups, also displayed good performance. Sales of coils for information processing and communication equipment expanded due to increasing demand in Taiwan for inverters and power inductors. Sales of coils for audiovisual equipment have shown some strength in recovery, centering on LCD TVs. All of these factors contributed to a 10.3% increase in sales, amounting to ¥34.796 billion YOY.

Operating income was ¥2.171 billion, up 95.2% YOY, although revenue from the magnetics business remained negative due to reduced sales. The contributing factors to increased operating income included a reduction in the cost of raw materials (focusing on standard coils), efforts to improve production efficiency, a gradual decrease in depreciation costs in the China factory by controlling new investment in plant equipment, and a reduction of advertising costs and other expenses, in addition to an increase in income from the coil and optoelectronics businesses. Ordinary income was ¥2.116 billion thanks to improvement in other income and loss items. No foreign exchange loss was booked, thanks to foreign exchange forward contracts. No goodwill amortization was booked, as it had been in the previous year. Net earnings this year stood at ¥1.118 billion despite an extraordinary loss of ¥332 million due to restructuring of the magnetics business.

Sales by Product Category

(Million yen, %)

Category \ Period		4th Quarter 2002	% Of total	2001	% Of total	% Change	12-month period (Jan. - Dec.) 2002	% Of total	2001	% Of total	% Change
Coil Business	AV Coils	489	6.1	402	5.3	21.6	2,010	5.8	1,734	5.4	15.9
	IT Communications Coils	3,202	39.9	3,341	44.1	(4.2)	14,132	40.6	12,883	40.8	9.7
	Other Coils	458	5.7	389	5.1	17.7	1,795	5.1	2,205	7.0	(18.6)
	Automotive	1,800	22.5	1,178	15.6	52.8	6,777	19.5	5,244	16.6	29.2
	TOTAL	5,949	74.2	5,310	70.1	12.0	24,714	71.0	22,066	69.9	12.0
Optoelectronics		904	11.3	995	13.1	(9.1)	4,765	13.7	3,777	12.0	26.2
Magnetics		1,165	14.5	1,277	16.8	(8.8)	5,317	15.3	5,715	18.1	(7.0)
TOTAL		8,018	100.0	7,582	100.0	5.8	34,796	100.0	31,558	100.0	10.3

Product Segment Information

(Million yen,%)

Segment \ Period/Category	Jan. - Dec. 2002 Net Sales	Operating Income	Ratio	Jan. -Dec 2001 Net Sales	Operating Income	Ratio
Coil Business	24,714	2,793	11.3	22,066	2,273	10.3
Optoelectronics	4,765	288	6.0	3,777	61	1.6
Magnetics	5,317	(910)	(17.1)	5,715	(1,222)	(21.4)
TOTAL	34,796	2,171	6.2	31,558	1,112	3.5

Sales by Product Region

(Million yen, %)

Region \ Period	4th Quarter 2002	% Of Total	2001	% Of Total	Change %	12 months (Jan. - Dec.) 2002	% Of Total	2001	% Of Total	Change %
Japan	2,137	26.7	2,092	27.6	2.2	8,816	25.3	8,161	25.9	8.0
HK/China	1,319	16.5	1,264	16.7	4.4	6,124	17.6	5,434	17.2	12.7
ASEAN	482	6.0	557	7.3	(13.5)	2,290	6.6	2,438	7.7	(6.1)
Taiwan/Korea	1,584	19.7	1,697	22.4	(6.7)	6,836	19.6	5,146	16.3	32.8
NAFTA	1,193	14.9	943	12.4	26.5	5,064	14.6	4,938	15.7	2.6
EU	1,303	16.2	1,029	13.6	26.6	5,666	16.3	5,441	17.2	4.1
TOTAL	8,018	100.0	7,582	100.0	5.8	34,796	100.0	31,558	100.0	10.3

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 December 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

Coil business sales reached ¥24.714 billion, up 12.0% YOY (up 7.3% on a local-currency basis) due to strong sales of electronic components for vehicles, coils for audiovisual equipment, and coils for information processing and communication equipment, although sales of other coils decreased.

Operating income was ¥2.793 billion, up 22.9% from the previous year. Despite increased labor costs, repair costs, and energy and utility costs at the manufacturing level due to increased production, a reduction in the cost of raw materials (focusing on standard coils) contributed to the increase in income, as did increased sales of inverter units, ABS coils, and standard coils and improvements in production efficiency. Reduction of depreciation costs in the China factory (by controlling new investment in plant equipment and reducing advertising costs and other expenses) and of other costs also contributed to the increase in operating income.

a) Coils for Audiovisual Equipment

Coil sales were at ¥2.01 billion, up 15.9% (up 11.1% on a local-currency basis) from the previous year.

By region, sales in Japan reached ¥996 million, up 20.6% YOY due to steadily increased sales of radios, DVDs, and audio equipment, in addition to doubled sales of coils for LCD TVs. Overseas, Hong Kong and China showed sales of ¥597 million, up 32.7% YOY, due to expanded sales of radios and tape recorders and greater sales to general distributors. ASEAN countries showed sales of ¥417 million, down 9.0% YOY due to continued production adjustments of manufacturers of television sets and other audiovisual devices.

b) Coils for Information Processing and Communication Equipment

Sales of coils for information processing and communication equipment rose by 9.7% YOY (5.1% on a local-currency basis) to ¥14.132 billion.

A breakdown of sales by product shows that sales of coils for cellular phones showed a decrease of 5.5% YOY, reaching ¥224 million. However, sales of coils for digital cameras increased by 19.3% YOY, to ¥802 million, sales of coils for other types of communications and information processing equipment increased by 8.6% YOY, to total ¥3.664 billion, and sales of inverter units increased by 27.6% YOY, reaching ¥4.022 billion. Sales of coils and transformers for PCs, personal digital assistants (PDAs) and PC peripheral devices decreased to ¥5.42 billion, down 0.5% YOY.

By region, sales in Japan decreased by 7.3% YOY, to ¥3.792 billion, sales in the US were

¥798 million, down 13.2% YOY; and ASEAN sales totaled ¥1.214 billion, down 16.7% YOY. On the other hand, Taiwan showed sales of ¥5.939 billion, up by 42.1% YOY, due to significant expansion of sales of power inductors and inverter units. Hong Kong and China also showed increased sales, reaching ¥2.389 billion, up 6.9% YOY.

c) Other Coils

Sales of other coils fell by 18.6% YOY (22.6% on a local-currency basis), to ¥1.795 billion. Sales of coils for water heaters and 4V coils for hot water suppliers and heating/cooling switchover systems remained weak, although sales of coils for FA equipment recovered in the latter half of the year, exceeding the sales level of the previous year.

d) Automotive Components

Sales of electronic automotive components increased by 29.2% YOY (23.8% on a local-currency basis). ABS coils showed stable growth, with sales of ¥3.961 billion, up 31.1% YOY. Production volume reached 75.177 million units in 2002, following 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.

EPS (electronic power steering) saw expanded sales totaling ¥135 million, up 28.6% YOY. Other electronic automotive components (such as car audio equipment, navigation systems, and keyless entry systems) showed sales of ¥2.349 billion, up 37.5% YOY. Sales of transformers for HID (high intensity discharge) lamps were ¥332 million, a decrease of 18.8% YOY.

2. Optoelectronics Business

Sales of optoelectronic parts increased by 26.2% YOY (20.9% on a local-currency basis), to ¥4.765 billion.

Sales of optical pickups for DVDs showed a steep increase to ¥778 million, up 120.4% YOY, and total sales of CD-ROMs reached ¥2.761 billion, up 29.0% YOY. Other optoelectronics components showed a decrease in sales of ¥1.226 billion, down 4.5% YOY. Operating income was ¥288 million, 4.7 times higher than the previous year. Despite increased labor costs due to increased production and higher manufacturing costs (including transportation costs), increased sales and improved manufacturing processes for DVD lens holders greatly contributed to the increase in operating income.

3. Magnetics Business

Sales in the magnetics business were ¥5.317 billion, down 7.0% YOY (10.9% on a local-currency basis). Despite the sluggish US economy, magnetics showed relatively steady sales. However, sales of components such as reed relays significantly decreased due to a difficult telecommunications-equipment market. An operating loss of ¥910 million was booked due to decreased sales despite strenuous efforts to cut the costs of raw materials, labor, and transportation.

The Future Management Environment and Business Development Policy

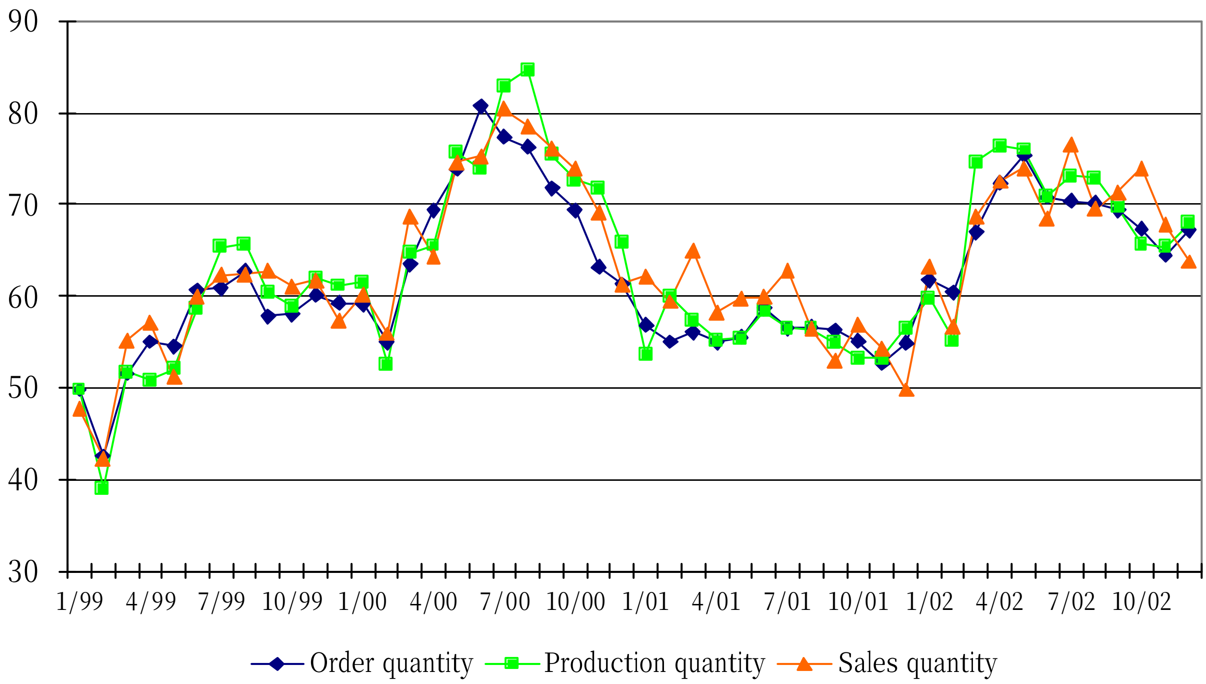
Caution Concerning Forward-Looking Statements: This document includes certain forward-looking statements. These statements are based on management's expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in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

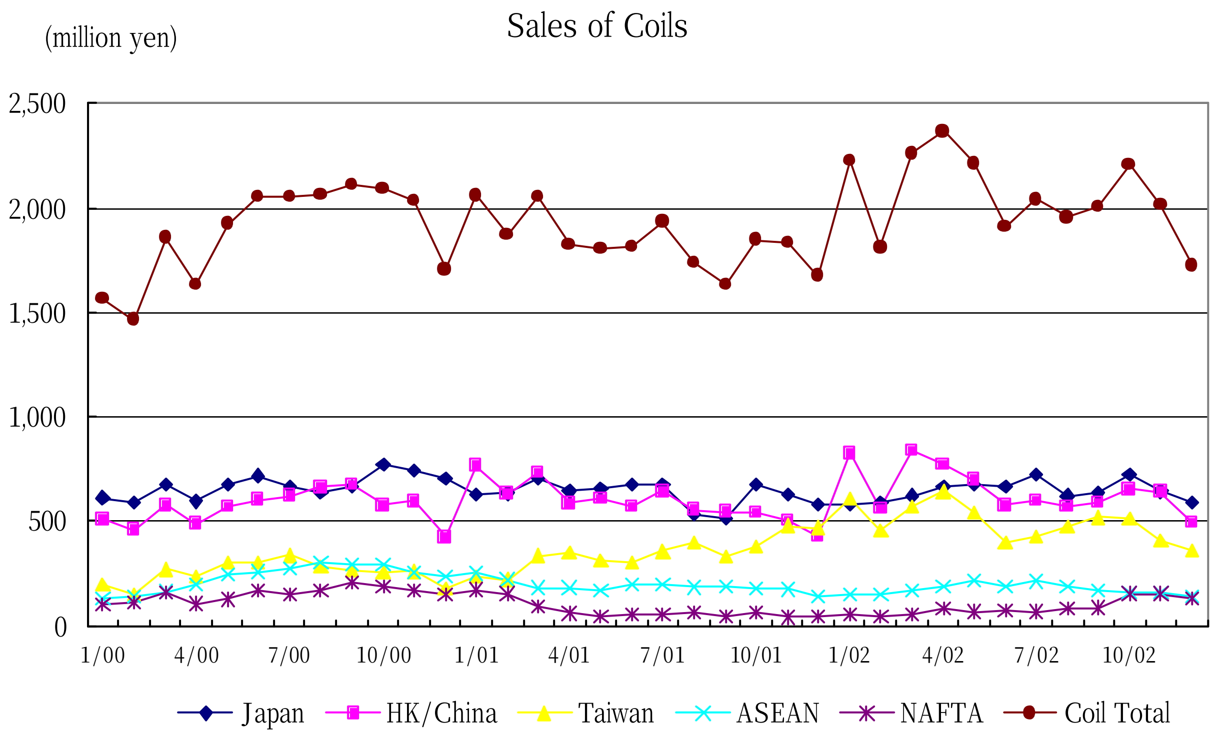
1. Coil Business

   Monthly orders (amount delivered in a given month) for Sumida Group coils remained at high levels, with slight decreases relative to previous months. Order numbers reached 70 million units in April 2002 (after 19 months of low sales), and peaked for the year at 75.307 million coils in May (up 4.0% from the previous month, and 35.5% over the figure for the same month of the previous year). November volume stood at less than 65 million, at 64,426 coils (down 4.3% from the previous month, but up 22.5% from the same month of the previous year). However, it climbed again in December to 67.160 million coils (up 4.2% from the previous month, and up 22.3% from the same month of the previous year), approaching the 70 million levels. November and December orders are normally slow each year due to the Christmas and New Year holiday season, when equipment manufacturers tend to hold off on placing orders for parts and components. However, 2002 ended with strong orders. Performance continues to be solid in January 2003, with orders of approximately 67 million coils as of January 24 (down 0.2% from the previous month, but up 8.6% from the same month of the previous year), representing a relatively high level for this month.

(million units)

Order, Production and Sales Quantities

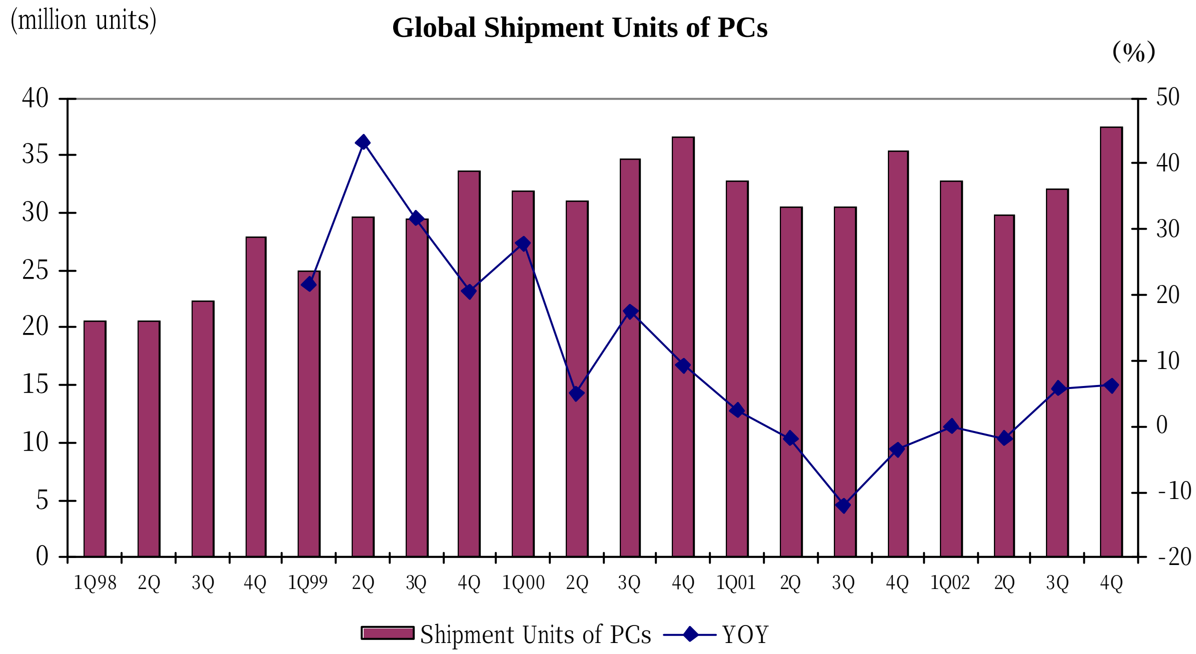




Monthly sales volume marked a record high of ¥2.363 billion in April 2002. The following months showed sales volumes of ¥2 billion each month. A look at the monthly sales quantities for coils during this period by region indicates that ASEAN sales remained at low levels due to production adjustments for television sets and personal computers. The NAFTA region also showed low sales for standard coils. However, sales then picked up due to ABS coil shipments to new customers. Sales in Japan were rather stable, at approximately ¥660 million. Hong Kong and China sales fluctuated from month to month in the first half of 2002 due to variations in shipments of ABS coils to major customers. However, in the latter half of the year, sales in the area remained around ¥590 million. Taiwanese sales decreased in May and June relative to the previous months, but then increased in July.

December coil sales were down relative to the previous month. This was due to the suspension of orders for ABS coils before the Christmas holidays against a backdrop of an unstable international situation, and also due to some confusion in the procurement of electronic components due to our shifting of sales of inverter units for LCD monitors in Taiwan to OEM personal-computer suppliers (who assemble panels using these units), from sales to panel fabricators. Therefore we were not able to achieve the projected sales of ¥6.329 billion but instead posted sales of ¥5.949 billion in the fourth quarter of 2002. It appears that the situation returned to normal in January in terms of ABS coil sales and the procurement market in Taiwan.

It is expected that uncertainties in global business environment will continue to affect the coil business of the Sumida Group.



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

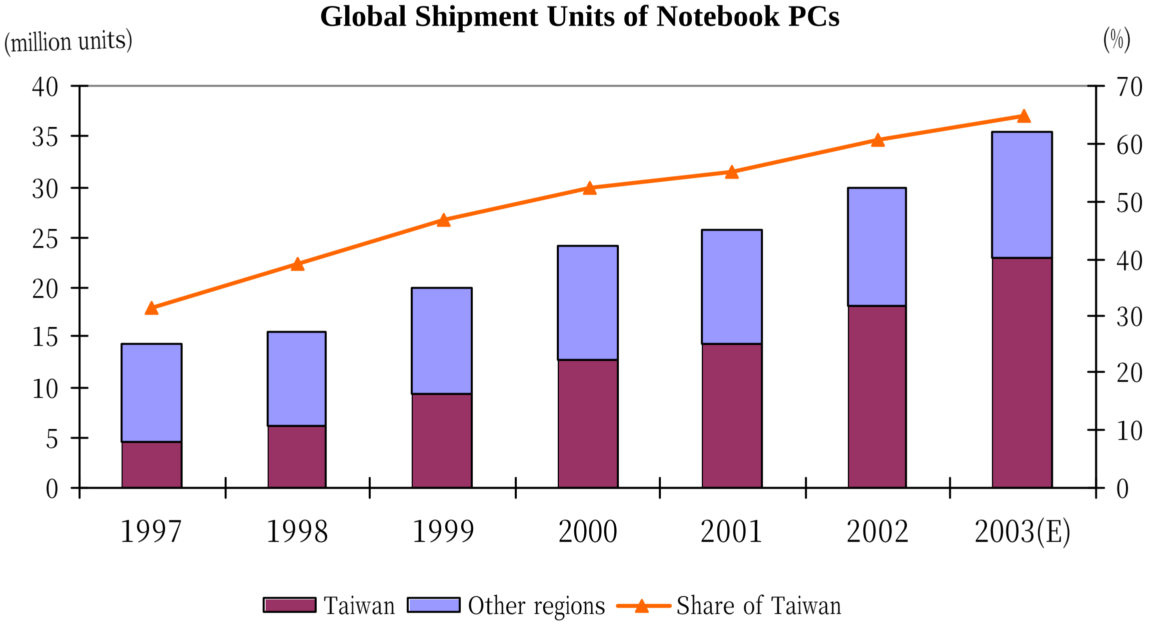
The number of PCs shipped worldwide in the first quarter 2002 reached 32.7 million units, equivalent to shipments for the same period of the previous year. Shipments in the second quarter decreased to 29.9 million units, down 1.8% YOY. However, sales in the third quarter and fourth quarters reached 32.2 million units, up 5.8% YOY, and 37.5 million units, up 6.2% YOY, respectively, representing two consecutive quarters of sales gains. These relative increases may be attributed to the terrorist attacks that occurred in the same period last year. Signals are mixed in terms of future sales. However, it is believed that the worst has passed and that this upward trend will continue.

Shipments of notebooks were greater than expected in the first quarter of 2002, and shipments for the year will reach approximately 30 million units, up 16.4% YOY. For 2003, shipments are projected at roughly 35.5 million units, up 18.5%.

Global production of digital cameras appears to have expanded to 26.5 million units, up 51.4% YOY. Japanese firms have all presented rather bullish production projections for 2003; in light of this, 33 million units are projected, up 24.5% YOY.

Shipments of cellular phones in 2002 appear to have shown a slight increase, to 396 million units worldwide, up 2.1% YOY. In 2003, a shipment of 434 million (a 9.6% increase over 2002) can be foreseen due to a steady increase in sales in China and evolving new demand in some areas of the US. In terms of LCD TVs, we may expect shipments of 2.1 million units in 2003, up 69.4% from the 1.24 million units shipped in 2002, thanks to increased production volume and new participation in the industry by Korean and Taiwanese firms, in addition to traditional Japanese customers.

Global Shipment Units of Notebook PCs



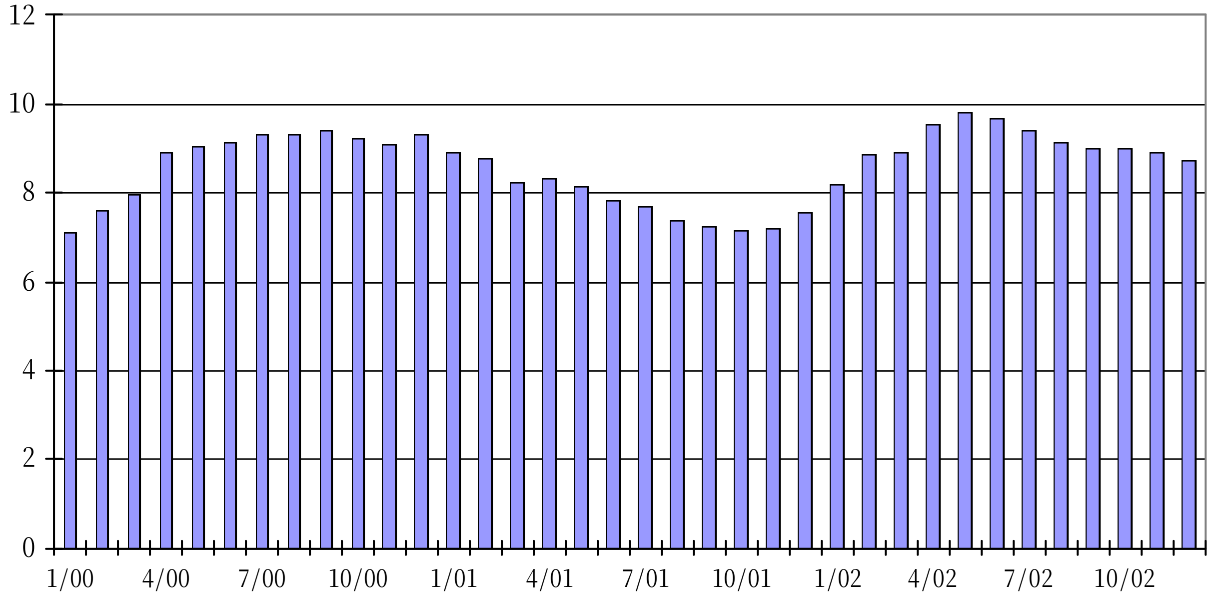
(Source: Created by Sumida Corporation based on materials published by MIC)

Given these circumstances, the Sumida Group will continue to work to establish a corporate structure insulated from the marketplace environment. In the coil business segment, Sumida established a base in Suzhou, China in FY2002 to manufacture and sell inverter units. Stable sales in 2003 are expected in the Chinese market. Also, in 2003 wire wound coils for color LCD-type mobile phones will begin to be produced. To date, wire wound coils have not frequently been used in traditional mobile phone bodies, but instead have been deployed mainly in accessory battery chargers. In the electronic automotive components field, production was accelerated beginning in September based on new customer certification of our factory for ABS coils. Production for another new customer also began in October. ABS coil deliveries for these new customers will contribute to business performance in the next fiscal period. For components other than ABS coils, passive entry systems have become popular both in small cars and in luxury models and thus an increase in shipments of coils for keyless entry systems is foreseeable. Use of immobilizers for car security began in Europe and has now become popular in the US and Japan. This represents a promising avenue of business.

Cost-reduction initiatives have continued at the manufacturing sites for our coil business. A decrease in the purchase price of raw materials at the Pan Yu factory in China resulted in a 3.3% cost reduction in the first quarter 2002, a reduction of 5.2% in the second quarter, 6.3% in the third quarter, and 9.7% in the fourth quarter, leading to a 6.2% reduction for the year and, overall, to stable and successful results. The Taiping factory showed similar trends in cost reduction. Specifically, the material cost of synthetic resin, ferrite core, and wires reflected decreased raw-material purchase prices. For this reason, the ratio of material costs to sales for standard coils decreased significantly. Decreased purchase prices were especially marked in the fourth quarter for ferrite core and wires. These decreases are anticipated to contribute to business performance in 2003. In this context we intend to further accelerate negotiations with suppliers, and will continue to enhance our manufacturing technologies in order to achieve even greater cost reductions in the coil business.

(1000 jobs)

Number of Workers in the Coil Business



Factory expenses increased due to a larger workforce at the manufacturing sites of the coil business, in response to increased demand in the first half of 2002 (despite limited new investment in plant equipment). The number of workers in the coil business peaked in the third quarter of 2000, at 9,349 (three-month average) in response to increased demand. Specifically, the number of workers decreased to 7,307 in the fourth quarter 2001 due to cost reductions throughout the entire group in 2001. In the first quarter of 2002, the number of workers rose to 8,660, an increase of 18.5% from the previous quarter, in accordance with recovery in demand. After that, in the second quarter, the number of workers climbed to 9,681, exceeding the previous peak and up 11.8% from the previous quarter. This number decreased in the following third and fourth quarters, to 9,178 (down 5.2%) and 8,880 (down 3.2%), both relative to the previous quarter. However, the number of workers in the fourth quarter remained at a high level, up 21.5% from the same period the previous year. This was due to greater requests for coils despite the year-end timing, and additionally due to the absence of a weaker business forecast for the beginning of the following year.

In the fourth quarter, plant facility repairs were implemented (which had been suspended for some time) mainly at the Pan Yu factory. Further, the most productive employees were rewarded with temporary raises. Due to a greater number of workers at manufacturing sites, extraordinary expenses (such as repair costs), and lower-than-expected sales, coil-business earnings decreased.

For future operations, a relatively steady intake of orders is expected and thus sufficient production capacity will be maintained. Further reductions of expenses in manufacturing, sales, and general administration will also be tackled.

2. Optoelectronics Business

Orders for CD optical pickups were on hold in the latter half of 2002 due to production adjustments for PC applications. However, orders are expected to gradually pick up, in line with increasing production of DC. Orders for DVD optical pickups in the fourth quarter 2002 decreased due to seasonal fluctuations, however, recovery is anticipated in and after the second quarter of 2003.

As for lens holders for optical pickups, proprietary coil-winding machines developed by the Sumida Group are being used in production. Through this technique, Sumida has earned a strong reputation in the optoelectronics industry, which has enabled the firm to maintain the leading position in lens holder sales in the external market excluding units reserved for use in our own production applications. Sumida is now heavily promoting sales of lens holders, to new customers as well as to existing ones, and undoubtedly expects to see results in 2003.

The Sumida Group has taken great efforts to improve manufacturing processes for DVD optical pickups and lens holders for DVD optical pickups and was therefore able to achieve a significant increase in yield, which contributed greatly to the earnings of our optoelectronics business. Measures to increase production efficiency will continue.

3. Magnetics business

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

A significant emphasis has been placed on establishing more effective transportation routing as well as on enhancing manufacturing techniques in magnetics; issues that were the source of the negative performance in the magnetics business beginning the year before last. As orders from new customers steadily increased, Sumida faces the challenges of reducing the cost of transportation of raw materials and of improving production lines for new products. We were successful in reducing material transportation costs and in restructuring the business by rationalizing production, such that gross profit on sales was in the black in the second quarter of 2002. Starting from this point, we were able to stabilize positive gross profit on sales from the third quarter onward. We will work to achieve positive operating income next year by accelerating restructuring measures, including the elimination of non-profitable products.

On the other hand, components and switches are vulnerable to competition from the US telecommunications industry and also to the trend in investment in plant equipment by companies. Due to the slow American economy, sales continued to decline in the first half of 2002. However, sales began to recover beginning in the third quarter, and continued to increase through the fourth quarter. Next year we will strengthen our sales force in Asia and Europe, and will work to improve revenue by controlling our fixed cost ratio.

Prospects of Performance for the First Quarter 2003

The Sumida Group announces its performance forecast by compiling reports submitted by all of the divisions for the following quarter. We must acknowledge the difficulties and risks of projecting an entire year's business performance at the beginning of the year; such a forecast is undoubtedly subject to the unstable and changing economic environment. Therefore, it is our basic policy to disclose projections for the following quarter only, placing our first priority on providing appropriate business information to investors. Our performance estimates for the first quarter 2003 are as follows.

	Estimate Performance of 1st quarter 2003 (January 1, 2003-March 31, 2003)	Actual performance of 1st quarter 2002 (January 1, 2002-March 31, 2002)
Net sales	8,400 million yen	8,955 million yen
Income before income taxes	590 million yen	514 million yen
Net profit	400 million yen	382 million yen

(Based foreign exchange rate: $1=¥120)

We anticipate an increase in domestic sales in the first quarter of 2003 relative to the same period last year. We also anticipate the same level of overseas sales on a local-currency basis. We will use the averaged foreign exchange conversion rate of ¥120 per dollar, representing an appreciation of the yen of ¥10.72 per dollar (relative to ¥130.72, applied in the same period last year). Therefore, sales translated in yen will decrease. We anticipate an increase in ordinary income, driven by improved performance of the magnetics business and by various initiatives in cost reduction.

Consolidated Balance Sheet

(Unit: thousand yen)

	4Q 2002	%	4Q 2001	%	Mid-term End 2002	%
ASSETS						
I Current Assets						
1.Cash & Cash Equivalents	4,789,274		5,349,268		4,295,410	
2.Trade Receivables	6,440,099		6,325,910		7,308,652	
3.Inventories	3,645,101		3,821,519		4,074,388	
4.Others	1,239,564		1,235,438		1,086,398	
5.Allowance for Doubtful Accounts	(41,238)		(63,421)		(65,739)	
Total Current Assets	16,072,800	52.4	16,668,723	51.5	16,699,109	52.9
II Non-Current Assets						
(1) Tangible Fixed Assets						
1.Buildings	6,302,920		6,643,163		6,318,311	
2.Machinery & Equipment	10,413,262		10,549,409		10,199,701	
3.Furniture & Fixture	3,144,559		3,328,409		3,113,372	
4.Land	1,255,183		1,259,545		1,256,903	
5.Construction in Progress	335,307		147,145		250,708	
6.Accumulated Depreciation	(10,307,893)		(9,349,035)		(9,540,876)	
Total Non-Current Assets	11,143,338	36.3	12,578,636	38.9	11,598,119	36.7
(2) Intangible Fixed Assets						
1.Land Lease Rights	582,306-		649,483		587,587	
2.Consolidated adjustment account	---		41,153		---	
3.Other	181,340		102,037		194,007	
Total Intangible Assets	763,646	2.5	792,673	2.5	781,594	2.5
(3) Investments & Other Assets						
1.Investments in Securities	143,770		333,450		143,770	
2.Other	2,542,925		1,966,527		2,542,925	
Total Investments & Other Assets	2,686,695	8.8	2,299,977	7.1	2,686,695	7.9
Total Fixed Assets	14,593,679	47.6	15,671,286	48.5	14,593,679	47.1
TOTAL ASSETS	30,666,479	100.0	32,340,009	100.0	30,666,479	100.0

Continued over

Consolidated Balance Sheet as at December 2002 (Continued)

LIABILITIES						
I Current Liabilities						
1.Accounts Payable	2,365,892		2,325,131		2,824,631	
2.Short-term loans	5,129,741		5,153,758		5,136,840	
3.Other Current Liabilities	2,466,875		2,626,217		2,691,817	
Total Current Liabilities	9,962,508	32.5	10,105,106	31.3	10,653,288	33.8
II Non-current liabilities						
1.Long-term loans	1,324,616		2,377,424		1,848,020	
2.Deferred tax liability	204,001		274,501		215,271	
3.Other Non-current liabilities	261,477		37,085		29,485	
Total Non-current liabilities	1,790,094	5.8	2,689,010	8.3	2,092,776	6.6
TOTAL LIABILITIES	11,752,602	38.3	12,794,116	39.6	12,746,064	40.4
(Minority Interests)						
Minority Shareholders Interests	3,726	0.0	11,517	0.0	11,907	0.0
SHAREHOLDER'S EQUITY						
I Capital Stock	5,527,181	18.0	5,375,711	16.6	5,497,091	17.4
II Legal reserves	5,325,272	17.4	5,169,258	16.0	5,294,280	16.8
III Consolidated retained earnings	9,198,400	30.0	8,347,551	25.8	9,098,453	28.8
IV Unrealized Gains/Losses on Securities at Market Valuation	28,360	0.1	100,523	0.3	42,404	0.1
V Cumulative Translation Adjustments	(1,164,091)	(3.8)	541,874	1.7	(1,116,712)	(3.5)
VI Treasury Stock	(4,971)	(0.0)	(541)	(0.0)	(2,896)	(0.0)
TOTAL SHAREHOLDER'S EQUITY	18,910,151	61.7	19,534,376	61.7	18,812,620	59.6
TOTAL LIABILITIES & SHRHLR'S EQUITY	30,666,479	100.0	32,340,009	100.0	31,570,591	100.0

Consolidated Statement of Income

(unit : million yen)

	4Q				12-Months Period (Jan. - Dec.)			
	2002		2001		2002		2001	
	Amount	% Of Sales	Amount	% Of Sales	Amount	% Of Sales	Amount	% Of Sales
Ⅰ Net sales	8,017,898	100.0	7,582,409	100.0	34,795,667	100.0	31,558,398	100.0
Ⅱ Cost of sales	6,063,582	75.6	5,639,462	74.4	26,299,587	75.6	24,123,564	76.4
Gross profit	1,954,316	24.4	1,942,947	25.6	8,496,080	24.4	7,434,834	23.6
Ⅲ Sales & general administrative expense	1,520,846	19.0	1,401,559	18.5	6,325,143	18.2	6,322,920	20.1
Operating Income	433,470	5.4	541,388	7.1	2,170,937	6.2	1,111,914	3.5
Ⅳ Non-operating income (expenses)								
Interest & dividends received	10,614		17,687		53,899		105,707	
Interest cost & discount expense	20,530		21,701		86,058		115,390	
Exchange gains (loss)	17,428		(150,978)		10,852		(605,453)	
Amortization of goodwill	---		8,280		---		327,800	
Other non-operating income (Expenses)	(42,710)		(21,793)		(33,951)		(86,874)	
Non-operating income (expenses)	(35,198)	(0.4)	(185,065)	(2.4)	(55,258)	(0.1)	(1,029,810)	(3.2)
Income before income taxes	398,272	5.0	356,323	4.7	2,115,679	6.1	82,104	0.3
Ⅵ Extraordinary profit (losses)								
Income on disposal of fixed assets	(3)		327,244		153		361,601	
Loss from retirement of fixed assets	63,646		14,362		104,985		102,648	
Structural reorganization expenses	332,037		590,826		332,037		1,934,693	
Director's retirement allowance	---		---		---		91,641	
Other extraordinary profit (losses)	4,231		(92,855)		(26,304)		(94,104)	
Extraordinary profit (losses)	(391,455)	(4.9)	(370,799)	(4.9)	(463,173)	(1.3)	(1,861,485)	(5.9)
Income before provisions for taxes on income	6,817	0.1	(14,476)	(0.2)	1,652,506)	4.8	(1,779,381)	(5.6)
Income taxes	201,296	2.5	(853,078)	(11.3)	534,941	1.6	(742,317)	(2.3)
Net income	(194,479)	(2.4)	838,602	11.1	1,117,565	3.2	(1,037,064)	(3.3)

Consolidated Cash Flow Statement

(Unit: thousand yen)

	4th Quarter		12-Months Period (Jan. - Dec.)	
	2002	2001	2002	2001
Ⅰ. Cash Flows from Operating Activities				
Net Income	(194,479)	838,602	1,117,565	(1,037,064)
Depreciation expense	556,743	(594,834)	2,120,455	2,434,581
Loss on Disposal of Fixed Assets	63,646	14,362	104,985	102,648
Change in Accounts Receivable	256,636	427,088	(481,056)	1,089,124
Change in Inventory	233,610	(45,455)	(160,932)	990,585
Change in Accounts Payable	(414,984)	378,231	275,144	(742,497)
Other	216,684	(379,430)	(268,860)	(1,091,581)
Cash Flows from Operating Activities	717,856	638,564	2,707,301	1,745,796
Ⅱ. Cash Flows from Investing Activities				
Acquisition of Tangible Fixed Assets	(305,762)	722,231	(1,455,133)	(1,043,613)
Disposal of Tangible Fixed Assets	3,966	333,816	6,955	403,170
Other	(135,135)	(1,003,790)	(175,911)	(1,003,790)
Cash Flows from Investing Activities	(436,931)	52,257	(1,624,089)	(1,644,233)
Ⅲ. Cash Flows from Financing Activities				
Change in Short-term Borrowings	(121,859)	(1,173,433)	(16,979)	(448,643)
Change in Long-term Borrowing	(258,702)	1,063,632	(1,052,808)	484,532
Cash Dividends Paid	---	---	(266,716)	(253,467)
Income from issue of shares	5,100	---	302,940	---
Other	(4,430)	11,862	(4,430)	11,862
Cash Flows from Financing Activities	(379,891)	(97,939)	(1,037,993)	(205,716)
Ⅳ. Effect of exchange rate changes on cash on cash and cash equivalents	(192,464)	462,474	(605,213)	560,784
Ⅴ. Net Increase (Decrease) in cash and cash equivalents	(291,430)	1,055,356	(559,994)	456,631
Ⅵ. Cash and cash equivalents at the beginning of the period	5,080,704	4,293,912	5,349,268	4,892,637
Ⅶ. Cash and cash equivalents at the end on the period	4,789,274	5,349,268	4,789,274	5,349,268