

Consolidated Financial Statements (Unaudited)

**SUMIDA CORPORATION
and Consolidated Subsidiaries**

Half Years ended June 30, 2003 and 2004

SUMIDA CORPORATION and Consolidated Subsidiaries

Consolidated Financial Statements (Unaudited)

Half Years ended June 30, 2003 and 2004

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SUMIDA CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

June, 2003 and 2004

	June 30,		
	2003	2004	2004
	<i>(Millions of yen)</i>		<i>(Thousands of U.S.dollars)</i>
			<i>(Note 2)</i>
Assets			
Current assets:			
Cash and cash equivalents	¥4,044	¥4,355	\$40,324
Trade receivables:			
Notes	605	834	7,722
Accounts	5,837	7,238	67,019
Allowance for doubtful accounts	(21)	(18)	(167)
	<u>6,421</u>	<u>8,054</u>	<u>74,574</u>
Inventories (Note 3)	3,135	3,894	36,056
Deferred income taxes	749	905	8,380
Prepaid expenses and other current assets	770	548	5,074
Total current assets	<u>15,119</u>	<u>17,756</u>	<u>164,408</u>
Property, plant and equipment: (Note 4)			
Land	1,256	1,253	11,602
Buildings	6,303	6,283	58,176
Machinery and equipment	9,583	9,541	88,343
Furniture and fixtures	2,854	2,768	25,630
Construction in progress	213	196	1,815
	<u>20,209</u>	<u>20,041</u>	<u>185,566</u>
Accumulated depreciation	(9,954)	(10,306)	(95,426)
Property, plant and equipment, net	<u>10,255</u>	<u>9,735</u>	<u>90,140</u>
Investment and other assets:			
Intangible assets	740	666	6,167
Investment in securities (Note 9)	321	237	2,194
Investment in affiliate	638	681	6,306
Deferred income taxes	2,057	2,347	21,731
Other assets	371	337	3,120
Total investment and other assets	<u>4,127</u>	<u>4,268</u>	<u>39,518</u>
Total assets	<u>¥29,501</u>	<u>¥31,759</u>	<u>\$294,066</u>

SUMIDA CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

June 30, 2003 and 2004

	June 30,		
	2003 <i>(Millions of yen)</i>	2004	2004 <i>(Thousands of U.S.dollars)</i> <i>(Note 2)</i>
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank borrowings <i>(Note 4)</i>	¥4,720	¥3,150	\$29,167
Current portion of long-term debt <i>(Note 4)</i>	877	866	8,019
Trade payables:			
Notes	420	7	65
Accounts	1,776	2,997	27,750
	2,196	3,004	27,815
Income taxes payable	341	201	1,861
Deferred income taxes	182	254	2,352
Accrued expenses and other current liabilities	1,390	1,423	13,176
Total current liabilities	9,706	8,898	82,390
Long-term liabilities:			
Long-term debt <i>(Note 4)</i>	971	1,858	17,204
Deferred income taxes	224	203	1,880
Others	218	134	1,240
Total long term liabilities	1,413	2,195	20,324
Total liabilities	11,119	11,093	102,714
Shareholders' equity <i>(Note 5)</i> :			
Common stock:			
Authorized-35,000,000 shares in 2003 and 2004			
Issued-2003-14,773,555 shares	5,532	-	-
2004-15,845,276 shares	-	6,574	60,870
Additional paid-in capital	5,331	6,386	59,130
Retained earnings	8,603	10,197	94,417
Net unrealized holding gain on securities	58	99	917
Translation adjustments	(1,124)	(2,564)	(23,741)
	18,400	20,692	191,593
Treasury stock, at cost:			
2003-7,091 shares	(18)	-	-
2004-9,698 shares	-	(26)	(241)
Total shareholders' equity	18,382	20,666	191,352
Total liabilities and shareholders' equity	¥29,501	¥31,759	\$294,066

See accompanying notes to consolidated financial statements.

SUMIDA CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Income (Unaudited)

Half years ended June 30, 2003 and 2004

	Half year ended June 30,		
	2003	2004	2004
	<i>(Millions of yen)</i>		<i>(Thousands of U.S.dollars)</i>
			<i>(Note 2)</i>
Net sales	¥14,364	¥17,367	\$160,806
Cost of sales	10,515	12,505	115,787
Gross profit	3,849	4,862	45,019
Selling, general and administrative expenses <i>(Note 6)</i>	2,977	3,119	28,880
Operating income	872	1,743	16,139
Other income (expense):			
Interest and dividend income	17	14	130
Interest expense	(37)	(23)	(213)
Foreign currency exchange loss	(35)	(31)	(287)
Other, net	(1,311)	(174)	(1,611)
(Loss) income before income taxes and minority interests	(494)	1,529	14,158
Income taxes:			
Current	258	315	2,917
Deferred	(288)	94	870
	(30)	409	3,787
(Loss) income before minority interests	(464)	1,120	10,371
Minority interests	3	-	-
Net (loss) income	¥(461)	¥1,120	\$10,371

See accompanying notes to consolidated financial statements.

SUMIDA CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Shareholders' Equity (Unaudited)

Half years ended June 30, 2003 and 2004

	Number of shares	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gain (loss) on securities <i>(Millions of Yen)</i>	Translation adjustments	Treasury stock	Total
Balance as of December 31,2002	13,425,505	¥5,527	¥5,325	¥9,198	¥29	¥(1,164)	¥(5)	¥18,910
Net income				(461)				(461)
Unrealized gain on securities					29			29
Currency translation adjustments						40		40
Stock split	1,342,550							-
Warrant and stock option issuance	5,500	5	6					11
Cash dividends paid				(134)				(134)
Purchase of treasury stocks							(13)	(13)
Transfer to legal reserve								-
Balance as of June 30,2003	14,773,555	5,532	5,331	8,603	58	(1,124)	(18)	18,382
Balance as of December 31,2003	15,424,425	6,165	5,971	9,231	91	(2,626)	(23)	18,809
Net income				1,120				1,120
Unrealized gains on securities					8			8
Currency translation adjustments						62		62
Stock split								-
Warrant and stock option issuance	420,851	409	415					824
Cash dividends paid				(154)				(154)
Purchase of treasury stocks							(3)	(3)
Transfer to legal reserve								-
Balance as of June 30,2004	15,845,276	¥6,574	¥6,386	¥10,197	¥99	¥(2,564)	¥(26)	¥20,666

	Number of shares	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gain on securities <i>(Thousands of U.S.dollars)</i> <i>(Note 2)</i>	Translation adjustments	Treasury stock	Total
Balance as of December 31,2003	15,424,425	\$57,083	\$55,287	\$85,472	\$843	\$(24,315)	\$(213)	\$174,157
Net income				10,371				10,371
Unrealized gains on securities					74			74
Currency translation adjustments						574		574
Stock split								-
Warrant and stock option issuance	420,851	3,787	3,843					7,630
Cash dividends paid				(1,426)				(1,426)
Purchase of treasury stocks							(28)	(28)
Transfer to legal reserve								-
Balance as of June 30,2004	15,845,276	\$60,870	\$59,130	\$94,417	\$917	\$(23,741)	\$(241)	\$191,352

See accompanying notes to consolidated financial statements.

SUMIDA CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)

Half years ended June 30, 2003 and 2004

	Half year ended June 30,		
	2003	2004	2004
	<i>(Millions of yen)</i>	<i>(Thousands of U.S.dollars)</i>	
		<i>(Note 2)</i>	
Cash flows from operating activities			
(Loss) income before income taxes and minority interests	¥(494)	¥1,529	\$14,158
Depreciation and amortization	735	735	6,806
Interest and dividend income	(17)	(14)	(130)
Interest expense	37	23	213
Loss on disposal of subsidiaries	1,204	-	-
Other, net	(343)	123	1,138
Changes in operating assets and liabilities:			
Trade receivables	(377)	(1,118)	(10,352)
Inventories	(40)	(707)	(6,546)
Trade payables	134	428	3,963
Subtotal	839	999	9,250
Interest and investment dividend received	17	14	130
Interest paid	(37)	(24)	(222)
Income taxes paid	(618)	(210)	(1,944)
Net cash provided by operating activities	201	779	7,214
Cash flows from investing activities			
Purchases of property, plant and equipment	(673)	(696)	(6,444)
Proceeds from sales of property, plant and equipment	188	3	28
Other, net	(480)	(428)	(3,964)
Net cash used in investing activities	(965)	(1,121)	(10,380)
Cash flows from financing activities			
Increase in short-term bank borrowings	475	-	-
Repayment of long-term debt	(353)	(488)	(4,519)
Proceeds from issuance of common stock and warrants	10	812	7,519
Cash dividends paid	(134)	(154)	(1,426)
Other, net	(13)	(4)	(37)
Net cash (used in) provided by financing activities	(15)	166	1,537
Effect of exchange rate changes on cash and cash equivalents	35	48	444
Net decrease in cash and cash equivalents	(744)	(128)	(1,185)
Cash and cash equivalents at beginning of year	4,789	4,471	41,398
Increase in cash and cash equivalents on new subsidiary	-	12	111
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1)	-	-
Cash and cash equivalents at end of year	¥4,044	¥4,355	\$40,324

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2003 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

SUMIDA CORPORATION (the “Company”) and its domestic consolidated subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas consolidated subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared from the accounts prepared by the Company in accordance with the provisions set forth in the Securities and Exchange Law of Japan and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and all of significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

The difference between the cost of investments in subsidiaries and the equity in their net assets at the dates of acquisition is amortized by the straight-line method over 5 years.

(c) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and the gain or loss on each translation is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the average rates of exchange in effect during the year. Gain or loss on foreign exchange is credited or charged to income in the period in which such gain or loss is recognized for reporting purposes.

The financial statements of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of shareholders’ equity are translated at their historical exchange rates. Adjustments resulting from translating the foreign currency financial statements are not included in the determination of net income and have been reported as “translation adjustments” in shareholders’ equity in the consolidated balance sheets.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and other highly liquid investments with maturity of three months or less when purchased.

(e) Inventories

Inventories are stated principally at cost determined by average method.

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(f) Investment in securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Marketable securities classified as other securities are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are stated at cost. Cost of securities sold is determined by the moving average method.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost.

Depreciation of buildings (except for structures attached to the buildings) acquired subsequent to April 1, 1998 is calculated principally by the straight-line method over the estimated useful lives of the respective assets. Depreciation of other property, plant and equipment is computed by the declining-balance method for domestic companies and for the straight-line method for overseas subsidiaries over the useful lives of the respective assets.

The useful lives of property, plant and equipment are summarized as follows

Buildings and structures	6 to 50 years
Machinery and equipment	2 to 15 years
Furniture and fixtures	2 to 30 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

(h) Leases

Non-cancelable leases related to the Company and the domestic consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as an operating or finance lease) except those lease which stipulate the transfer of ownership of the leased assets to the lessee which are accounted for as finance leases.

(i) Research and development costs and computer software

Research and development costs are charged to income when incurred. Expenditures relating to computer software developed for internal use are charged to income as incurred unless these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their useful lives, generally a period of 5 years.

(j) Income taxes

For the year ended December 31, 2003, the Company was permitted to file consolidated tax returns in Japan. Income taxes are calculated based on taxable income and charged to income on an accrual basis. Certain temporary differences exist between taxable income and income reported for financial statement purposes which enter into the determination of taxable income in a different period. The Company has recognized the tax effect of such temporary differences in the accompanying consolidated financial statements.

(k) Derivative financial instruments

The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates. Derivative financial instruments are stated at fair value with any changes in unrealized gain or loss charged or credited

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to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

(I) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the Board of Directors held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriations.

2. U.S. DOLLAR AMOUNTS

Solely for the convenience of the reader and as a matter of arithmetic computation only, the amounts in the consolidated financial statements have been translated from Japanese yen into U.S. dollars, at the rate of ¥108=U.S.\$1, the approximate rate prevailing on June 30, 2004. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at this or any other rate.

3. INVENTORIES

Inventories as of June 30, 2003 and 2004 were summarized as follows:

	June 30,		
	2003	2004	2004
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Finished products	¥1,549	¥1,701	\$15,750
Work in process	306	442	4,093
Raw materials and supplies	1,440	1,877	17,380
Reserve for obsolete inventories	(160)	(126)	(1,167)
	¥3,135	¥3,894	\$36,056

4. SHORT-TERM BANK BORROWINGS AND LONG-TERM DEBT

Short-term bank borrowings bore interest at rates ranging, from 0.55% to 2.08% and from 0.44% to 0.60% per annum as of June 30, 2003 and 2004, respectively.

Long-term debt consisted of the followings:

	June 30,		
	2003	2004	2004
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Bank borrowings	¥1,848	¥1,524	\$14,111
Unsecured bonds	-	1,200	11,112
	1,848	2,724	25,223
Less : current portion	(877)	(866)	(8,019)
	¥971	¥1,858	\$17,204

Due of bank borrowings is in installments through 2006 and their interest rates range from 1.42% to 1.88% and from 0.46% to 1.88% per annum as of June 30, 2003 and 2004, respectively.

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Due of unsecured bonds is September 30, 2005, and its interest rate is 0.53% per annum as of June 30, 2004.

The aggregate annual maturities of long-term debt at June 30, 2004 are summarized as follows:

<u>Year ending December 31,</u>	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
2004	¥866	\$8,019
2005	1,752	16,222
2006	106	982
	<u>¥2,724</u>	<u>\$25,223</u>

Property, plant and equipment with a carrying value amounting to ¥2,260 million (\$20,926 thousand), was pledged as collateral for bank borrowings of ¥1,691 million (\$15,657 thousand) as of June 30, 2004.

5. SHAREHOLDERS' EQUITY

On November 12, 2002, the Board of Directors of the Company declared a 10% stock split of common stock, effective on February 20, 2003, for each share held of records at the close of business on December 31, 2002. As a result of the stock split, the number of shares of common stock issued increased by 1,342,550 shares. The historical weighted average number of shares and per share amounts presented in the accompanying consolidated financial statements have been adjusted to reflect the stock split.

The Commercial Code of Japan (the "Code") provides that an amount equal to at least 10% of the amounts to be disbursed as a distribution of earnings be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock account. The Code also stipulates that, to the extent that the sum of additional paid-in capital account and the legal reserve account exceed 25% of the common stock account, the amount of the excess (if any) is available for appropriations by resolution of the Board of Directors of the Company.

Retained earnings include the legal reserve provided in accordance with the provisions of the Code. The legal reserve of the Company and its consolidated subsidiaries included in retained earnings at June 30, 2003 and 2004 amounted to ¥296 million and ¥296 million (\$2,740 thousand), respectively.

6. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the half years ended June 30, 2003 and 2004 amounted to ¥ 668 million and ¥643 million (\$5,954 thousand), respectively.

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7. LEASE TRANSACTIONS

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of June 30, 2004, which would have been reflected in the consolidated balance sheet if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	June 30, 2004					
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Furniture and fixtures	¥62	¥36	¥26	\$574	\$333	\$241
	¥62	¥36	¥26	\$574	\$333	\$241

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥6 million and ¥7 million (\$65 thousand) for the half years ended June 30, 2003 and 2004, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms and the interest portion included in lease payments amounted to ¥6 million and ¥7 million (\$65 thousand) for the half years ended June 30, 2003 and 2004, respectively.

Future minimum lease payments subsequent to June 30, 2004 on finance lease accounted for as finance leases are summarized as follows:

Half Years ending June 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2004	¥11	\$102
2005 and thereafter	15	139
Total	¥26	\$241

Future minimum lease payments subsequent to June 30, 2004 for non-cancelable operating leases are as follows:

Half Years ending June 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2004	¥145	\$1,343
2005 and thereafter	333	3,083
Total	¥478	\$4,426

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8. AMOUNTS PER SHARE

	Half year ended June 30,		
	2003	2004	2004
	<i>(Yen)</i>	<i>(U.S. dollars)</i>	
Net (loss) income :			
Basic	¥(31.20)	¥71.50	\$0.66
Diluted	-	69.42	0.64
Interim cash dividends applicable to the period	¥10.00	¥15.00	\$0.14
	June 30,		
	2003	2004	2004
	<i>(Yen)</i>	<i>(U.S. dollars)</i>	
Net assets	¥1,244.83	¥1,305.03	\$12.08

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the period, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each period after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock options.

Amounts per share of net assets are computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the period end.

Cash dividends per share represent the interim cash dividends resolved by the Board of Directors as applicable to the respective periods.

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9. SECURITIES

Securities classified as other securities at June 30, 2003 and 2004 were as follows:

a) Marketable securities

June 30, 2003			
Cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
<i>(Millions of yen)</i>			
Equity securities	¥49	¥114	-
Other	2	0	-
Subtotal	51	114	-
Equity securities	40	-	¥14
Other	-	-	-
Subtotal	40	-	14
Total	¥91	¥114	¥14

June 30, 2004							
Cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)	Cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
<i>(Millions of yen)</i>				<i>(Thousands of U.S. dollars)</i>			
Equity securities	¥84	¥143	-	\$778	\$1,323	-	\$2,101
Other	2	1	-	19	9	-	28
Subtotal	86	144	-	797	1,332	-	2,129
Equity securities	8	-	1	74	-	9	65
Other	-	-	-	-	-	-	-
Subtotal	8	-	1	74	-	9	65
Total	¥94	¥144	¥1	\$871	\$1,332	\$9	\$2,194

b) Unlisted securities

June 30,		
2003	2004	2004
<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Other securities:		
Unlisted equity securities	¥130	-

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10. SUPPLEMENTARY CASH FLOW INFORMATION

For the half year ended June 30, 2003, the assets and liabilities of SRC Devices, Inc. and its four subsidiaries were excluded from consolidation due to the sale of shares.

The following summarizes the balances of the related assets and liabilities at sale:

	<i>Millions of yen</i>
Current assets	¥1,055
Non-current assets	650
Total assets	¥1,705
Current liabilities	¥1,130
Non-current liabilities	-
Total liabilities	¥1,130

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11. SEGMENT INFORMATION

a) Business segments

The business segment information for the Company and consolidated subsidiaries for the half years ended June 30, 2003 and 2004 were as follows:

Half year ended June 30, 2003						
Coil business	Optoelectronics	Electromagnetics	Total	Elimination	Consolidated	
<i>(Millions of yen)</i>						
Sales and operating income (loss)						
(1)Sales to third parties	¥12,252	¥1,351	¥761	¥14,364	-	¥14,364
(2)Inter-segment sales or transfers	-	-	-	-	-	-
Total sales	12,252	1,351	761	14,364	-	14,364
Operating expenses	10,162	1,352	960	12,474	¥1,018	13,492
Operating income (loss)	¥2,090	¥(1)	¥(199)	¥1,890	¥(1,018)	¥872

Half year ended June 30, 2004						
Coil business	Optoelectronics	Electromagnetics	Total	Elimination	Consolidated	
<i>(Millions of yen)</i>						
Sales and operating income (loss)						
(1)Sales to third parties	¥15,207	¥1,334	¥826	¥17,367	-	¥17,367
(2)Inter-segment sales or transfers	-	-	-	-	-	-
Total sales	15,207	1,334	826	17,367	-	17,367
Operating expenses	12,386	1,284	986	14,656	¥968	15,624
Operating income (loss)	¥2,821	¥50	¥(160)	¥2,711	¥(968)	¥1,743

Half year ended June 30, 2004						
Coil business	Optoelectronics	Electromagnetics	Total	Elimination	Consolidated	
<i>(Thousands of U.S. dollars)</i>						
Sales and operating income (loss)						
(1)Sales to third parties	\$140,806	\$12,352	\$7,648	\$160,806	-	\$160,806
(2)Inter-segment sales or transfers	-	-	-	-	-	-
Total sales	140,806	12,352	7,648	160,806	-	160,806
Operating expenses	114,685	11,889	9,130	135,704	\$8,963	144,667
Operating income (loss)	\$26,121	\$463	\$(1,482)	\$25,102	\$(8,963)	\$16,139

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b) Geographical areas

The geographical segment information for the Company and consolidated subsidiaries for years ended June 30, 2003 and 2004 were as follows:

		Half year ended June 30, 2003							
		Japan	Hong Kong /China	ASEAN	Taiwan	NAFTA	Total	Elimination	Consolidated
Sales and operating (loss) income		<i>(Millions of yen)</i>							
(1)Sales to third parties		¥4,206	¥4,833	¥1,038	¥2,664	¥1,623	¥14,364	-	¥14,364
(2)Inter-segment sales and transfers		837	5,154	11	138	701	6,841	¥(6,841)	-
Total sales		5,043	9,987	1,049	2,802	2,324	21,205	(6,841)	14,364
Operating expenses		5,980	8,453	1,057	2,526	2,467	20,483	(6,991)	13,492
Operating (loss) income		¥(937)	¥1,534	¥(8)	¥276	¥(143)	¥722	¥150	¥872
		Half year ended June 30, 2004							
		Japan	Hong Kong /China	ASEAN	Taiwan	NAFTA	Total	Elimination	Consolidated
Sales and operating (loss) income		<i>(Millions of yen)</i>							
(1)Sales to third parties		¥4,533	¥6,161	¥1,400	¥3,162	¥2,111	¥17,367	-	¥17,367
(2)Inter-segment sales and transfers		1,003	5,606	14	249	534	7,406	¥(7,406)	-
Total sales		5,536	11,767	1,414	3,411	2,645	24,773	(7,406)	17,367
Operating expenses		5,745	9,707	1,386	3,319	2,810	22,967	(7,343)	15,624
Operating (loss) income		¥(209)	¥2,060	¥28	¥92	¥(165)	¥1,806	¥(63)	¥1,743
		Half year ended June 30, 2004							
		Japan	Hong Kong /China	ASEAN	Taiwan	NAFTA	Total	Elimination	Consolidated
Sales and operating (loss) income		<i>(Thousands of U.S. dollars)</i>							
(1)Sales to third parties		\$41,972	\$57,046	\$12,963	\$29,279	\$19,546	\$160,806	-	\$160,806
(2)Inter-segment sales and transfers		9,287	51,907	130	2,306	4,944	68,574	\$(68,574)	-
Total sales		51,259	108,953	13,093	31,585	24,490	229,380	(68,574)	160,806
Operating expenses		53,194	89,880	12,834	30,731	26,019	212,658	(67,991)	144,667
Operating (loss) income		\$(1,935)	\$19,073	\$259	\$854	\$(1,529)	\$16,722	\$(583)	\$16,139

SUMIDA CORPORATION and Consolidated Subsidiaries

c) Overseas sales

Overseas sales, which include export sales of the Company and domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended June 30, 2003 and 2004 are summarized as follows:

Half year ended June 30, 2003						
	Hong Kong /China	ASEAN	Taiwan/Korea	NAFTA	EU	Total
	<i>(Millions of yen)</i>					
Overseas sales	¥2,453	¥1,038	¥2,844	¥1,622	¥2,201	¥10,158
Consolidated net sales						14,364
Overseas sales as a percentage of consolidated net sales	17.1%	7.2%	19.8%	11.3%	15.3%	70.7%
Half year ended June 30, 2004						
	Hong Kong /China	ASEAN	Taiwan/Korea	NAFTA	EU	Total
	<i>(Millions of yen)</i>					
Overseas sales	¥3,524	¥1,400	¥3,441	¥2,103	¥2,366	¥12,834
Consolidated net sales						17,367
Overseas sales as a percentage of consolidated net sales	20.3%	8.1%	19.8%	12.1%	13.6%	73.9%
Half year ended June 30, 2004						
	Hong Kong /China	ASEAN	Taiwan/Korea	NAFTA	EU	Total
	<i>(Thousands of U.S. dollars)</i>					
Overseas sales	\$32,630	\$12,963	\$31,861	\$19,472	\$21,907	\$118,833
Consolidated net sales						160,806
Overseas sales as a percentage of consolidated net sales	20.3%	8.1%	19.8%	12.1%	13.6%	73.9%

12. SUBSEQUENT EVENTS

The Company gave notice of the CEO's decision to split the shares of the Company at the ratio of 1.1 shares for each share. The number of shares held by the stockholders whose names appear on the register of stockholders and register of beneficial stockholders as at the close of June 30, 2004 shall be split at the ratio of 1.1 shares of each shares. The objective of the stock split proposal is to increase trading liquidity and profit return to stockholders. Number of outstanding shares increased upon the split. Effective on August 20, 2004, one share of common stock will be split into 1.1 shares.

The number of outstanding shares as of June 30, 2004 was 15,845,276 shares. The number of outstanding shares to be increased upon this split 1,584,527 shares.