
Press Release

July 1, 2005

To Whom It May Concern

Company Name	SUMIDA CORPORATION
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Receipt of the Notice of Tax Assessment based on the Tax Haven Adjustment

Yesterday, SUMIDA CORPORATION (“Sumida”) received the notice of tax assessment based on the tax haven adjustment from Tokyo Regional Tax Bureau stating that, in the Bureau's judgment, unitary tax will be imposed to the internal reserve of Sumida Electric (H.K.) Company Limited, subsidiary of Sumida, from fiscal year 2001 to 2003. The notice indicates that the amount should be adjusted upwards to JPY 1.8 billion and the additional tax will be approximately JPY 700 million. However, the amount of loss carried forward will be pulled down, so cash out will not be generated.

Sumida continues to promote the localization of the management of its regional operations. As a global company, Sumida also places heavy importance on its Corporate Social Responsibilities (CSR); each regional operations paying local taxes and providing scholarships in an effort to contribute to the local communities. Furthermore, Sumida also pays Japanese taxes on the dividends derived from its regional operations.

The Bureau states that, Hong Kong where Sumida Electric (H.K.) Company Limited is established, is considered as a “Tax Haven” by Japanese Tax Law. This Hong Kong subsidiary adopted the “Commission on Processing” operation method which was strongly promoted by Hong Kong and China government since 1984. Sumida has consistently done honest and appropriate declaration in every countries including Japan up till now.

It is regrettable in any case that the Company has received such a notice. Sumida will endeavor to obtain agreement and understanding from the tax authority on Sumida's view and the situation of its subsidiary in Hong Kong. Sumida disagrees with this assessment and will file an appeal to the tax tribunal.

Press release will be further issued for reporting the process of appeal and the influence to the business result of the current fiscal year.