

Financial Results for the 2nd Quarter
ended 30 June 2004

SUMIDA CORPORATION
3-3-6 Nihonbashi Ningyocho
Chuo-ku, Tokyo
103-8589
Japan



CEO's Message for the Second Quarter of Fiscal 2004

"The three new sacred treasures" are expected to draw an upward curve by the forecasting of the demanding electric device industry, and forcibleness is felt in the global digital business environment. The trend of the personal computer industry started at the end of 90s, some problem existed in 2000 but it has been resolved. And now, as expected from the personal computer shipment quantity it is prospected that the hottest trend of the market has appeared. Since the use of personal computer has got into stride in China, Asia and even Eastern Europe, it is thought that the demand will continue to expand, in which we can see this effect on our midterm result.

The changing opportunity from a cathode-ray tube [conventional] television to digital flat television has also been growing. Enlargement and price reduction are also progressing and it is expected conjointly that expansion with the fast world demand of digital flat television is correlated to the effect of Olympic. Furthermore, global shipment of digital camera market has set forth to exceed the number of shipment of the last fiscal year of most digital camera makers.

Our five product companies started according to our product category which caught the global direction of the market exactly, and now, half year has passed. Although there were worries, such as terrorism, exchange fluctuation, rising of material price, our group president and president of our product companies will work together to break through all the barriers. And with a very clear role and responsibilities among them, their execution will lead us to achieve our business objectives.

Our corporation has located the profit restoration to the shareholder as one of important topics of management. Now in the midterm, 1) from a connection performance linkage type dividend plan, 5 yen is paid more from 10 yen of a front interim dividend, and it may be 15 yen; furthermore, 2) in order to assure the improvement of flow of stock, stock split 1 to 1.1 in the shareholder at the end of midterm.

Furthermore, certification of International Standard "ISO 14001" of environmental management has been acquired simultaneously in all bases in Japan during this 2nd quarter. In addition, in order to achieve the objectives of social responsibility, we will participate environmental activities actively in which our China, Mexico factories have already acquired the certification of International Standard "ISO 14001".

In the future, we "need to", we "should" and we "must" provide and continuously provide satisfaction to all of our customers. All employees in Sumida will wholeheartedly work on our 2007 goal: becoming a company with one billion dollars sales and one hundred million dollars profit.



Shigeyuki Yawata
Sumida Group CEO

Consolidated Financial Highlights for the 2nd Quarter ended 30 JUNE 2004

1. Consolidated Results of Operations

(Million yen, %)

Period Category	2nd Quarter					6-month period (January - June)				
	2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Net sales	9,179	100.0	7,162	100.0	28.2	17,367	100.0	14,364	100.0	20.9
Operating income	979	10.7	571	8.0	71.3	1,743	10.0	872	6.1	99.8
Ordinary income	917	10.0	488	6.8	88.0	1,542	8.9	794	5.5	94.3
Income before income taxes	904	9.8	440	6.2	105.1	1,529	8.8	(494)	(3.4)	---
Net income	645	7.0	481	6.7	33.9	1,120	6.4	(461)	(3.2)	---
Net income per common share (yen)										
Net income: (Basic)	40.87	---	32.61	---	---	71.50	---	(31.20)	---	---
Net income: (Fully diluted)	39.81	---	32.37	---	---	69.42	---	---	---	---

2. Consolidated Financial Conditions

(Million yen)

Period Category	2nd Quarter		
	2004	2003	Increase/Decrease
Total assets	31,759	29,501	2,258
Paid in capital	6,574	5,532	1,042
Total shareholders' equity	20,666	18,382	2,284
Total numbers of stock issued (thousand shares)	15,836	14,774	1,062
Shareholders' equity per share (yen)	1,305.03	1,244.83	60.2
Shareholders' equity ratio (%)	65.1	62.3	—

3. Consolidated Statements of Cash Flows

(Million yen)

Category \ Period	2nd Quarter			6-month period (January - June)		
	2004	2003	Change	2004	2003	Change
Cash flows from operating activities	425	252	173	779	201	578
Cash flows from investing activities	(401)	(668)	267	(1,121)	(965)	(156)
Cash flows from financing activities	(54)	379	(433)	166	(15)	181
Cash and cash equivalents, end of period	4,355	4,044	311	4,355	4,044	311

Estimation of 3rd Quarter 2004

Category \ Period	2004 3Q (Estimation)	2003 3Q (Actual)	% Change
Net sales (million yen)	10,200	8,033	27.0
Operating income (million yen)	1,100	709	55.1
Ordinary income (million yen)	1,000	607	64.7
Net income (million yen)	700	402	74.1
Net income per share (yen)	40.19	27.21	---

Consolidated Quarterly Business Results

(Million yen)

Category \ Period	2004		2003				2002			
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net sales	9,179	8,188	8,140	8,033	7,162	7,202	8,018	8,474	9,349	8,955
Operating income	979	764	813	709	571	301	434	641	592	504
Ordinary income	917	625	559	607	488	306	398	614	589	514
Income before income taxes	904	625	95	472	440	(934)	7	571	566	509
Net income	645	475	374	402	481	(942)	(194)	428	502	382

Consolidated Yearly Business Results

(Million yen)

	2003	2002	2001	2000	1999
Net sales	30,537	34,796	31,558	33,575	24,574
Operating income	2,394	2,171	1,112	3,318	2,687
Ordinary income	1,960	2,116	82	2,967	2,439
Income before income taxes	73	1,653	(1,779)	2,632	1,580
Net income	315	1,118	(1,037)	1,973	1,003
Shareholders' equity	18,809	18,910	19,534	18,581	15,083
Total assets	29,941	30,666	32,340	32,000	26,220
Per share (yen)					
EPS	21.21	83.64	(78.11)	163.43	101.56
Shareholders' equity	1,220.14	1,408.72	1,471.29	1,539.48	1,374.60

*Cumulative translation adjustments are included in shareholders' equity

Overview of Consolidated Business Results for the Second Quarter of Fiscal 2004

Europe market was soft in the second quarter of 2004, however, supported by the improvement of employment situation, personal spending in the United States has favorably turned whereas consumers' state of mind in Japan has also restored with the retreat of employment insecurity. As a result of increasing activities on construction of the factory and commercial facilities, equipment investment had ended the long-term recession and showed a sign of recovery. In addition to the growth of conventional electronic parts in the worldwide market, the digital new product introductions are moving to a higher level before the Athenian Olympics in the upcoming August. Such circumstance set manufacturers to reinforce production capacity as orders of electronic parts have activated on a scale which we have never observed in the past.

Business of audiovisual equipments including radios, televisions, radio cassette recorders and the like of analog products are expanding in ASEAN countries. Demand for liquid-crystal display TVs, DVD recorders and other digital products in Japan market is keeping up pleasingly and has been stretching out to the U.S. and Europe market with rapidly boosting volume. For personal computers, demand is expected to develop remarkably in the coming years, in anticipation of the need to replace the 220 million sets (record-high sales) sold during 1998 and 1999 when the Y2K problem was emerging. Shipment volume for digital cameras has remained high in Japan and the U.S while demand in Europe and ASEAN countries is coming in to extend the growth. For cellular phones, shipment volume recorded high at 150 million pieces in the first quarter of 2004, the highest first quarter so far. Annual amount is estimated to reach 600 million pieces this year. In the automotive equipment field, the digitalization has been spreading recently from high-class automotive out to the second-rate or lower-priced automobile, which is further pushing up the demand for automotive electronic parts and peripheral.

Sumida Group would move the business a great step forward when we are able to take advantage of the above elements. Under such circumstances, Sumida Group has been developing its business activities by focusing on prospective growing fields. Much efforts have been concentrated on new product development, manufacturing, marketing and sales over general coils used in digital camera and video cameras; power inductors corresponding to miniaturization toward cellular phones and mobile equipment; modem transformers and filter transformers for digital multi-functional appliances; transformers and inverter units for giant liquid-crystal display TVs; automotive electronic parts to new customers include ABS coils, sending and receiving coils for keyless entry system as well as injection coils for fuel control and inflation pressure sensor coils.

In addition to the removal of components division of our electromagnetic business last year, we are extending efforts not only to scale down the remaining magnetics division and to shrink OEM production of optical pickups in our optical electronic business but also to boost the manufacturing efficiency.

Overall sales of the second quarter of 2004 were up 28.2% from the same term last year to ¥9,179 million. Sales in businesses of magnetics and optical electronics rose slightly to meet demand of customers. Sales in automotive electronics parts recorded a mild growth whereas coils for audiovisual equipment and for information technology and communication equipment increased substantially by almost 30%.

Operating income increased to ¥979 million, up 71.3% over the year-before figure, despite increased loss at electromagnetics division as a result of downsizing and severance payable. The sustainable profit was attributed to declining manufacturing expenses over both ABS and general coils businesses in addition to stringent control over labor costs and manufacturing expenses for optical electronics business. Meanwhile, ordinary income achieved ¥917 million, up 88.0% over the year-before figure, even though the investment loss brought about by the equity method remained unfavorable to the result. Net income of the current term maintained at ¥645 million, 33.9% up from the last term.

Sales by Product Categories

(Million yen, %)

Period Category		2nd Quarter					6-month period (January - June)				
		2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Coil Business	AV Coils	824	9.0	527	7.3	56.4	1,551	8.9	945	6.6	64.1
	IT Communications Coils	4,599	50.1	3,414	47.7	34.7	8,524	49.1	6,668	46.4	27.8
	Other Coils	646	7.1	571	8.0	13.1	1,106	6.4	1,017	7.1	8.8
	Automotive	2,050	22.3	1,774	24.8	15.6	4,026	23.2	3,622	25.2	11.2
	TOTAL	8,119	88.5	6,286	87.8	29.2	15,207	87.6	12,252	85.3	24.1
Optoelectronics		645	7.0	531	7.4	21.5	1,334	7.7	1,351	9.4	(1.3)
Magnetics		415	4.5	345	4.8	20.3	826	4.7	761	5.3	8.5
TOTAL		9,179	100.0	7,162	100.0	28.2	17,367	100.0	14,364	100.0	20.9

Sales by Region

(Million yen, %)

Period Area		2nd Quarter					6-month period (January - June)				
		2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Japan		2,254	24.6	2,167	30.3	4.0	4,532	26.1	4,206	29.3	7.8
HK / China		1,929	21.0	1,204	16.8	60.2	3,524	20.3	2,453	17.1	43.7
ASEAN		772	8.4	560	7.8	37.9	1,400	8.1	1,038	7.2	34.9
Taiwan / Korea		1,853	20.2	1,393	19.4	33.0	3,441	19.8	2,844	19.8	21.0
NAFTA		1,111	12.1	792	11.1	40.3	2,103	12.1	1,622	11.3	29.7
EU		1,260	13.7	1,046	14.6	20.5	2,367	13.6	2,201	15.3	7.5
TOTAL		9,179	100.0	7,162	100.0	28.2	17,367	100.0	14,364	100.0	20.9

Product Segment Information

(Million yen, %)

Category \ Period	2003					2004		
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	YTD
Net Sales								
Coil Business	5,966	6,286	7,002	6,912	26,166	7,088	8,119	15,207
Optoelectronics	820	531	656	830	2,837	689	645	1,334
Electromagnetics	416	345	375	398	1,534	411	415	826
Elimination	---	---	---	---	---	---	---	---
TOTAL	7,202	7,162	8,033	8,140	30,537	8,188	9,179	17,367

Operating expenses								
Coil Business	5,032	5,130	5,652	5,431	21,245	5,788	6,598	12,386
Optoelectronics	805	547	668	794	2,814	669	615	1,284
Electromagnetics	543	417	474	513	1,947	481	505	986
Elimination	521	497	530	589	2,137	486	482	968
TOTAL	6,901	6,591	7,324	7,327	28,143	7,424	8,200	15,624

Operating income								
Coil Business	934	1,156	1,350	1,481	4,921	1,300	1,521	2,821
Optoelectronics	15	(16)	(12)	36	23	20	30	50
Electromagnetics	(127)	(72)	(99)	(115)	(413)	(70)	(90)	(160)
Elimination	(521)	(497)	(530)	(589)	(2,137)	(486)	(482)	(968)
TOTAL	301	571	709	813	2,394	764	979	1,743

Operating income ratio								
Coil Business	15.7	18.4	19.3	21.4	18.8	18.3	18.7	18.6
Optoelectronics	1.8	(3.0)	(1.8)	4.3	0.8	2.9	4.7	3.7
Electromagnetics	(30.5)	(20.9)	(26.4)	(28.9)	(26.9)	(17.0)	(21.7)	(19.4)
Elimination	---	---	---	---	---	---	---	---
TOTAL	4.2	8.0	8.8	10.0	7.8	9.3	10.7	10.0

Business Segment Information

* Notes:

- 1) In explanation of business results in the 2nd quarter of 2004, the year-on-year increase/decrease is expressed in the Japanese yen and also in the local currency. When any single local currency is applicable, figures in such single local currency are adopted, and when multiple local currencies are applicable, figures converted into the U.S. dollar are adopted.
- 2) Starting from the 2nd quarter of 2004, operating expenses previously classified as “eliminated and included company-wide” will be allocated to each segment as appropriate in order to strengthen the concept of responsibility. Figures of the 1st quarter of 2004 are restated accordingly. As a result, for the 1st quarter of 2004, operating expenses of “eliminated and included company-wide” reduced by ¥90 million while that of coil business increased by ¥90 million, compared with previously announced figures.

Sumida group's business is composed of the coil business, the optical electronic business and the electromagnetic business.

1. Coil business

Sales in our coil business totaled ¥8,119 million, up 29.2% from the same term last year (or up 39.8% from the same term last year in the local currency) since sales of coils for audiovisual equipment and for information technology and communication equipment as well as for other coils and automotive electronic parts all increased sharply. Operating income recorded a 31.6% year-on-year increase to ¥1,521 million as a result of the reduction of overall manufacturing expenses for both of general coils and ABS coils.

a) Coils for audiovisual

Sales of coils for audiovisual equipment reached ¥824 million, up 56.4% from the same term last year (or up 69.2% from the same term last year in the local currency).

In terms of area, sales in Japan were satisfactory and increased 47.2% on the year to ¥390 million principally for use in liquid-crystal display TVs. For overseas, sales in Hong Kong and China increased 59.1% on the year to ¥218 million and sales in ASEAN countries increased 72.8% on the year to ¥216 million.

b) Coils for information technology and communication

Sales of coils for information technology and communication equipment amounted to ¥4,599 million, up 34.7% from the same term last year (or up 45.8% from the same term last year in the local currency).

For sales by product used, compared with the same term last year, sales of coils for cellular phones decreased 57.7% to ¥22 million, sales of digital cameras remained about the same level at ¥229 million but sales of coils for PCs and other information technology and communication equipment increased 31.5% to ¥2,689 million, and those for inverter units increased 52.5% to ¥1,659 million.

In terms of area, sales decreased 2.1% to ¥890 million in Japan, increased 31.2% to ¥1,729 million in Taiwan, up 28.7% to ¥350 million in ASEAN countries and up 60.4% to ¥1,185 million in Suzhou, China resulting from the full-scale operation. Sales level in America has been restored and was up 152.8% to ¥445 million from a year earlier.

c) Other coils

Sales of other coils totaled ¥646 million, up 13.1% (or up 22.4% from the same term last year in the local currency). Sales of 4V coils for switching between cooling and heating increased and coils of FA equipment expanded following the higher investment on equipments by manufacturing businesses in Japan though sales of hot-water supply equipment were on the downside.

d) Coils for automobiles

Sales of automotive electronic parts reached ¥2,050 million, up 15.6% from the year-before figure (or up 25.1% from the same term last year in the local currency).

For ABS coils, sales were up by 8.5% from the figure of previous term to ¥1,126 million following the completion of inventory adjustment of automotive makers. Sales of

transformers for HID (high-intensity discharger) lamps increased 12.8% from a year earlier to ¥97 million. In addition, sales of coils for EPS (electronic power steering) decreased 9.4% from a year earlier to ¥29 million, and sales of other automotive electronic parts such as for car audio equipment, car navigation system, keyless entry, etc. were trending upward and increased significantly by 29.1% from the previous term to ¥798 million.

2. Optical electronic business

Sales of optical electronic equipment-related parts increased to ¥645 million, up 21.5% from the year-before figure (or up 31.5% from the previous term in the local currency).

Sales of optical pickups for CD amounted to ¥437 million, up 77.6% from the year-before term while sales for DVD expanded 35.8% on the year to ¥129 million. However, sales of lens holders, actuators, etc. used as parts of such optical pickups and other optical electronic parts decreased 58.4% on the year to ¥79 million. Operating income returned to a profit at ¥30 million from a loss of ¥16 million in the same term last year attributable to the efforts of cutting labor expenses and improvement in production efficiency.

3. Electromagnetic business

Sales in our electromagnetic business increased to ¥415 million, up 20.3% from the same term last year (up 30.2% from the same term last year in the local currency). Operating loss slightly worsen to ¥90 million from ¥72 million in the same period of the previous year imputed to a provision of severance payable at ¥30 million in conjunction with the downscale of magnetics business despite effective control over labor costs, manufacturing expenses and R&D Expenses as a whole.

Consolidated Business Results for First Half of 2004

Overall sales of the first half of 2004 were up 20.9% from the same term last year to ¥17,367 million. In addition to gentle upsurge of sales in automotive electronics parts, coils for audiovisual equipment, information technology and communication equipment increased vastly the first half of 2004.

Operating income increased to ¥1,743 million, up 99.8% from the year-before figure, in light of the enhancement of gross margin by overall cost reduction. Not only productivity of optical electronic equipment-related parts was upgraded but manufacturing expenses and selling outlays of electromagnetic business were also notably declined. Ordinary income reached ¥1,542 million, up 94.3% from the same term last year despite an investment loss through the equity method. Net income totaled ¥1,120 million compared with a net loss of the same term last year at ¥461 million resulted from a disposal loss of subsidiary.

The Future Management Environment and Business Development Policy

The discussion below is future management environment and our business development policy for each of business segments. The following descriptions include Sumida group's forecasts of future prospects, which Sumida group judged from an independent standpoint and adopted as management guidelines. In reality, however, actual results may sometimes deviate largely from such forecasts owing to various factors such as change of economic environment in each country of the world, outbreak of any unforeseen events, etc. Thus readers are requested to refrain from relying fully on these forecasts.

1. Coil business

Orders for coils received by Sumida Group in the second quarter of 2004 renewed an all-time high month after month.

The monthly volume of orders received for coils (orders received during the current month and scheduled to sell during the current month) after a breakthrough of 90 million pieces on average per month in the fourth quarter of 2003 maintained high at 84 million pieces in January 2004 and

further up to 91 million pieces in February, 99 million pieces in March and exceeded 100 million pieces in both April and May, and surpassed 113 million pieces in June 2004.

For sales by product, sales of general coils have been dramatically increased since February, 2004. Sales in this April have broken our record-high sales in October, 2000. Sales of inverter units have been quickly expanding in spite of a decline in January due to delay in transferring inverter-unit orders for notebook-sized-computers from Taiwan to Suzhou in China. Sales of ABS coils that had been stagnant in the second half of 2003 is expected to restore in this year to the same level in the first half of 2003.

Shipment volume of personal computers in the world has recorded double-digit growth since the second quarter of 2003. Supported by demand of seasonally-driven orders by corporate sectors, enterprises and public institutions in the U.S. and Europe, shipment volume in the second quarter of 2004 was upheld and increased 13.3% from the same term last year. With continuous demand on the replacement of personal computers that had been acquired in 1998 and 1999 ahead of the Y2K problem, shipment volume in 2004 is estimated to increase 13.6% to 186 million sets among which 100 million sets are for product replacement; likewise, 120 million sets are anticipated for replacement in 2005.

Shipment volume of digital cameras is projected to increase 38.3% from the previous year to 60 million sets in 2004 and to expand following the strong demand in Japan and the United States and the rapidly emerging demand in the European and ASEAN markets. Sales of cellular phones at 153 million sets in the first quarter of 2004 have renewed a record-high quarter that exceeded sales of 150 million sets. In the coming months, strong demand is expected after the introduction of services by Border Phone, T-Mobile and TIM to the third-generation terminals. Shipment volume is estimated to increase to 600 million sets in 2004 attributable to proliferation of those with colored liquid-crystal display and camera.

Demand for liquid-crystal display TVs in the globe is anticipated to trend upward from 5 million sets in 2003 to 10.07 million sets in 2004, 20.04 million sets in 2005 and up to 58.17 million sets in 2008. Market for DVD recorders is also estimated to grow from 4.03 million sets in 2003 to 8.3 million sets in 2004 and then to 15.5 million sets in 2005.

The number of new cars registration in the first quarter of 2004 increased 4.2% from the year-before figures, up 7.8% in April and up 1.2% in May from the same term last year. In the U.S. market, the number of new cars registration slightly decreased 0.5% in the first quarter, down 1.4% in April but up 4% in May from the same term last year. In general, the number of new car sales is expected to climb in the coming days though the sales were somewhat sluggish in last year.

Under such business environment, Sumida group is promoting its business activities by focusing on prospective growing fields. In power inductors segment, in addition to keeping up sales of notebook-sized computers, digital cameras and HDD, Sumida is directing more emphasis on development of new parts and sales for cellular phones where we are relatively less focus on. Furthermore, to cope with the increasing demand in Japan, Taiwan and Korea for electronic parts used in flat panel TVs, we are devoting efforts to expand sales by launching the latest type of inverters and leakage transformers to the market.

For ABS coils, delivery to new customers started from the second half of 2002 and has fully contributed to our sales in 2003. We are endeavoring to explore more new customers in such sales. For automotive electronic parts other than ABS coils, our sales force is in full speed to drive sales of coils for intelligent-key entry, immobilizer, navigation system, direct-injection engine, EPS (electronic power steering) and air bag.

2. Optical electronic business

In our optical electronic business, we will continue the direction to scale down the OEM supply of optical pickups.

For lens holders and actuators used in optical pickups, our products are receiving a certain appraisal in the optical electronic equipment industry by using the winding machine developed by ourselves. Thus it is our policy to continue sales promotion of lens holders and actuators to new customers in the future.

3. Electromagnetic business

In response to expectations of customers in the United States to keep certain portion of purchase from NAFTA manufacturers for risk management, Sumida is maintaining limited production in electromagnetic division although we always stress on profitable business. We will continue our efforts to enhance productivity and reduce manufacturing expenditures at the remaining magnetics division.

Forecast of Business Results in the Third Quarter of 2004

Sumida group is publishing the forecast of business results by compiling commitments submitted from each of our divisions covering the following quarter. Under the unstable and sudden changing economic environment, it is difficult for us to forecast business results for the full term correctly as there might arise a substantial deviation of the actual figures from the figures forecasted at the beginning of the term according to circumstances. Thus, it is our policy to disclose the contents of our forecast covering the coming next quarter only as it is our first consideration to provide appropriate and correct information to our investors.

The following is our forecast at this point of business results in the third quarter of 2004.

Forecast of consolidated business results in the third quarter of 2004 (From Jul 1 to Sept 30, 2004)		Actual figures of consolidated business results in the third quarter of 2003 (From Jul 1 to Sept 30, 2003)	
Sales	10,200 million	Sales	8,033 million
Ordinary income	1,000 million	Ordinary income	607 million
Net income	700 million	Net income	402 million

(Exchange rate is premised at ¥110 per U.S.\$1.)

Consolidated Balance Sheets

(Unit : thousand yen)

Account	Period					
	2Q 2004	%	2Q 2003	%	Dec 2003	%
ASSETS						
I Current assets						
1.Cash and cash equivalents	4,354,904		4,043,563		4,471,169	
2.Trade receivables	8,071,853		6,441,558		6,879,959	
3.Inventories	3,893,926		3,134,711		3,138,318	
4.Others	1,670,293		1,520,356		2,311,849	
5.Allowance for doubtful accounts	(234,855)		(21,210)		(232,727)	
Total current assets	17,756,121	55.9	15,118,978	51.2	16,568,568	55.3
II Fixed assets						
(1) Tangible fixed assets						
1.Buildings	6,283,401		6,303,294		6,211,182	
2.Machinery and equipment	9,541,082		9,583,111		8,842,647	
3.Furniture and fixture	2,767,900		2,853,557		2,660,313	
4.Land	1,253,387		1,255,754		1,252,063	
5.Construction in progress	196,054		212,957		145,089	
6.Accumulated depreciation	(10,306,812)		(9,954,128)		(9,524,680)	
Total tangible fixed assets	9,735,012	30.7	10,254,545	34.8	9,586,614	32.0
(2) Intangible fixed assets						
1.Leasehold rights	525,142		585,342		522,732	
2.Software	119,657		151,137		129,577	
3.Others	20,720		4,016		3,965	
Total intangible fixed assets	665,519	2.1	740,495	2.5	656,274	2.2
(3) Investments and other assets						
1.Investments in securities	236,574		321,201		385,512	
2.Others	3,366,015		3,065,812		2,744,017	
Total investments and other assets	3,602,589	11.3	3,387,013	11.5	3,129,529	10.5
Total fixed assets	14,003,120	44.1	14,382,053	48.8	13,372,417	44.7
TOTAL ASSETS	31,759,241	100.0	29,501,031	100.0	29,940,985	100.0

Consolidated Balance Sheets

Account	Period	2Q 2004	2Q 2003	Dec 2003	
LIABILITIES					
I	Current liabilities				
	1.Trade payables	3,003,719	2,195,770	2,522,924	
	2.Short-term borrowings	4,015,808	5,596,572	4,116,808	
	3.Others	1,878,146	1,914,198	1,836,654	
	Total current liabilities	8,897,673	9,706,540	8,476,386	28.3
II	Fixed liabilities				
	1.Straight bond	1,200,000	—	1,200,000	
	2.Long-term loans	657,904	971,212	1,045,308	
	3.Deferred income taxes	202,853	224,426	231,705	
	4.Others	134,858	217,133	178,416	
	Total fixed liabilities	2,195,615	1,412,771	2,655,429	8.9
	Total liabilities	11,093,288	11,119,311	11,131,815	37.2
SHAREHOLDERS' EQUITY					
I	Paid in capital	6,574,222	5,532,285	6,164,619	20.6
II	Capital reserve	6,386,331	5,330,521	5,971,416	19.9
III	Retained earnings	10,197,221	8,603,440	9,231,414	30.8
IV	Unrealized gains/losses on securities at market valuation	99,207	57,888	90,708	0.3
V	Cumulative translation adjustments	(2,564,984)	(1,124,698)	(2,626,162)	(8.7)
VI	Treasury stock	(26,044)	(17,716)	(22,825)	(0.1)
	Total shareholders' equity	20,665,953	18,381,720	18,809,170	62.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,759,241	29,501,031	29,940,985	100.0

Consolidated Statements of Income


(Unit : thousand yen)

Account	Period	2Q				6-month Period (January - June)			
		2004		2003		2004		2003	
		Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
I	Net sales	9,178,944	100.0	7,161,780	100.0	17,366,772	100.0	14,363,635	100.0
II	Cost of sales	6,595,592	71.9	5,141,651	71.8	12,505,071	72.0	10,514,770	73.2
	Gross profit on sales	2,583,352	28.1	2,020,129	28.2	4,861,701	28.0	3,848,865	26.8
III	Selling, general & administrative	1,604,646	17.4	1,448,634	20.2	3,118,823	18.0	2,976,745	20.7
	Operating income	978,706	10.7	571,495	8.0	1,742,878	10.0	872,120	6.1
IV	Non-operating income (expenses)								
	Interest and dividends received	7,092		7,502		13,728		16,875	
	Interest paid	11,160		18,744		23,477		37,212	
	Exchange gain (loss)	15,105		(42,385)		(31,253)		(34,674)	
	Investment loss on equity method	64,165		51,975		118,330		51,975	
	Other non-operating income (expenses)	(8,319)		22,015		(41,676)		28,534	
	Non-operating income (expenses)	(61,447)	(0.7)	(83,587)	(1.2)	(201,008)	(1.1)	(78,452)	(0.6)
	Ordinary income	917,259	10.0	487,908	6.8	1,541,870	8.9	793,668	5.5
V	Extraordinary income (losses)								
	Gain on sales of fixed assets	196		139,517		2,040		140,720	
	Gain on warrant deposits received	102,595		---		102,595		---	
	Loss on disposal of fixed assets	348		12,633		348		12,636	
	Directors' retirement bonus	---		---		---		50,000	
	Unrealized loss on investment securities	---		109,042		---		109,042	
	Loss on sales of subsidiary	---		12,763		---		1,203,941	
	Loss on factory removal	116,379		---		116,379		---	
	Structural reorganization expenses	---		52,439		---		52,439	
	Other extraordinary income (expenses)	180		---		(1,150)		---	
	Extraordinary income (losses)	(13,756)	(0.2)	(47,360)	(0.6)	(13,242)	(0.1)	(1,287,338)	(8.9)
	Income before income taxes	903,503	9.8	440,548	6.2	1,528,628	8.8	(493,670)	(3.4)
	Income taxes	258,473	2.8	(37,671)	(0.5)	408,664	2.4	(29,611)	(0.2)
	Income on minority shareholders	---	---	3,336	0.0	---	---	3,336	0.0
	Net income	645,030	7.0	481,555	6.7	1,119,964	6.4	(460,723)	(3.2)

Consolidated Statements of Cash Flows

(Unit: thousand yen)

Account	2Q		6-month Period (January - June)	
	2004	2003	2004	2003
I. Cash flows from operating activities				
Net income	645,030	481,555	1,119,964	(460,723)
Depreciation and amortization	381,570	385,266	734,997	734,523
Gain on sales of fixed assets	(196)	(139,517)	(2,040)	(140,720)
Loss on disposal of fixed assets	348	12,633	348	12,636
Loss on sales of subsidiaries	---	12,763	---	1,203,941
Changes in account receivable	(960,734)	(264,603)	(1,117,674)	(377,421)
Changes in inventories	(493,677)	(276,673)	(706,891)	(39,864)
Changes in account payable	483,823	309,350	428,320	134,502
Others	368,480	(269,507)	322,441	(866,262)
Cash flows from operating activities	424,644	251,267	779,465	200,612
II. Cash flows from investing activities				
Purchase of tangible fixed assets	(391,495)	(441,754)	(695,557)	(673,290)
Proceeds from sales of tangible fixed assets	300	186,444	2,549	188,202
Decrease in cash equivalents due to sales of subsidiaries	---	35,489	---	(27,553)
Others	(9,649)	(448,317)	(428,038)	(452,225)
Cash flows from investing activities	(400,844)	(668,138)	(1,121,046)	(964,866)
III. Cash flows from financing activities				
Changes in short-term borrowings	(155,000)	558,550	---	475,093
Changes in long-term borrowings	(284,202)	(172,398)	(488,404)	(353,404)
Cash dividends paid	---	---	(154,157)	(134,237)
Revenue from issuance of stocks	386,339	5,100	812,224	10,200
Others	(1,065)	(12,744)	(3,219)	(12,744)
Cash Flows from financing activities	(53,928)	378,508	166,444	(15,092)
IV. Effect of exchange rate changes on cash and cash equivalents	150,290	42,406	47,474	34,929
V. Net increase (decrease) in cash and cash equivalents	120,162	4,043	(127,663)	(744,417)
VI. Cash and cash equivalents at beginning of year	4,223,344	4,040,814	4,471,169	4,789,274
VII. Increase in cash and cash equivalents on new subsidiary	11,398	---	11,398	---
VII. Decrease in cash and cash equivalents on exclusion from consolidation	---	(1,294)	---	(1,294)
VIII. Cash and cash equivalents at end of year	4,354,904	4,043,563	4,354,904	4,043,563

 **The explanatory notes given in English are for reference only. For any doubts or uncertainties regarding the English translation, refer to the original text in Japanese.**