

Financial Results for the 1st Quarter  
ended 31 March 2003

**SUMIDA CORPORATION**  
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## Financial Highlights for the 1<sup>st</sup> Quarter ended 31 March 2003

### 1. Consolidated Business Results

(Million yen, %)

Period Category	1st Quarter				
	2003	% Of Total	2002	% Of Total	% Change
Net sales	7,202	100.0	8,955	100.0	(19.6)
Operating income	301	4.2	504	5.6	(40.3)
Income before income taxes	306	4.2	514	5.7	(40.5)
Income before provisions for taxes on income	(934)	(13.0)	509	5.7	(283.6)
Net income	(942)	(13.1)	382	4.3	(347.0)
Per share data (yen)					
Net income: (Basic)	(63.82) ---	---	28.74	---	---
Net income: (Fully diluted)	(62.99)	---	28.50	---	---

### 2. Consolidated Financial Conditions

(Million yen)

Period Category	1st Quarter		
	2003	2002	% Change
Total Asset	28,458	32,992	(4,534)
Paid-in Capital	5,530	5,376	154
Total Shareholder's Equity	17,848	19,954	(2,106)
Total number of stock issued (thousand shares)	14,771	13,277	1,494
Equity capital per share (yen)	1,208.33	1,502.91	(294.58)
Equity ratio (%)	62.7	60.5	---

### 3. Consolidated Cash Flow Statement

(Million yen)

Category	Period	1st Quarter		
		2003	2002	%Change
Cash Flows from Operating Activities		(51)	(623)	572
Cash Flows from Investing Activities		(297)	(260)	(37)
Cash Flows from Financing Activities		(394)	3	(397)
Balance of cash and cash equivalents at end of interim term		4,041	4,517	(476)

### Estimation of 2nd Quarter 2003

Category	Period	2nd Quarter		
		2003 ( E )	2002	%Change
Net sales (million yen)		8,162	9,349	(12.7)
Operating income (million yen)		602	592	1.7
Income before income taxes (million yen)		589	589	0.0
Net income (million yen)		462	502	(8.0)
Earnings per share (yen)		31.29	37.65	(16.9)

### Quarterly Business Results

(Million yen)

Category	Period	2003	2002				2001				2000
		1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q
Net sales		7,202	8,018	8,474	9,349	8,955	7,582	7,636	8,114	8,226	8,693
Operating income		301	434	641	592	504	541	156	81	333	662
Income before income taxes		306	398	614	589	514	356	(44)	(277)	47	505
Income before provisions for taxes on income		(934)	7	571	566	509	(14)	(1,405)	(219)	(141)	237
Net income		(942)	(194)	428	502	382	839	(1,651)	(131)	(94)	410

## Yearly Business Results

(Million yen)

	2002	2001	2000	1999	1998
Net sales	34,796	31,558	33,575	24,574	21,391
Operating income	2,171	1,112	3,318	2,687	2,210
Income before income taxes	2,116	82	2,967	2,439	2,336
Net income	1,118	(1,037)	1,973	1,003	1,942
Shareholders equity	18,910	19,534	18,581	15,083	9,232
Total assets	30,666	32,340	32,000	26,220	20,840
Per share ( yen )					
EPS	83.64	(78.11)	163.43	101.56	205.07
Equity ratio	1,408.72	1,471.29	1,539.48	1,374.60	974.60

\*Foreign exchange adjustments are included in Shareholder's Equity

### Message from the CEO – 1st Quarter 2003

The current world environment with the war in Iraq and the spread of severe acute respiratory syndrome (SARS) provides great uncertainties for the world's economy. In the midst of this unstable environment, Sumida Group was able to quickly change its product shipping routes and prohibited its employees from taking overseas business trips, through a system of Risk and Crisis Management that was officially launched by Sumida Group in early 2003.

Regarding the business environment surrounding Sumida Group, demands for coils are continuing to increase in such areas as the rapidly expanding flat monitor (TV with LCD and PDP) market, the computerized automotive business, and the home electric appliance business, such as systematically equipped kitchens, bath units, lighting and ventilation systems. The scale of the coil market in these areas is estimated to reach ¥3,000 to 4,000 billion in 2005.

In order to be able to adapt to and quickly meet the needs of huge market demands, Sumida Group has launched many projects, such as the establishment of the Sumida Strategy Committee, with the CEO as the leader and the majority of members consisting of external directors. As a result, we were able to break down our previous goal of US\$100 million in ordinary profit into concrete, quantifiable details. The key to achieving this end is to speed up the transition towards localization of Sumida Group business. Furthermore, we have clearly stated that our new mid-term goal is to become a JPY¥300 billion company and be the "Only One Company" in the coil industry.

Sumida Corporation's 48<sup>th</sup> Annual General Shareholders' Meeting took place on March 22, 2003, where it was approved that Sumida Corporation would adopt the "Company with Committees" system as of April 1, 2003. With the establishment of four new committees (Nomination, Audit, Compensation and Strategy Committees), great power and authority have been transferred to the CEO. The CEO, in turn, will transfer these responsibilities in part to Executive Officers and Senior Officers of the Board of Executive Officers. We hope that Sumida's corporate governance will help its shareholders, employees and stakeholders to understand our vision, strategies and operations and help us to obtain customer satisfaction, which is our ultimate goal. By clarifying responsibilities of each officer in management, Sumida believes that within this organization, we can all achieve success and grow stronger together.



Shigeyuki Yawata  
The CEO of Sumida Group

## **Overview of Consolidated Business Results for the 1<sup>st</sup> Quarter of 2003**

The demand for electronic equipment in the first quarter of 2003 remained high, despite rapid changes in the international situation, including the war in Iraq. Demand shows a gradual decrease compared to the second quarter of last year, the most recent peak in demand.

The demand for audiovisual equipment maintained the levels of the same period last year, when demand was heightened by the 2002 FIFA World Cup competition. Demand for personal computers continued to grow this quarter after increasing in the third quarter of 2002 YOY. Cellular phones showed minor fluctuations in demand, with signs of recovery in some regions. For automotive equipment, ABS, air bags, keyless entry systems, and car-navigation systems have come into broader use, contributing to expanding demand for automotive components. Demand for optoelectronic parts, specifically DVD optical pickups, has continued to grow due to the broadening presence of DVD-ROM and DVD players. However, equipment manufacturers in this area now face tough competition from newcomers.

The Sumida Group has been promoting businesses in the much broader field of applications while simultaneously focusing on future growth products. For automotive components, Sumida implemented regular deliveries of ABS coils for second and third customers. We have also concentrated on the development, production, and sales of new products such as keyless entry systems and immobilizers. In the area of coils for communications and information processing equipment, we strengthened our marketing force in the Taiwanese market, which is rapidly becoming the center of notebook PC production. We also launched production and sales of inverter units in the rapidly expanding Chinese market. In the US. market, where we are currently restructuring our business operations, we decided to sell off the division handling switches, relays, and surge arresters by means of MBO, retaining the Sweden-based GDT (gas discharge tubes) division of SRC. Applying the rules of discontinued operations, we excluded SRC from consolidated financial figures for this quarter.

Sales for first quarter 2003 were ¥7,202 million, a decline of 19.6% YOY, due to slowing optoelectronics business operations, particularly optical pickups, the exclusion of SRC from the consolidated financial figures, and the scaled-down magnetics business operations following a review of non-profitable magnetics products in North America. The decline was also caused by a reduction in yen-converted overseas sales due to yen appreciation by ¥11.1 per dollar compared to the first quarter 2002, and despite increased sales of automotive components such as car-navigation systems, intelligent-key systems, and coils for immobilizers.

Operating income stood at ¥301 million, down 40.3% YOY. Income before income taxes was ¥306 million, down 40.5% YOY due to a drop in sales prices for power inductors in a weak market and the increasing cost of research and development for new products such as automotive components and flat panels, and despite continuing declines in raw material costs and efforts to reduce fixed costs such as depreciation expenses. A special loss of ¥1.191 billion was written off under a subsidiary sale loss, resulting in a ¥942 million net loss for this financial period.

### Sales by Product Category

(Thousand yen, %)

Period Category		1 <sup>st</sup> Quarter				
		2002	%Of total	2003	% Of total	% change
Coil Business	AV Coils	417,105	4.7	418,605	5.8	0.4
	IT Communications Coils	3,594,917	40.1	3,253,602	45.2	(9.5)
	Other Coils	490,711	5.4	446,361	6.2	(9.0)
	Automotive	1,787,680	20.0	1,847,576	25.6	3.4
	TOTAL	6,290,413	70.2	5,966,144	82.8	(5.2)
Optoelectronics		1,315,299	14.7	820,118	11.4	(37.6)
Magnetics		1,348,951	15.1	415,593	5.8	(69.2)
TOTAL		8,954,663	100.0	7,201,855	100.0	(19.6)

### Product Segment Information

(Thousand yen, %)

Segment	1st Quarter 2002			1st Quarter 2003		
	Net Sales	Operating Income	Ratio	Net Sales	Operating Income	Ratio
Coil Business	6,290,413	754,125	12.0	5,966,144	421,609	7.1
Optoelectronics	1,315,299	83,140	6.3	820,118	5,813	0.7
Magnetics	1,348,951	(333,429)	(24.7)	415,593	(126,797)	(30.5)
TOTAL	8,954,663	503,836	5.6	7,201,855	300,625	4.2

### Sales by Product Region

(Thousand yen, %)

Period Region		1 <sup>st</sup> Quarter				
		2002	% Of Total	2003	% Of Total	Change %
Japan		2,064,947	23.1	2,039,499	28.3	(1.2)
HK/China		1,649,590	18.4	1,248,865	17.4	(24.3)
ASEAN		514,429	5.7	477,500	6.6	(7.2)
Taiwan/Korea		1,848,253	20.6	1,451,269	20.2	(21.5)
NAFTA		1,197,665	13.4	830,105	11.5	(30.7)
EU		1,679,779	18.8	1,154,617	16.0	(31.3)
TOTAL		8,954,663	100.0	7,201,855	100.0	(19.6)

## **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 during the first quarter of 2003, 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

Sales in Japan increased by 1.3%, while overseas sales increased by 0.8%, achieving the same level of sales as the same period of the previous year. However, sales decreased to ¥5.966 billion, down 5.2% YOY (3.6% YOY on local currency basis), due to the reductions in yen-converted overseas sales resulting from yen appreciation.

Operating profits were ¥422 million, a decline of 44.0% YOY. This was due to the increase in labor costs required to meet expanded production capacity, the drop in prices for major products such as power inductors due to heightened competition, increasing research and development costs for new products such as automotive components, and reductions in yen-converted amount for overseas sales resulting from yen appreciation; this decline took place despite sustained reductions in raw material costs for standard coils (reduced by 4.4% from the previous year-end) and efforts to reduce fixed costs.

#### a) Coils for Audiovisual Products

Sales of coils for audiovisual equipment were ¥419 million, an increase of 0.4% YOY (an increase of 9.7% YOY on a local-currency basis.)

By region, sales in Japan remained relatively steady at ¥230 million, an increase of 12.2% YOY. Overseas, sales in Hong Kong and China were ¥101 million, a decline of 25.2% YOY due to falling sales of radios, radio cassettes, stereos, and sales for general distributors. In the ASEAN region, sales increased to ¥88 million, up 14.3% YOY due to normalized production adjustment.

#### b) Coils for Communication and Information Processing Equipment

Sales of coils for communication and information processing equipment were ¥3.254 billion, a decline of 9.5% YOY (a decline of 1.1% YOY on a local-currency basis).

Subdivided by use, sales of coils for cellular phones were ¥58 million, down 4.9% YOY. Sales of inverter units were ¥1.006 billion, a decline of 7.5% YOY. Sales of coils and transformers for personal computers, PDAs, and computer peripherals were ¥999 million, a decline of 35.0% YOY. However, sales of coils for digital cameras were ¥193 million, an increase of 43.0% YOY, while sales for other communication and information processing equipment grew to ¥998 million, up 28.8% YOY.

By region, sales in Japan were ¥814 million, a decline of 13.2% YOY. In the ASEAN region, sales declined to ¥248 million, down 13.3% YOY. Sales in Taiwan were ¥1.346 billion, a decline of 18.0% YOY. Sales in Hong Kong and China increased to ¥664 million, up 16.7% YOY; inverter unit sales in Suzhou, China, contributed significantly to this growth. Sales in the US expanded to ¥182 million, up 13.8% YOY.



### c) Other Coils

Sales of other coils were ¥446 million, a decline of 9.0% YOY (a decline of 0.6% YOY on a local-currency basis.) Sales of coils for FA equipment and for water heaters increased, but sales of 4 V coils for switching air-conditioners from cooling to heating were slow due to prolonged production adjustments of air-conditioners.

### d) Automotive Components

Sales of electronic automotive components were ¥1.848 billion, an increase of 3.4% YOY (an increase of 12.9% YOY on a local-currency basis).

Sales of ABS coils were ¥1.113 billion, down 6.5% YOY (down 2.1% YOY on a local-currency basis), reflecting a rebound from the records for two months of product sales in January of last year, according to changes in customer accounting procedures. In terms of production quantity, however, these sales exhibited a steady growth of 20.464 million units, up 13.9% YOY. Sales of car audio equipment, car-navigation systems, keyless entry systems, and other automotive parts were ¥611 million, an increase of 22.9% YOY. Sales of transformers for HID (high intensity discharge) lamps were ¥84 million, an increase of 44.8% YOY. Sales of EPS (electronic power steering) were ¥40 million, a decline of 4.8% YOY.

## 2. Optoelectronics Business

Sales of optoelectronic components were ¥820 million, a decline of 37.6% YOY (a decline of 31.9% YOY on a local-currency basis).

Sales of DVD optical pickups declined to ¥91 million, down 52.1% YOY. Sales of optical pickups for CD-ROMs also shrank to ¥499 million, down 35.4% YOY. Sales of other optoelectronic components were ¥230 million, down 34.8% YOY. Despite efforts to slash manufacturing expenses, including labor costs, to match reductions in production volumes, operating profits declined to ¥6 million, down 93.0% YOY, significantly affected by reduced sales volume.

## 3. Magnetics Business (former REMtech)

The magnetics business posted sales of ¥416 million, a decline of 69.2% YOY (a decline of 66.3% YOY on a local-currency basis).

Sales were ¥397 million, a decline of 53.4% YOY resulting from the exclusion of ¥480 million from consolidated financials as a result of the MBO sale of the division for switches, relays, and surge arresters, which were treated as if they had been sold off at the beginning of the financial period. The review of non-profitable items among magnetics products and the sluggish U.S. economy also hurt sales. Operating losses fell significantly due to the exclusion of SRC from the consolidated financials statement. However, the business posted operating losses of ¥127 million, a decline of 62.0% YOY, attributable to research and development costs (¥42 million) for the Swedish GDT division, as well as unmatched fixed costs in manufacturing (¥82 million) resulting from lower-than-anticipated sales.

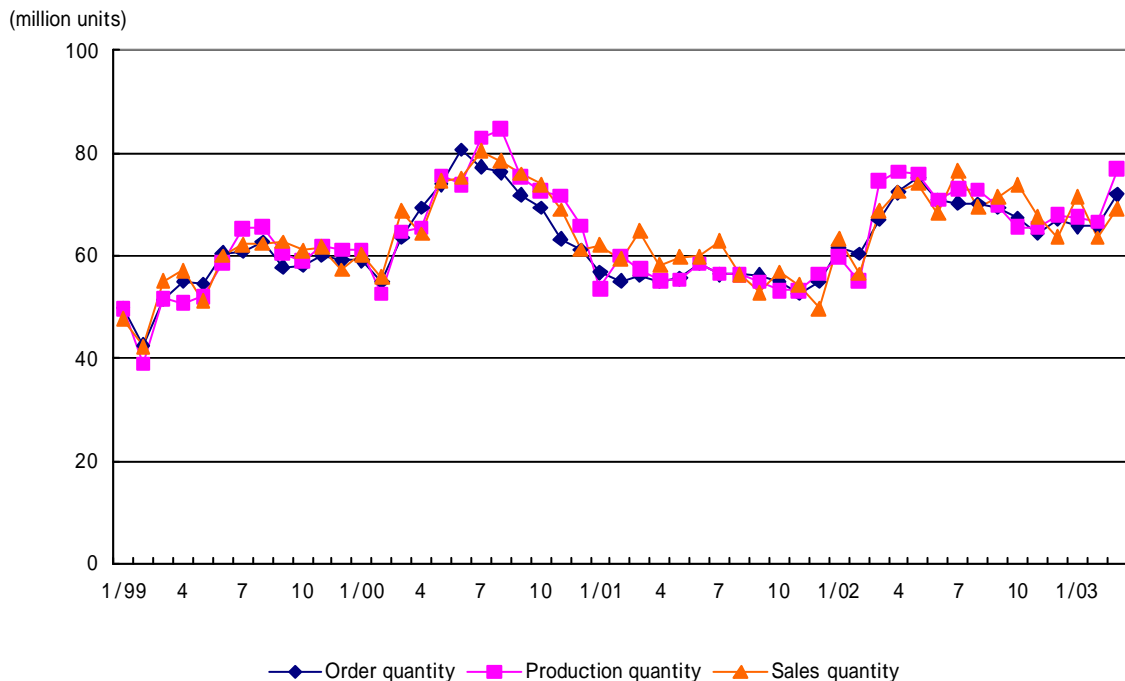
## The Future Management Environment and Business Development Policy

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

### 1. Coil Business

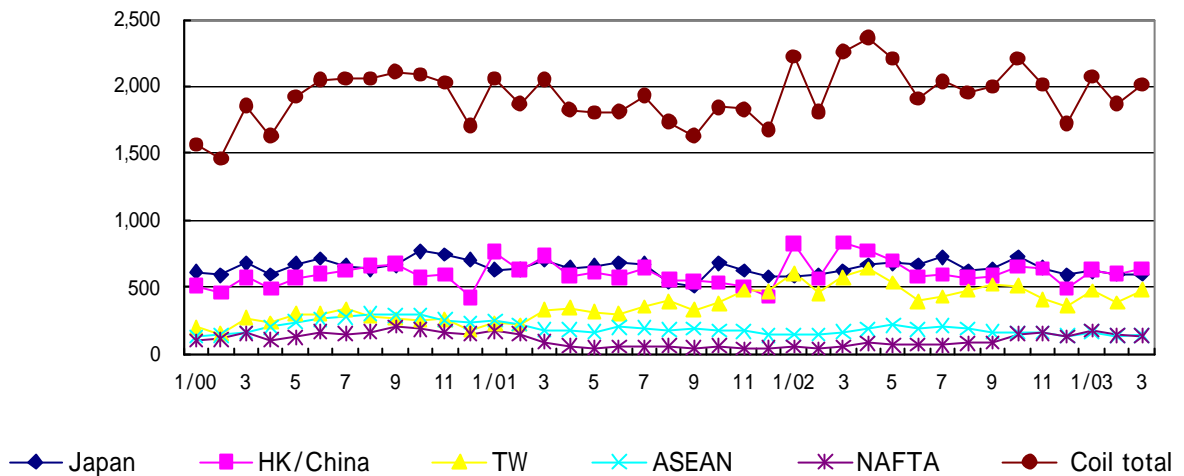
Monthly orders (amount delivered in a given month) for Sumida Group coils in May 2002 amounted to 75.307 million units, marking the latest high, and then declined slowly in the following month. However, incoming orders at the previous year-end were relatively good, despite traditional low sales trends at year-end compared with other times of the year. Orders were 65.723 million units in January (an increase of 6.5% YOY and a decline of 2.1% from the previous month), 65.784 million units in February (an increase of 9.0% YOY and an increase of 0.1% from the previous month), and 71.986 million units in March (an increase of 7.4% YOY and an increase of 9.4% from the previous month), resulting in a relatively high level of orders for the first quarter. As of April 25, April orders were 76.480 million units, a steady and robust figure (and an increase of 5.6% YOY and of 6.2% from the previous month).

Order, Production and Sales Quantities of Coils



(million yen)

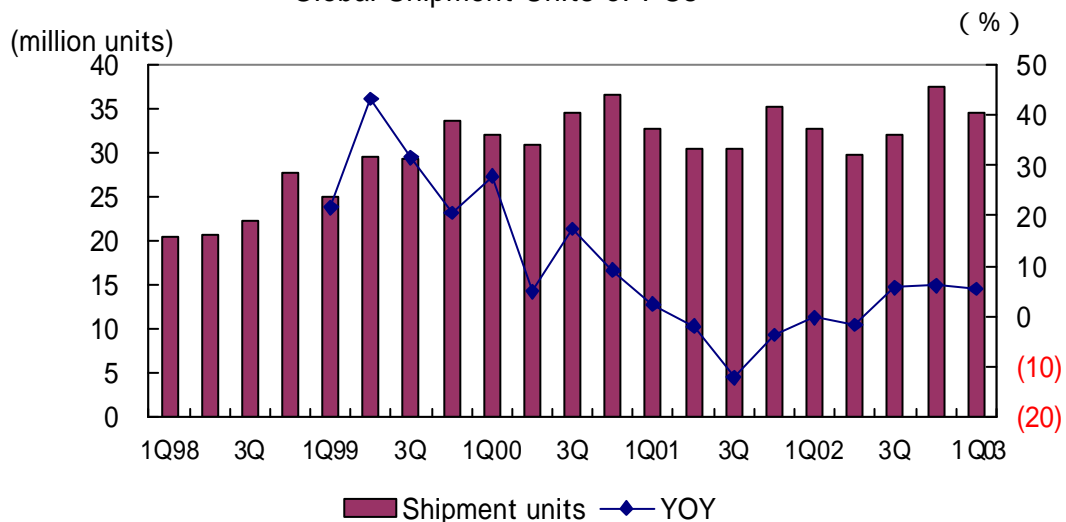
### Sales of Coils



Monthly sales of coils in the first quarter of 2003 were ¥1.989 billion, maintaining monthly average levels of ¥1.982 billion in the fourth quarter of 2002. Sales in the ASEAN region continued to be slow due to production adjustments at equipment manufacturers. In the NAFTA region, sales increased slightly. In Japan, sales fell to ¥607 million from ¥653 million in the fourth quarter of last year. Sales in Hong Kong and China rose from ¥597 million to ¥627 million, while sales in Taiwan rose from 429 million to ¥448 million. The launch of sales of inverter units at Suzhou, China contributed to the sales increase in Hong Kong and China. Sales of ABS coils increased from last year's fourth quarter monthly average of ¥351 million to ¥371 million. Sales of inverter units increased from ¥297 million to ¥335 million. Sales of standard coils fell from ¥1.334 billion to ¥1.283 billion.

Uncertain conditions in the global business environment are expected to continue to affect the Sumida Group's coil business operations.

### Global Shipment Units of PCs



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

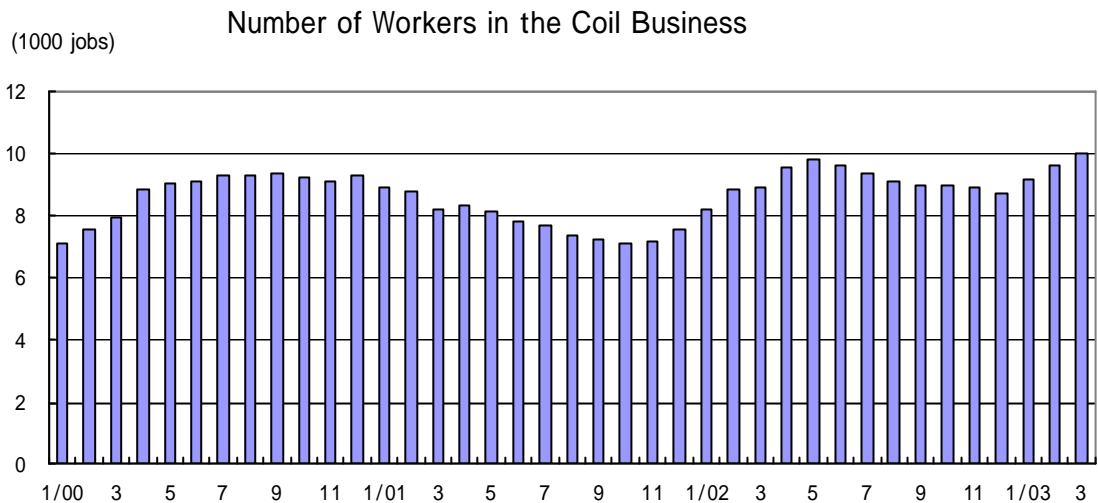
The number of PCs shipped worldwide in the third quarter of 2002 reached 32.2 million units, an increase of 5.8%. Sales were 37.5 million units in the fourth quarter, up 6.2% over the same period of the previous year, marking increases for two consecutive quarters and reflecting a rebound from the terrorist attacks of the previous year. In the first quarter of 2003, shipments were 34.47 million units, up 5.5% from the same period the previous year and showing steady growth. Dell Corporation, the world leader in PC sales, demonstrated a high growth rate of 24.4% YOY, followed by IBM and Toshiba. Hewlett-Packard, currently in the process of business restructuring following its merger, slipped to second place after holding the top share worldwide in the fourth quarter of 2002. PC shipments are expected to continue to grow, with HP business operations soon returning to normal. Sales of digital cameras are expected to grow steadily, with each manufacturer projecting aggressive production plans.

The number of cellular phones shipped in 2003 is expected to reach 430 million units, up from 396 million units in 2002. The forecast is backed by signs of recovery in European companies. The market for LCD TVs is expected to grow significantly, supported by increased production volumes or new market entries by Japanese, Korean, and Taiwanese companies.

Given these conditions, the Sumida Group will promote business activities that focus on fields of future growth, seeking to dramatically enhance corporate value. Deliveries of ABS coils to new customers, which began in the latter half of last year, will make their full contributions in 2003. We will strengthen our marketing force in the NAFTA region and in Asia. We plan to expand our customer base aggressively, from Japanese companies to foreign customers for automotive components such as keyless entry systems, immobilizers, car navigation systems, gasoline/diesel engines, EPS (electronic power steering), and coils for air bags, in addition to ABS coils.

We believe that the flat-panel display market for PCs and televisions will become our major source of income. The shift from CRT monitors to LCD monitors is expected to occur soon, and rapidly. LCD displays have become quite popular in industrialized regions such as Japan, the United States, and Europe, supported by the falling cost of LCDs. Another reason for forecasting the imminent shift from CRTs to LCDs is the implementation of digital broadcasts in Japan toward the end of 2003. Digital broadcasts will replace analog broadcasts over the period from 2006 to 2011. The Sumida Group will concentrate on developing new products such as backlight-related products for flat-panel displays, power-supply-related products, and noise and high frequency filters.

The coil operations manufacturing site has sought to reduce costs. At the Taiping factory in Pan Yu, China, they were able to lower prices by 4.4% in the first quarter of 2003, compared to the previous year-end, following significant material cost reductions achieved in the fourth quarter of 2002. Specifically, prices of major buy-out materials such as Ferrite Core and wires dropped significantly since February. The factory will seek to further improve manufacturing technologies alongside more active negotiations with suppliers.



Factory expenses increased, despite restraints on plant equipment investments, due to the addition of manufacturing personnel in response to strong demand forecast after the second quarter. The number of workers for coil business operations peaked at 9,681 in the second quarter of 2002, on a monthly average basis, then decreased in the third and fourth quarters. However, the number increased once again to 9,614 in the first quarter of 2003, up 8.3% from the previous quarter.

Orders continue to flow in relatively steadily. We will further endeavor to reduce manufacturing expenses, sales expenses, and general administration expenses, maintaining the reasonable production capacity.

## 2. Optoelectronics Business

We held back from OEM branded sales of DVD optical pickups in the third quarter of last year, but our policy is to continue supplying to OEMs. The market for DVD optical pickups will continue to expand alongside expanding DVD demand. However, competition among equipment manufacturers is expected to heat up due to increasing numbers of market participants. Under these conditions, the Sumida Group will promote aggressive sales of optical pickups to a broader customer base.

Our lens holders and actuators used in optical pickups have acquired a solid reputation in the optoelectronics equipment industry, thanks to the use of proprietary wire-winding machines for production. This has resulted in an industry leadership position in industry the direct sales market, excluding uses for our own production and use. Our policy is to aggressively market lens holders and actuators to new customers.

## 3. Magnetics Business

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

Components and switches are manufactured and marketed by the U.S. subsidiary, SRC. The components and switches are vulnerable to investment dynamics in the U.S. communication equipment industry and corporations. Thus, the business performance of SRC has slumped since its purchase, due to the stagnant U.S. economy.

We resolved to sell the divisions of switches and relays while holding on to European GDT division (gas discharge tubes). SRC was, therefore, excluded from consolidated financials from the first quarter of 2003.

On the other hand, the magnetics segment was able to stabilize its gross profits on positive sales in the second and third quarters of 2002, thanks to efforts to streamline transportation routing and to improve manufacturing technologies (despite earlier issues relating to the need to reduce transportation cost for raw materials and to improve production lines for major customers). For the remainder of 2003, this segment had forecast a turnaround to operations in the black. However, it remained in the red in the first quarter due to a significant decline of sales due to the sluggishness of the U.S. economy. We will seek to improve profitability by reducing manufacturing expenses while expanding our outsourcing policies to local manufacturers in China.

### **Prospects of Performance for the Second Quarter of 2003**

The Sumida Group arrives at its performance forecasts by compiling commitment reports submitted by all 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 more appropriate business information to all investors. Our performance estimates for the second quarter 2003 are as follows.

	Estimate Performance of 2 <sup>nd</sup> quarter 2003 (April 1,2003-June 30,2003)	Actual performance of 2 <sup>nd</sup> quarter 2002 (April 1,2002-June 30,2002)
Net sales	8,162 million yen	9,349million yen
Income before income taxes	589 million yen	589million yen
Net profit	462 million yen	502million yen
	(Based foreign exchange rate: \$1=¥120)	

**Consolidated Balance Sheet**

(Unit: thousand yen )

Category	Period	1 <sup>st</sup> Quarter				Year end 2002	
		2002		2003		Amount	%Of Total
		Amount	%Of Total	Amount	%Of Total		
<b>ASSETS</b>							
Current Assets							
1.Cash & Cash Equivalents		4,516,915		4,040,814		4,789,274	
2.Trade Receivables		8,020,745		6,256,515		6,440,099	
3.Inventories		3,825,432		2,858,674		3,645,101	
4.Others		1,202,968		1,624,456		1,239,564	
5.Allowance for Doubtful Accounts		(72,773)		(41,147)		(41,238)	
Total Current Assets		17,493,287	53.0	14,739,312	51.8	16,072,800	52.4
Non-Current Assets							
(1) Tangible Fixed Assets							
1.Buildings		6,685,186		6,318,670		6,302,920	
2.Machinery & Equipment		11,048,583		9,323,039		10,413,262	
3.Furniture & Fixture		3,371,084		2,827,653		3,144,559	
4.Land		1,260,648		1,255,277		1,255,183	
5.Construction in Progress		197,451		140,518		335,307	
6.Accumulated Depreciation		(10,140,268)		(9,537,558)		(10,307,893)	
Total Non-Current Assets		12,422,684	37.7	10,327,599	36.3	11,143,338	36.3
(2) Intangible Fixed Assets							
1.Land Lease Rights		654,234		583,077		582,306	
2.Consolidated adjustment account		24,226		---		---	
3.Other		110,158		73,395		181,340	
Total Intangible Assets		788,618	2.4	656,472	2.3	763,646	2.5
(3) Investments & Other Assets							
1.Investments in Securities		237,184		143,813		143,770	
2.Other		2,050,337		2,590,977		2,542,925	
Total Investments & Other Assets		2,287,521	6.9	2,734,790	9.6	2,686,695	8.8
Total Fixed Assets		15,498,823	47.0	13,718,861	48.2	14,593,679	47.6
TOTAL ASSETS		32,992,110	100.0	28,458,173	100.0	30,666,479	100.0

Continued over

**Consolidated Balance Sheet as at March 2003** (Continued)

<b>LIABILITIES</b>						
Current Liabilities						
1.Accounts Payable	2,764,333		1,913,207		2,365,892	
2.Short-term loans	5,552,106		5,153,456		5,129,741	
3.Other Current Liabilities	2,312,508		1,933,101		2,466,875	
Total Current Liabilities	10,628,947	32.2	8,999,764	31.6	9,962,508	32.5
Non-current liabilities						
1.Long-term loans	2,112,722		1,142,914		1,324,616	
2.Deferred tax liability	250,829		204,611		204,001	
3.Other Non-current liabilities	33,964		259,160		261,477	
Total Non-current liabilities	2,397,515	7.3	1,606,685	5.7	1,790,094	5.8
<b>TOTAL LIABILITIES</b>	<b>13,026,462</b>	<b>39.5</b>	<b>10,606,449</b>	<b>37.3</b>	<b>11,752,602</b>	<b>38.3</b>
(Minority Interests)						
Minority Shareholders Interests	11,517	0.0	3,725	0.0	3,726	0.0
<b>SHAREHOLDER'S EQUITY</b>						
Capital Stock	5,375,711	16.3	5,529,733	19.4	5,527,181	18.0
Legal reserves	5,169,258	15.7	5,327,897	18.7	5,325,272	17.4
Consolidated retained earnings	8,596,350	26.1	8,121,885	28.5	9,198,400	30.0
Unrealized Gains/Losses on Securities at Market Valuation	78,661	0.2	28,360	0.1	28,360	0.1
Cumulative Translation Adjustments	735,772	2.2	(1,144,444)	(4.0)	(1,164,091)	(3.8)
Treasury Stock	(1,621)	(0.0)	(15,432)	(0.1)	(4,971)	(0.0)
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>19,954,131</b>	<b>60.5</b>	<b>17,847,999</b>	<b>62.7</b>	<b>18,910,151</b>	<b>61.7</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>32,992,110</b>	<b>100.0</b>	<b>28,458,173</b>	<b>100.0</b>	<b>30,666,479</b>	<b>100.0</b>



## Consolidated Statement of Income

( unit : thousand yen)

	1Q				% Change	Ratio (%)
	2002		2003			
	Amount	% Of Sales	Amount	% Of Sales		
Net sales	8,954,663	100.0	7,201,855	100.0	(1,752,808)	(19.6)
Cost of sales	6,937,018	77.5	5,373,119	74.6	(1,563,899)	(22.5)
Gross profit	2,017,645	22.5	1,828,736	25.4	(188,909)	(9.4)
Sales & general administrative expense	1,513,809	16.9	1,528,111	21.2	14,302	0.9
Operating Income	503,836	5.6	300,625	4.2	(203,211)	(40.3)
Non-operating income (expenses)						
Interest & dividends received	18,344		9,373		(8,971)	(48.9)
Interest cost & discount expense	25,256		18,468		(6,788)	(26.9)
Exchange gains (loss)	(3,313)		7,711		11,024	(332.7)
Other non-operating income (Expenses)	20,609		6,519		(14,090)	(68.4)
Non-operating income (expenses)	10,384	0.1	5,135	(0.0)	(5,249)	(50.5)
Income before income taxes	514,220	5.7	305,760	4.2	(208,460)	(40.5)
Extraordinary profit (losses)	---		1,203		1,203	---
Income on disposal of fixed assets	5,465		3		(5,462)	(99.9)
Subsidiary company loss on sale	---		1,191,178		1,191,178	---
Director's retirement allowance	---		50,000		50,000	---
Extraordinary profit (losses)	(5,465)	0.0	(1,239,978)	(17.2)	(1,234,513)	22,589.4
Income before provisions for taxes on income	508,755	5.7	(934,218)	(13.0)	(1,442,973)	(283.6)
Income taxes	127,189	1.4	8,060	0.1	(119,129)	(93.7)
Net income	381,566	4.3	(942,278)	(13.1)	(1,323,844)	(347.0)

## Consolidated Cash Flow Statement

(Unit: thousand yen)

	1st Quarter	
	2002	2003
. Cash Flows from Operating Activities		
Net Income	381,566	(942,278)
Depreciation expense	518,991	349,257
Loss from sale of fixed asset	---	(1,203)
Loss on Disposal of Fixed Assets	5,465	3
Subsidiary company loss on sale	---	1,191,178
Change in Accounts Receivable	(1,604,264)	(112,818)
Change in Inventory	36,669	236,8009
Change in Accounts Payable	374,607	(174,848)
Other	(336,269)	(596,755)
Cash Flows from Operating Activities	(623,235)	(50,655)
. Cash Flows from Investing Activities		
Acquisition of Tangible Fixed Assets	(259,566)	(231,536)
Disposal of Tangible Fixed Assets	3	1,758
Change in Cash and cash equivalents from Subsidiary company sale	---	(63,042)
Other	---	(3,908)
Cash Flows from Investing Activities	(259,563)	(296,728)
. Cash Flows from Financing Activities		
Change in Short-term Borrowings	400,257	(83,457)
Change in Long-term Borrowing	(264,702)	(181,006)
Cash Dividends Paid	(132,767)	(134,237)
Other	---	5,100
Cash Flows from Financing Activities	2,788	(393,600)
. Effect of exchange rate changes on cash on cash and cash equivalents	47,657	7,477
. Net Increase (Decrease) in cash and cash equivalents	(832,353)	(748,460)
. Cash and cash equivalents at the beginning of the period	5,349,268	4,789,274
. Cash and cash equivalents at the end on the period	4,516,915	4,040,814