

Consolidated Financial Statements (Unaudited)

**SUMIDA CORPORATION
and Consolidated Subsidiaries**

First Half Years ended June 30, 2005 and 2006

SUMIDA CORPORATION and its Subsidiaries

Consolidated Financial Statements (Unaudited)

First Half Years ended June 30, 2005 and 2006

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Consolidated Balance Sheets (Unaudited)

As of June 30, 2005 and 2006

	June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S.dollars)</i>
			<i>(Note 2)</i>
Assets			
Current assets:			
Cash and time deposits	¥9,500	¥7,335	\$64,342
Trade receivables:			
Notes	1,010	984	8,632
Accounts	8,411	13,453	118,009
Allowance for doubtful accounts	(38)	(39)	(342)
	9,383	14,398	126,299
Inventories <i>(Note 3)</i>	4,136	8,443	74,061
Deferred income taxes	1,400	1,093	9,588
Prepaid expenses and other current assets	1,579	2,458	21,561
Total current assets	25,998	33,727	295,851
Property, plant and equipment: <i>(Note 4)</i>			
Land	1,757	2,520	22,105
Buildings	6,188	11,322	99,316
Machinery and equipment	10,662	27,142	238,088
Furniture and fixtures	2,557	11,175	98,026
Construction in progress	872	1,795	15,746
	22,036	53,954	473,281
Accumulated depreciation	(11,153)	(34,087)	(299,009)
Property, plant and equipment, net	10,883	19,867	174,272
Investment and other assets:			
Intangible assets	1,390	3,427	30,061
Investment in securities <i>(Note 9)</i>	1,799	301	2,640
Investment in affiliate	710	1,332	11,684
Deferred income taxes	1,385	3,446	30,228
Other assets	274	436	3,825
Investment and other assets	5,558	8,942	78,438
Total assets	¥42,439	¥62,536	\$548,561

Consolidated Balance Sheets (Unaudited)

As of June 30, 2005 and 2006

	June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S.dollars)</i> <i>(Note 2)</i>
Liabilities, shareholders' equity and net assets			
Current liabilities:			
Short-term bank borrowings <i>(Note 4)</i>	¥3,850	¥7,023	\$61,605
Current portion of long-term debt <i>(Note 4)</i>	1,752	1,306	11,456
Trade payables:			
Notes	29	21	184
Accounts	3,681	4,746	41,632
	3,710	4,767	41,816
Income taxes payable	396	641	5,623
Deferred income taxes	150	298	2,614
Accrued expenses and other current liabilities	1,506	5,098	44,719
Total current liabilities	11,364	19,133	167,833
Long-term liabilities:			
Long-term debt <i>(Note 4)</i>	8,106	13,650	119,737
Deferred income taxes	369	649	5,693
Others	210	2,541	22,289
Total long term liabilities	8,685	16,840	147,719
Total liabilities	20,049	35,973	315,552

Consolidated Balance Sheets (Unaudited)

As of June 30, 2005 and 2006

	June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S.dollars) (Note 2)</i>
Minority interests	53	—	—
Shareholders' equity:			
Common stock:			
Authorized-70,000,000 shares in 2005			
Issued-19,266,316 shares-2005	6,653	—	—
Additional paid-in capital	6,465	—	—
Retained earnings	11,078	—	—
Net unrealized holding gain on securities	241	—	—
Translation adjustments	(2,039)	—	—
	22,398	—	—
Treasury stock, at cost:			
2005-25,367 shares	(61)	—	—
Total shareholders' equity	22,337	—	—
Total liabilities, minority interests and shareholders' equity	42,439	—	—
Net assets:			
Common stock:			
Authorized-70,000,000 shares in 2006			
Issued-19,601,887 shares-2006	—	6,929	60,781
Capital surplus	—	6,743	59,149
Earned surplus	—	13,360	117,193
Treasury stock, at cost:			
2006-29,671 shares	—	(72)	(632)
Total shareholders' equity	—	26,960	236,491
Unrealized holding gain on securities	—	32	281
Unrealized holding gain on derivatives	—	19	167
Translation adjustments	—	(1,121)	(9,834)
Total valuation and translation adjustments	—	(1,070)	(9,386)
Minority interests	—	673	5,904
Total net assets	—	26,563	233,009
Total liabilities and net asstes	—	¥62,536	\$548,561

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income (Unaudited)

For first half years ended June 30, 2005 and 2006

	First half year ended June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S.dollars) (Note 2)</i>
Net sales	¥19,124	¥29,759	\$261,044
Cost of sales	14,137	21,573	189,237
Gross profit	4,987	8,186	71,807
Selling, general and administrative expenses <i>(Note 5)</i>	3,575	5,979	52,447
Operating income	1,412	2,207	19,360
 Other income (expense):			
Interest and dividend income	22	61	535
Interest expense	(20)	(67)	(588)
Foreign currency exchange gain (loss)	(19)	449	3,939
Other, net	(244)	76	666
Income before income taxes and minority interests	1,151	2,726	23,912
 Income taxes:			
Current	232	726	6,368
Deferred	223	660	5,789
	455	1,386	12,157
Income before minority interests	696	1,340	11,755
Minority interests	4	27	237
Net income	¥692	¥1,313	\$11,518

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' equity (Unaudited)
For first half years ended June 30, 2005

	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, 2004	17,462,143	¥6,604	¥6,416	¥10,647	¥68	¥(3,183)	¥(41)	¥20,511
Net income				692				692
Unrealized gains on securities					173			173
Currency translation adjustments						1,144		1,144
Stock split	1,746,214							-
Warrant and stock option issuance	57,959	49	49					98
Cash dividends paid				(261)				(261)
Purchase of treasury stocks							(20)	(20)
Transfer to legal reserve								-
Balance as of June 30, 2005	<u>19,266,316</u>	<u>¥6,653</u>	<u>¥6,465</u>	<u>¥11,078</u>	<u>¥241</u>	<u>¥(2,039)</u>	<u>¥(61)</u>	<u>¥22,337</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

For first half years ended June 30, 2006

	Shareholders' equity					Minority interests	Total net assets
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity		
	<i>(Millions of yen)</i>						
Balance as of December 31, 2005	¥6,771	¥6,585	¥12,532	¥(65)	¥25,823		
Changes of items during the period							
Issuance of new shares	158	158			316		
Dividends from surplus			(485)		(485)		
Interim net income			1,313		1,313		
Purchase of treasury stock				(8)	(8)		
Disposal of treasury stock				1	1		
Net changes of items other than shareholders' equity					-		
Total changes of items during the period	158	158	828	(7)	1,137		
Balance as of June 30, 2006	¥6,929	¥6,743	¥13,360	¥(72)	¥26,960		
	Valuation and translation adjustments					Minority interests	Total net assets
	Unrealized holding gain or loss on securities	Unrealized holding gain or loss on derivatives	Translation adjustments	Total valuation and translation adjustments			
	<i>(Millions of yen)</i>						
Balance as of December 31, 2005	¥52	-	¥(955)	¥(903)	¥55		¥24,975
Changes of items during the period							
Issuance of new shares							316
Dividends from surplus							(485)
Interim net income							1,313
Purchase of treasury stock							(8)
Disposal of treasury stock							1
Net changes of items other than shareholders' equity	(20)	¥19	(166)	(167)	618		451
Total changes of items during the period	(20)	19	(166)	(167)	618		1,588
Balance as of June 30, 2006	¥32	¥19	¥(1,121)	¥(1,070)	¥673		¥26,563
	Shareholders' equity					Minority interests	Total net assets
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity		
	<i>(Thousands of U.S.dollars)</i>						
Balance as of December 31, 2005	\$59,395	\$57,763	\$109,929	\$(570)	\$226,517		
Changes of items during the period							
Issuance of new shares	1,386	1,386			2,772		
Dividends from surplus			(4,254)		(4,254)		
Interim net income			11,518		11,518		
Purchase of treasury stock				(71)	(71)		
Disposal of treasury stock				9	9		
Net changes of items other than shareholders' equity					0		
Total changes of items during the period	1,386	1,386	7,264	(62)	9,974		
Balance as of June 30, 2006	\$60,781	\$59,149	\$117,193	\$(632)	\$236,491		
	Valuation and translation adjustments					Minority interests	Total net assets
	Unrealized holding gain or loss on securities	Unrealized holding gain or loss on derivatives	Translation adjustments	Total valuation and translation adjustments			
	<i>(Thousands of U.S.dollars)</i>						
Balance as of December 31, 2005	\$456	-	\$(8,377)	\$(7,921)	\$482		\$219,078
Changes of items during the period							
Issuance of new shares							2,772
Dividends from surplus							(4,254)
Interim net income							11,518
Purchase of treasury stock							(71)
Disposal of treasury stock							9
Net changes of items other than shareholders' equity	(175)	\$167	(1,457)	(1,465)	5,422		3,957
Total changes of items during the period	(175)	167	(1,457)	(1,465)	5,422		13,931
Balance as of June 30, 2006	\$281	\$167	\$(9,834)	\$(9,386)	\$5,904		\$233,009

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)

For first half years ended June 30, 2005 and 2006

	First half year ended June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>	<i>(Thousands of U.S.dollars)</i>	
		<i>(Note 2)</i>	
Cash flows from operating activities			
Income before income taxes and minority interests	¥1,151	¥2,726	\$23,912
Depreciation and amortization	750	1,350	11,842
Interest and dividend income	(22)	(61)	(535)
Interest expense	20	67	588
Others, net	(195)	(731)	(6,413)
Changes in operating assets and liabilities:			
Trade receivables	64	666	5,842
Inventories	115	(615)	(5,395)
Trade payables	(104)	(963)	(8,447)
Subtotal	1,779	2,439	21,394
Interests and dividend income	22	61	535
Interest paid	(20)	(74)	(649)
Income taxes paid	(70)	(687)	(6,026)
Net cash provided by operating activities	1,711	1,739	15,254
Cash flows from investing activities			
Purchases of property, plant and equipment	(1,674)	(1,628)	(14,281)
Proceeds from sales of property, plant and equipment	60	9	79
Purchases of securities	(1,312)	(93)	(816)
Investment in subsidiary <i>(Note 6)</i>	(292)	(1,777)	(15,588)
Investment in affiliated company	(309)	(658)	(5,772)
Others, net	(196)	(1,856)	(16,280)
Net cash used in investing activities	(3,723)	(6,003)	(52,658)
Cash flows from financing activities			
Decrease in short-term bank borrowings	(1,000)	(7,342)	(64,404)
Increases in long-term borrowings	-	6,000	52,632
Repayment of long-term debt	(387)	(5,454)	(47,842)
Proceeds from issuance of convertible bonds	7,983	-	-
Proceeds from issuance of common stock and warrants	97	316	2,772
Cash dividends paid	(262)	(484)	(4,246)
Others, net	(21)	(7)	(61)
Net cash (used in) provided by financing activities	6,410	(6,971)	(61,149)
Effect of exchange rate changes on cash and cash equivalents	202	146	1,281
Net (decrease) increase in cash and cash equivalents	4,600	(11,089)	(97,272)
Cash and cash equivalents at beginning of year	4,900	18,225	159,868
Cash and cash equivalents at end of year <i>(Note 7):</i>	¥9,500	¥7,136	\$62,596

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2005 and 2006

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.

(c) 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 average cost method.

(d) Inventories

Inventories are stated principally at cost determined by weighted average method.

(e) 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	3 to 65 years
Machinery and equipment	2 to 16 years
Furniture and fixtures	2 to 20 years

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

(f) Research and development costs and computer software

Research and development costs are charged to the consolidated statement of income when incurred. Expenditures relating to computer software developed for internal use are charged to the consolidated statement of 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.

(g) Goodwill

Goodwill which was recorded when overseas subsidiary acquired its subsidiary is not amortized according to International Financial Reporting Standards (IFRS) "No.3 Business Combination".

Goodwill is included in the account of "intangible assets" on the balance sheet.

Goodwill recognized by purchase price allocation for an acquisition of VOGT electronic AG ("VOGT") in this year is provisional amount.

(h) Deferred assets

Bond-issuing expenses were amortized at once in this half year.

(i) 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.

Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Gain or loss on foreign exchange is credited or charged to its consolidated financial statements in the period in which such gain or loss is recognized for reporting purposes. Translation adjustments are presented as a component of shareholders' equity and minority interests in its consolidated financial statements.

(j) Allowance for doubtful accounts

The allowance for doubtful accounts is determined based on the Company's and its consolidated subsidiaries' historical experience of losses on bad debts and write off as a percentage of the balance of total receivables plus an additional amount deemed necessary to cover estimated future losses on specific doubtful accounts.

(k) Accrued pension cost

An overseas subsidiary accrues necessary pension cost based on estimated allowances as of the end of the year.

(l) 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.

(m) 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 and commodity price. Derivative financial instruments are stated at fair value with any changes in unrealized gain or loss charged or credited to the consolidated statement of 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.

(n) Income taxes

Income tax in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporate tax.

Income taxes are calculated based on taxable income and charged to the consolidated statement of 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.

(o) 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.

(p) 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.

(q) Change in Accounting Policies

Accounting Standard for Presentation of Net Assets in the Balance Sheet

The Company adopted new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Statement No.5, issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Guidance No.8, issued on December 9, 2005) from the period under review. Total amount of shareholders' equity for the half year ended June 30, 2006 prior to an adoption of these standards was ¥25,871 million (\$226,939 thousand). Net assets in the interim balance sheet was presented in accordance with revised interim consolidated financial statement regulations.

Accounting Standard for Statement of Changes in Net Assets

The Company adopted new accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (Accounting Standard Statement No.6, issued on December 27, 2005) and "Guidance on Accounting Standard for Statement of Changes in Net Assets" (Accounting Standard Guidance No.9, issued on December 27, 2005).

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 ¥114=U.S.\$1, the approximate rate prevailing on June 30, 2006. 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, 2005 and 2006 were summarized as follows:

	June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Finished products	¥1,962	¥3,238	\$28,404
Work in process	539	1,445	12,675
Raw materials and supplies	1,700	3,882	34,053
Reserve for obsolete inventories	(65)	(122)	(1,071)
	¥4,136	¥8,443	\$74,061

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

Short-term bank borrowings bore interest at rates ranging, from 0.425% to 0.60% and from 0.495% to 0.670% per annum as of June 30, 2005 and 2006, respectively.

Long-term debt consisted of the followings:

	June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Bank borrowings	¥658	¥5,756	\$50,491
Unsecured bonds	1,200	1,200	10,526
Convertible bonds	8,000	8,000	70,176
	9,858	14,956	131,193
Less : current portion	(1,752)	(1,306)	(11,456)
	¥8,106	¥13,650	\$119,737

Bank borrowings are due in installments through 2006 and their interest rates range from 0.46% to 1.875% and from 0.460% to 1.935% per annum as of June 30, 2005 and 2006, respectively.

The details of the bonds were as follows:

	June 30,		
	2005	2006	2006
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Unsecured bond, due September 30, 2005 at interest rate 0.53% per annum	¥1,200	-	-
Unsecured bond, due September 27, 2007 at interest rate 0.50% per annum	-	¥1,200	\$10,526
Convertible bonds with stock acquisition rights, due January 26, 2009 at interest rate 0% per annum	8,000	8,000	70,176
	¥9,200	¥9,200	\$80,702

The aggregate annual maturities of long-term debt at June 30, 2006 are summarized as follows:

Half year ended June 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2007	¥1,306	\$11,456
2008	2,400	21,053
2009	9,200	80,702
2010	1,200	10,526
2011	850	7,456
	¥14,956	\$131,193

Property, plant and equipment with a carrying value amounting to ¥2,167 million (\$19,009 thousand), was pledged as collateral for bank borrowings of ¥2,000 million (\$17,544 thousand) as of June 30, 2006.

5. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses for the half years ended June 30, 2005 and 2006 amounted to ¥ 574 million and ¥690 million (\$6,053 thousand), respectively.

6. ACQUISITION

The Company acquired issued shares of VOGT from its existing shareholders on February 8, 2006. Fair value valuation was provisionally treated, and the tentatively aggregate purchase price was €36million, or ¥5,198 million, and as a result of acquisition, goodwill of ¥1,787 million was recognized in the balance sheet.

VOGT develops, manufactures and sells electrical and electronic parts aimed mainly at the automotive industry. Through management integration with VOGT, the Company will be able to acquire a large growth base in the automotive business. Furthermore, the Company has a strong base in development, manufacturing and sales in Asia while VOGT has a strong base in Europe. Because of this, the Company and VOGT would have a complementary regional relationship for sales and production. Moreover, the strengthening of technological development potential in all fields, including the automotive business, could be expected through utilization of the technologies both companies possess. Accordingly, the Company judged that if the two companies integrated their management and carried out unified business operations, synergistic effects could be expected.

The following is a summary of assets and liabilities of VOGT group, which was newly consolidated as a result of an acquisition of shares.

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Current assets	¥10,627	\$93,219
Non-current assets	9,262	81,246
Goodwill	1,787	15,675
Current liabilities	(9,812)	(86,070)
Non-current liabilities	(6,213)	(54,500)
Minority interests	(587)	(5,149)
Translation adjustments	134	1,175
Aggregate purchase price	5,198	45,596
Unpaid consideration	(726)	(6,368)
Advance payment in 2005	(116)	(1,018)
VOGT's cash on hand	(828)	(7,263)
Payment in 2006	3,528	30,947
Purchase of profit participation rights	(1,751)	(15,359)
Cost of the purchase of VOGT's shares	¥1,777	\$15,588

7. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents as of June 30, 2006 is comprised as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash and time deposits	¥7,335	\$64,342
Time deposits with maturity over 3 months	(199)	(1,746)
Cash and Cash Equivalents	¥7,136	\$ 62,596

8. LEASES

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of June 30, 2006:

	June 30, 2006					
	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	¥46	¥22	¥24	\$404	\$193	\$211

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥59 million and ¥5 million (\$44 thousands) for the half years ended June 30, 2005 and 2006, 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 ¥59 million and ¥5 million (\$44 thousands) for the half years ended June 30, 2005 and 2006, respectively.

Future minimum lease payments subsequent to June 30, 2006 on finance lease accounted for as finance leases are summarized as follows:

Half Years ended June 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2006	¥9	\$79
2007 and thereafter	15	132
Total	¥24	\$211

Future minimum lease payments subsequent to June 30, 2006 for non-cancelable operating leases are as follows:

Half Years ended June 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2006	¥124	\$1,088
2007 and thereafter	261	2,289
Total	¥385	\$3,377

9. SECURITIES

Securities classified as other securities at June 30, 2005 and 2006 are as follows:

a) Marketable securities

	June 30, 2005			June 30, 2006		
	Cost	Estimated fair value	Gross unrealized gains	Cost	Estimated fair value	Gross unrealized gains
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Equity securities	¥1,221	¥1,483	¥262	\$1,421	\$1,825	\$404
Other	191	316	125	18	26	8
Total	¥1,412	¥1,799	¥387	\$1,439	\$1,851	\$412

b) Non-marketable securities

	June 30,	June 30,
	2006	2006
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Other securities	¥90	\$789
Unlisted stocks		

10. CONTINGENT LIABILITIES

- On June 29, 2005, the Company received a notice of tax assessment from the Tokyo Regional Tax Bureau. The Tokyo Regional Tax Bureau stated that Hong Kong, where the Company has a subsidiary, is considered a "tax haven" under Japanese Law. Based on this decision, the Bureau has decided to impose a unitary tax to the internal reserve of Sumida's Hong Kong subsidiary for the fiscal years 2002 to 2003. The notice indicated that the taxable amount will be adjusted upward to JPY 1.8 billion and that the additional payable tax will be approximately JPY 700 million. However, since the amount of loss carried forward for the Company was able to cover this, there will not be any cash out payments. In consideration of additional tax due to understatement (about 15%), the Company filed the tax return and paid the tax for the fiscal year of 2004 and 2005 as if the correction report from the Tax Bureau was accepted. The Company did not agree with this decision of the Tax Bureau and has filed an appeal to the tax tribunal. The Company did the request for examination to the Tokyo National Tax Tribunal on August 29, 2005. The appeal procedure started in the tax tribunal. In the half year ended June 30, 2006, the Company re-calculated the tax amount on the basis that the correction report had not been accepted in the first-half consolidated result. The amount of difference at 306 million yen was accounted as tentative payment on the Balance Sheet. When the Company's claim is not accepted by the Tokyo National Tax Tribunal, the Company will claim to a court. In case of loss lawsuit of the Company, the suspense-payment tax of 306 million yen is added up as tax expense.

In November, 2005, the verdict by the juror of the U.S. Federal District Court Eastern Division of Texas accepted intentional tort of a Taiwanese subsidiary of the Company in dispute between the subsidiary of the Company and O2Micro which is the IC chip supplier.

Moreover, in April 2006, the court gave an injunction for the IC Chip of MPS, main supplier in the dispute. The judgment against the Company for the actual damages was US\$2 million which was twice as much of the penalty for intentional tort, and for counsel's fee of not exceeding US\$3 million. The subsidiary of the Company was dissatisfied about this judgment, and has filed an appeal the appellate court of CAFC against the judgment.

The subsidiary of the Company has not added up potential loss. Because, there is a "compensation-of-loss contract" between MPS and Taiwan Sumida, and to compensate the expenses or loss caused by dispute with O2 Micro.

11. SEGMENT INFORMATION

a) Business segments

The Company and its consolidated subsidiaries has been comprised of a single business segment of 'Coil business', the disclosure of business segments has been omitted for the half year ended June 30, 2005. However, the Company acquired and began to consolidate VOGT group in the half year ended June 30, 2006. In this regard, the Company and its consolidated subsidiaries determined to disclose 3 new business segments to present its business substance more appropriately, which consist of followings: 'Coil business' which belongs to the conventional SUMIDA group, 'VOGT business/Components' which belongs to components of VOGT group and 'VOGT business/EMS' which belongs to EMS of VOGT group.

Half year ended June 30, 2006						
Coil business	VOGT business Components	VOGT business EMS	Total	Elimination	Consolidated	
<i>(Millions of yen)</i>						
Sales and operating income (loss)						
(1)Sales to third parties	¥19,418	¥9,152	¥1,189	¥29,759	-	¥29,759
(2)Inter-segment sales or transfers	8	-	-	8	(8)	-
Total sales	19,426	9,152	1,189	29,767	(8)	29,759
Operating expenses	16,419	8,564	1,057	26,040	¥1,512	27,552
Operating income (loss)	¥3,007	¥588	¥132	¥3,727	¥(1,520)	¥2,207

Half year ended June 30, 2006						
Coil business	VOGT business Components	VOGT business EMS	Total	Elimination	Consolidated	
<i>(Thousands of U.S. dollars)</i>						
Sales and operating income (loss)						
(1)Sales to third parties	\$170,333	\$80,281	\$10,430	\$261,044	-	\$261,044
(2)Inter-segment sales or transfers	70	-	-	70	(70)	-
Total sales	170,403	80,281	10,430	261,114	(70)	261,044
Operating expenses	144,026	75,123	9,272	228,421	¥13,263	241,684
Operating income (loss)	\$26,377	\$5,158	\$1,158	\$32,693	\$(13,333)	\$19,360

b) Geographical areas

The geographical segment information for the Company and consolidated subsidiaries for years ended June 30, 2005 and 2006 are as follows:

Half year ended June 30, 2005									
	Japan	Hong Kong /China	ASEAN	Taiwan	NAFTA	Other	Total	Elimination	Consolidated
Sales and operating (loss) income	<i>(Millions of yen)</i>								
(1)Sales to third parties	¥4,613	¥6,496	¥1,413	¥4,423	¥1,253	¥926	¥19,124	-	¥19,124
(2)Inter-segment sales and transfers	1,467	6,053	1	74	656	101	8,352	¥(8,352)	-
Total sales	6,080	12,549	1,414	4,497	1,909	1,027	27,476	(8,352)	19,124
Operating expenses	6,319	10,904	1,412	4,446	1,911	1,045	26,037	(8,325)	17,712
Operating (loss) income	¥(239)	¥1,645	¥2	¥51	¥(2)	¥(18)	¥1,439	¥(27)	¥1,412

Although Europe segment had been categorized in other segment in previous periods, the Company decided to categorize it independently because of increase in sales of Europe segment as a result of the acquisition of VOGT group in half year ended June 30, 2006. Moreover, Korea segment, which had been categorized in other in previous periods, was categorized in Taiwan/Korea segment from half year ended June 30, 2006 in order to present the Company's local operation more appropriately.

Following geographical segment table for half year ended June 30, 2005 is in accordance with the new segmentation for a reference.

Half year ended June 30, 2005									
	Japan	Hong Kong /China	Taiwan/Korea	ASEAN	NAFTA	Europe	Total	Elimination	Consolidated
Sales and operating (loss) income	<i>(Millions of yen)</i>								
(1)Sales to third parties	¥4,613	¥5,610	¥5,308	¥1,413	¥1,253	¥927	¥19,124	-	¥19,124
(2)Inter-segment sales and transfers	564	5,614	12	1	657	5	6,853	¥(6,853)	-
Total sales	5,177	11,224	5,320	1,414	1,910	932	25,977	(6,853)	19,124
Operating expenses	5,100	8,856	5,055	1,366	1,911	968	23,256	(5,544)	17,712
Operating (loss) income	¥77	¥2,368	¥265	¥48	¥(1)	¥(36)	¥2,721	¥(1,309)	¥1,412

Half year ended June 30, 2006									
	Japan	Hong Kong /China	Taiwan/Korea	ASEAN	NAFTA	Europe	Total	Elimination	Consolidated
Sales and operating (loss) income	<i>(Millions of yen)</i>								
(1)Sales to third parties	¥4,642	¥7,304	¥3,685	¥1,380	¥2,730	¥10,018	¥29,759	-	¥29,759
(2)Inter-segment sales and transfers	577	6,457	137	0	693	395	8,259	¥(8,259)	-
Total sales	5,219	13,761	3,822	1,380	3,423	10,413	38,018	(8,259)	29,759
Operating expenses	5,146	10,929	3,580	1,363	3,636	9,632	34,286	(6,734)	27,552
Operating (loss) income	¥73	¥2,832	¥242	¥17	¥(213)	¥781	¥3,732	¥(1,525)	¥2,207

Half year ended June 30, 2006									
	Japan	Hong Kong /China	Taiwan/Korea	ASEAN	NAFTA	Europe	Total	Elimination	Consolidated
Sales and operating (loss) income	<i>(Thousands of U.S. dollars)</i>								
(1)Sales to third parties	\$40,719	\$64,070	\$32,325	\$12,105	\$23,947	\$87,878	\$261,044	-	\$261,044
(2)Inter-segment sales and transfers	5,061	56,640	1,202	0	6,079	3,465	72,447	\$(72,447)	-
Total sales	45,780	120,710	33,527	12,105	30,026	91,343	333,491	(72,447)	261,044
Operating expenses	45,140	95,868	31,404	11,956	31,895	84,492	300,755	(59,071)	241,684
Operating (loss) income	\$640	\$24,842	\$2,123	\$149	\$(1,869)	\$6,851	\$32,736	\$(13,376)	\$19,360

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, 2005 and 2006 are summarized as follows:

Half year ended June 30, 2005						
	Hong Kong /China	ASEAN	Taiwan/Korea	NAFTA	EU	Total
	<i>(Millions of yen)</i>					
Overseas sales	¥3,356	¥1,413	¥4,655	¥1,253	¥3,834	¥14,511
Consolidated net sales						19,124
Overseas sales as a percentage of consolidated net sales	17.6%	7.4%	24.3%	6.6%	20.0%	75.9%
Half year ended June 30, 2006						
	Hong Kong /China	ASEAN	Taiwan/Korea	NAFTA	EU	Total
	<i>(Millions of yen)</i>					
Overseas sales	¥4,546	¥1,380	¥2,932	¥2,730	¥13,529	¥25,117
Consolidated net sales						29,759
Overseas sales as a percentage of consolidated net sales	15.3%	4.6%	9.8%	9.2%	45.5%	84.4%
Half year ended June 30, 2006						
	Hong Kong /China	ASEAN	Taiwan/Korea	NAFTA	EU	Total
	<i>(Thousands of U.S. dollars)</i>					
Overseas sales	\$39,877	\$12,105	\$25,719	\$23,947	\$118,675	\$220,323
Consolidated net sales						261,044
Overseas sales as a percentage of consolidated net sales	15.3%	4.6%	9.8%	9.2%	45.5%	84.4%

12. AMOUNTS PER SHARE

	Half year ended June 30,		
	2005	2006	2006
	(Yen)		(U.S. dollars)
Net income :			
Basic	¥36.04	¥67.37	\$0.59
Diluted	31.48	57.10	0.50
Interim cash dividends applicable to the period	¥15.00	¥20.00	\$0.18
	June 30,		
	2005	2006	2006
	(Yen)		(U.S. dollars)
Net assets	¥1,160.90	¥1,322.77	\$11.60

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.

13. SUBSEQUENT EVENTS

[Panta GmbH]

The Company, hereby give notice that today (10 July in Germany time) we have made a decision to acquire a German company, Panta GmbH (hereafter as “Panta”), with the mutual agreement between Sumida and shareholders of Panta. Details are as follow:

1. Summary of Acquisition

An agreement of Sumida purchasing 61% of outstanding shares of Panta at a cost of 5.49 million Euro (about 796 million yen) through its Germany subsidiary Sumida Holding Germany GmbH was reached. The closing date is scheduled on 31 August 2006, and there will not be changes in the company name and the representative of Panta.

2. Purpose of Acquisition

Panta has the operating base at Germany that its main business is the manufacture and sales of flat connecting cables used in cars and industrial flat cables. The main customers include German Automotive Tier 1 companies, manufacturers of measuring equipment, and electromechanical components manufacturers, etc. Since its establishment in 1993, Panta has been steadily growing with obvious achievement that the sales revenue for FY2005 showed a 13% year to year increase to 8.597 million Euro (about 1,247 million yen), meanwhile, EBITDA also showed a 15.5% year to year increase to 1.335 million Euro (about 194 million yen).

In 2001, Sumida, through its America subsidiary, had set up a joint venture with Panta which aimed at engaging business of flat cables in America. However, there was not much growth and prospect in the U.S. market at that time, so the joint venture was dissolved in December 2003. Thereafter, the business of Panta grew smoothly in Europe that it then started to consider expanding sales in Asia by leveraging Sumida’s marketing & sales resources. Also, the U.S. market has been recovering. For these reasons, a conclusion of making this acquisition has been come out.

In February this year, Sumida has added a subsidiary that is VOGT electronic AG (listed on Frankfurt and Munich) which has its strength in automotive parts in Germany. While along with STELCO that we purchased in December 2004, this acquisition of Panta enables us to expand the product lineup in the Group’s automotive business, and at the same time to further strengthen our customer base including Tier 1 manufacturers in Germany.

3. Summary of Panta

- Company Name : Panta GmbH
- Major Business : Production and sales of flexible interconnection systems
- Year of Establishment : 1993
- Head Office : Radeberg, Germany
- No. of Employees : 60
- Representative : Mr. Gerhard-Dietmar Zeibig (CEO)
- Shareholders Equity : 624,437 Euro (about 87 million yen)
- Business Achievement

(Unit: Thousand Euro)

	2003 December	2004 December	2005 December
Sales	5,836	7,585	8,597
Income before extra-ordinary items	26	83	446

4. Impact on Sumida's Financial Results

As a result of this acquisition, Panta has become one of the subsidiaries of Sumida Holding Germany GmbH. Also, it will be subject to the financial consolidation of Sumida from 1st September 2006, however, is expected to have little impact on the consolidated results of fiscal year 2006 December.

[Joint Venture Company with Shintex]

The Company, hereby give notice that a new Joint Venture Company between Sumida and Shintex Corporation (hereafter as "Shintex", head office at Ota -ku, Tokyo) has been established in Hong Kong which focuses on the production and sales of LCD modules. Details are as follow:

1. Objective of Establishment

Shintex is a company specialized in LCD (Liquid Crystal Display) modules that it owns high precision processing technology in development and production of LCD modules, and has well-established relationship with customers in the field. Meanwhile, Sumida has been manufacturing electronic parts in China for the past 20 years that has accumulated the know-how of the mass production of electronic parts.

As the LCD modules market has been growing at an annual rate of double figures in the past several years that future prospect of further growth of the market can be foreseen. With a great vision in this booming business, our joint venture company has been established. By combining Shintex's excellent technology and Sumida's enriched manufacturing management experience in China, it is believed that the collaboration enable us to construct competitive business models in assembling and production of small- and medium-sized LCD modules for mobile phones, game machines, and car navigation systems, etc.

2. Overview of the Joint Venture

(1) Summary of the Joint Venture Company

Company Name	SUMIDA SHINTEX COMPANY LIMITED
Major Business	Commissioned production and sales of LCD modules
Date of Establishment	5th July 2006
Address	14/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong
Representative	Mr. Ka Sheung Chiu (Representative Executive Officer and Group President of Sumida) (Constitution of Board Members : 3 members from Sumida Group, and 2 members from Shintex)
Capital	HKD 1,000 million
Investment Ratio	Sumida Group : 60% Shintex : 40% (Sumida invests through its wholly-owned subsidiary Sumida Electric Co., Ltd., which is a intermediate holding company that operates the coil business)

(2) Business plan

Planned Production Site Guangzhou, Guangdong Province, China
Expected Start Production November, 2006

Forecast

(Unit: million Yen)

	2007 ended December	2008 ended December	2009 ended December
Sales	483	536	616
EBITDA	157	164	171
Net Income	62	73	75

* EBITDA: Earnings Before Tax + Depreciation & Amortization + Interest Expense

3. Summary of Shintex

- Company Name Shintex Corporation
- Major Business Production and sales of LCD test machines, Commissioned production of LCD modules
- Year of Establishment April 2001
- Head Office Ota-ku, Tokyo
- Representative Mr. Shinji Oshi
- No. of Employees about 50

4. Impact on Sumida's Financial Results

SUMIDA SHINTEX COMPANY LIMITED has belonged to a subsidiary of Sumida Electric Co., Ltd. and a consolidated subsidiary of the Company, however, it is expected to have little impact on the consolidation results of fiscal year 2006 December.