



Financial Results for the 3rd Quarter
ended 30 September 2004

SUMIDA CORPORATION

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CEO's Message for the Third Quarter of Fiscal 2004

CEATEC JAPAN was held in October 2004 at Makuhari Messe where Sumida was one of the regular annual exhibitors. The theme of CEATEC JAPAN 2004 was "Ubiquitous Society". "Ubiquitous" comes from a Latin word, meaning "present everywhere or in several places at the same time". All information tools and products are linked within a single network, and a society in which information can constantly be exchanged everywhere is called "Ubiquitous Society". Access is not limited to personal computers and mobile phones, but also to home electronic appliances and to automobiles.

We are convinced that Sumida is contributing to the development of ubiquitous society in the 21st century by offering wide range of coil related parts for ubiquitous-related industry.

Sales in the 3rd quarter of 2004 were 9,519 million yen which is an 18.5% increase compared with same period of last year, while operating profit was 1,036 million yen which is a 46.2% increase. The operating profit of a level which exceeds 10% in operating profit ratio indicates clearly that we focused on profit rather than sales amount.

Our company has already started developing various strategies towards the achievement of the mid-term management goal - 1 billion dollars sales & 100 million dollars in operating profit. Five internal companies were established in January of 2004 based on product categories, a system for defining the role and responsibilities for each Company President has also been developed. Furthermore, investigation of possible merger with or acquisition of other companies has proactively started. We are working hard to identify the most appropriate partner within and outside of Japan, especially in regard to the automotive business.

Finally, the end of 2004 will be a milestone for us as it is the 50th anniversary of Sumida. As a global company which continues to achieve profit, we would like to take the opportunity to further understand and incorporate Corporate Social Responsibility (CSR) in our management policy. As a first step and occasion of the 50th anniversary, we have just established a foundation to support students in Japan and Hong Kong. We are hoping to enlarge our support for the regions where Sumida consider as partners.



Shigeyuki Yawata
Sumida Group, CEO

Group President's Message for the Third Quarter of Fiscal 2004

Thanks to the sustained efforts made by all Sumida team members, we have achieved the sales growth of 18.5% in 3rd Quarter compared with the same period last year. The annual growth rate accumulated until 3Q has been resulted as approximately 20% in comparison to 2003.

Under the organization concept of product companies, we have strengthened our marketing strategies and redeploy our sales workforce to the right target segments we focus on. With such direction, the Inverter Company reported growth rate (year-to-date until 3Q) of 46% in terms of sales turnover and 47% in terms of quantity compared to 2003. Although we face severe price pressure against notebook inverter, the newly developed items of TV monitor inverter has contributed much to the significant growth of Inverter Company. Our team has been working all the time to achieve the requirements from our major customers. We are competing with time. I have much confidence on the continual growth of this business and we will keep on taking more aggressive business approaches in the coming 4th quarter to expect higher return in next year.

On the other hand, our Power Inductor Company has also recorded significant accumulated growth of 39% (year-to-date) in terms of order quantity compared to last year. Nevertheless, the sales amount has been grown for 20% mainly due to certain price pressure and the product mix. We are working on cost reduction programs to counter this so that our profit margin can remain. Based on the marketing information for global market, we target to achieve the sales growth by minimum 50% next year for Power Inductor. It was reported recently that a few key digital product players would confirm to change Sumida to be their first supplier. We are confident to achieve this target in view of teamwork, our understanding of the customer requirements, and our focus on market needs with low cost strategy.

Automotive is another major segment we focus on. The annual sales growth year to date is recorded as 14% compared to 2003, one of the main reason is continuous growth of ABS coils which is our major product. In order not to engage our engineers in too many projects simultaneously, it is our strategy to select the right project and right partner to focus and develop our strategy in automotive area as the development cycle takes 12 to 18 months which is much longer than the case of consumer electronics. As we have put investment for automotive projects for some time, we shall be able to harvest them in the near future.

It comes to our attention that some companies in the industry have slight drawback about the order situation in 4th Quarter, but I still expect Year 2004 will be a good year for Sumida although we are facing much pressure from customers for price reduction and the increase of material cost due to the impact of oil price. I forecast the order situation in October will be our record high for production quantity, and here I must thank for the hard-working and contribution of all my colleagues, as well as the support from our stakeholders.



Chiu Ka Sheung
Sumida Group, Group President

Consolidated Financial Highlights for the 3rd Quarter ended 30 SEPTEMBER 2004

1. Consolidated Results of Operations

(Million yen, %)

Period Category	3rd Quarter					9-month period (January - September)				
	2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Net sales	9,519	100.0	8,033	100.0	18.5	26,885	100.0	22,397	100.0	20.0
Operating income	1,036	10.9	709	8.8	46.2	2,779	10.3	1,581	7.1	75.8
Ordinary income	934	9.8	607	7.6	53.7	2,476	9.2	1,401	6.3	76.7
Income before income taxes	876	9.2	472	5.9	85.7	2,405	8.9	(22)	(0.1)	---
Net income	631	6.6	402	5.0	57.1	1,751	6.5	(59)	(0.3)	---
Net income per common share (yen)										
Net income: (Basic)	36.20	---	27.21	---	---	101.16	---	(3.99)	---	---
Net income: (Fully diluted)	35.44	---	26.55	---	---	98.24	---	---	---	---

2. Consolidated Financial Conditions

(Million yen)

Period Category	3rd Quarter		
	2004	2003	Increase/Decrease
Total assets	35,653	29,503	6,150
Paid in capital	6,597	5,599	998
Total shareholders' equity	21,355	17,787	3,568
Total numbers of stock issued (thousand shares)	17,440	14,832	2,608
Shareholders' equity per share (yen)	1,224.51	1,199.24	25.27
Shareholders' equity ratio (%)	59.9	60.3	—

3. Consolidated Statements of Cash Flows

(Million yen)

Category	Period	3rd Quarter			9-month period (January - September)		
		2004	2003	Change	2004	2003	Change
Cash flows from operating activities		700	403	297	1,479	604	875
Cash flows from investing activities		(781)	(354)	(427)	(1,902)	(1,319)	(583)
Cash flows from financing activities		2,268	416	1,852	2,434	401	2,033
Cash and cash equivalents, end of period		6,615	4,242	2,373	6,615	4,242	2,373

Estimation of 4th Quarter 2004

Category	Period	2004 4Q (Estimation)	2003 4Q (Actual)	% Change
Net sales (million yen)		10,000	8,140	22.9
Operating income (million yen)		1,020	813	25.5
Ordinary income (million yen)		920	559	64.6
Net income (million yen)		370	374	(1.1)
Net income per share (yen)		21.22	24.77	---

Consolidated Quarterly Business Results

(Million yen)

Category	Period	2004			2003			2002				
		3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net sales		9,519	9,179	8,187	8,140	8,033	7,162	7,202	8,018	8,474	9,349	8,955
Operating income		1,036	979	764	813	709	571	301	434	641	592	504
Ordinary income		934	917	625	559	607	488	306	398	614	589	514
Income before income taxes		876	904	625	95	472	440	(934)	7	571	566	509
Net income		631	645	475	374	402	481	(942)	(194)	428	502	382

Consolidated Yearly Business Results

(Million yen)

	2004 (E)	2003	2002	2001	2000
Net sales	36,885	30,537	34,796	31,558	33,575
Operating income	3,779	2,394	2,171	1,112	3,318
Ordinary income	3,396	1,960	2,116	82	2,967
Income before income taxes	2,925	73	1,653	(1,779)	2,632
Net income	2,121	315	1,118	(1,037)	1,973
Shareholders' equity	21,725	18,809	18,910	19,534	18,581
Total assets	36,023	29,941	30,666	32,340	32,000
Per share (yen)					
EPS	121.62	21.21	83.64	(78.11)	163.43
Shareholders' equity	1,245.72	1,220.14	1,408.72	1,471.29	1,539.48

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

In the third quarter of 2004, tight oil supplies as well as the hurricane in the mid of September in the U.S. featured unexpected bumps to the global economy. However, increasing population believed that the economy would be resuming. The attempt of the China Government to dampen the growth and inflation had shown some result and the pace of its subsequent macroeconomic control was expected to slow down. Pessimism over the deflation in Japan was soothed following the restoration of production capacity and upbeat investment desires toward equipments for non-manufacturing activities. Employment situation and personal consumption was both on the upside.

The growth of conventional electronic parts in the worldwide market was decelerated as an adjustment after the invigorating demand stemmed from the Athens Olympic in this August. Unlike the IT boom in the late 90's, the demand extended to parts not only used in personal computers and cell phones but also in Flat Panel TVs, DVD recorders, digital cameras, other home appliances, and automobiles as well. The demand was expected to expand in a wide span.

Although the business of audiovisual equipments including radios, televisions, radio cassette recorders and the like of analog products has been experiencing an adjustment, demand for liquid-crystal display TVs, DVD recorders and other digital products remained robust because the coverage for digital broadcast service has been stretching out to larger areas. For personal computers, demand from corporate sectors is expected to develop increasingly as a result of organizational digitalization and the need to replace the aged models that sold for the Y2K problem. Shipment volume for digital cameras recorded less growth in Japan on account of the relatively high penetration rate of the product while demand in the U.S., Europe and ASEAN countries is all moving on an upward trend. For cellular phones, shipment volume recorded 35% up in the second quarter from the last term after the breakthrough at 150 million pieces in the first quarter of 2004. Annual amount is estimated to reach 620 million pieces this year, up 19.2% from 2003. 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.

Under such circumstances, Sumida Group has been developing its business activities by focusing on prospective growing fields. 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 third quarter of 2004 were up 18.5% from the same term last year to ¥9,519 million. Sales in businesses of magnetics and optical electronics diminished in line with the decision of the downsizing. 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 profit increased to ¥1,036 million, up 46.2% over the year-before figure. The sustainable profit was attributed to the increase of sales and decline of manufacturing cost. Operating loss for optical electronics business was improved because of the downsizing of electromagnetics in addition to stringent control over labor costs and manufacturing expenses. Meanwhile, ordinary income achieved ¥934 million, up 53.7% over the year-before figure, even though the investment loss brought about by the equity method remained unfavorable to the result. The down scale of the electromagnetics brought up a restructuring cost amounted to ¥58 million. Net income of the current term maintained at ¥631 million, 57.1% up from the last term.

Sales by Product Categories

(Million yen, %)

Period Category		3rd Quarter					9-month period (January - September)				
		2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Coil Business	AV Coils	1,021	10.7	696	8.6	46.7	2,572	9.6	1,641	7.3	56.7
	IT Communications Coils	5,079	53.4	4,077	50.8	24.6	13,603	50.6	10,745	48.0	26.6
	Other Coils	626	6.6	579	7.2	8.1	1,732	6.4	1,596	7.1	8.5
	Automotive	2,114	22.2	1,650	20.5	28.1	6,139	22.8	5,272	23.5	16.4
	TOTAL	8,840	92.9	7,002	87.1	26.2	24,046	89.4	19,254	85.9	24.9
Optoelectronics		400	4.2	656	8.2	(39.0)	1,734	6.5	2,007	9.0	(13.6)
Magnetics		279	2.9	375	4.7	(25.6)	1,105	4.1	1,136	5.1	(2.7)
TOTAL		9,519	100.0	8,033	100.0	18.5	26,885	100.0	22,397	100.0	20.0

Sales by Region

(Million yen, %)

Period Area		3rd Quarter					9-month period (January - September)				
		2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Japan		2,416	25.4	2,220	27.6	8.8	6,948	25.8	6,426	28.7	8.1
HK / China		2,010	21.1	1,779	22.1	13.0	5,533	20.6	4,232	18.9	30.7
ASEAN		748	7.9	651	8.1	14.9	2,148	8.0	1,689	7.5	27.2
Taiwan / Korea		1,961	20.6	1,635	20.4	19.9	5,402	20.1	4,479	20.0	20.6
NAFTA		937	9.8	859	10.7	9.1	3,040	11.3	2,481	11.1	22.5
EU		1,447	15.2	889	11.1	62.8	3,814	14.2	3,090	13.8	23.4
TOTAL		9,519	100.0	8,033	100.0	18.5	26,885	100.0	22,397	100.0	20.0

Product Segment Information

(Million yen, %)

Category \ Period	2003					2004			
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	YTD
Net Sales									
Coil Business	5,966	6,286	7,002	6,912	26,166	7,087	8,119	8,840	24,046
Optoelectronics	820	531	656	830	2,837	689	645	400	1,734
Electromagnetics	416	345	375	398	1,534	411	415	279	1,105
Elimination	---	---	---	---	---	---	---	---	---
TOTAL	7,202	7,162	8,033	8,140	30,537	8,187	9,179	9,519	26,885

Operating expenses									
Coil Business	5,032	5,130	5,652	5,431	21,245	5,787	6,598	7,290	19,675
Optoelectronics	805	547	668	794	2,814	669	615	403	1,687
Electromagnetics	543	417	474	513	1,947	481	505	299	1,285
Elimination	521	497	530	589	2,137	486	482	491	1,459
TOTAL	6,901	6,591	7,324	7,327	28,143	7,423	8,200	8,483	24,106

Operating income									
Coil Business	934	1,156	1,350	1,481	4,921	1,300	1,521	1,550	4,371
Optoelectronics	15	(16)	(12)	36	23	20	30	(3)	47
Electromagnetics	(127)	(72)	(99)	(115)	(413)	(70)	(90)	(20)	(180)
Elimination	(521)	(497)	(530)	(589)	(2,137)	(486)	(482)	(491)	(1,459)
TOTAL	301	571	709	813	2,394	764	979	1,036	2,779

Operating income ratio									
Coil Business	15.7	18.4	19.3	21.4	18.8	18.3	18.7	17.5	18.2
Optoelectronics	1.8	(3.0)	(1.8)	4.3	0.8	2.9	4.7	(0.8)	2.7
Electromagnetics	(30.5)	(20.9)	(26.4)	(28.9)	(26.9)	(17.0)	(21.7)	(7.2)	(16.3)
Elimination	---	---	---	---	---	---	---	---	---
TOTAL	4.2	8.0	8.8	10.0	7.8	9.3	10.7	10.9	10.3

Business Segment Information

* Notes:

- 1) In explanation of business results in the 3rd 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) With regard to the segment information, when sales ratio of a specific segment to particular customer exceeds 50%, the total sales to such customer, regardless the reality of the actual respective segments, were all re-classified to group as sales of the majority segment. As such, one customer's sales amounts of coils for personal computer, information technology and communication have been reclassified as sales of coils for cellular phones which exceeded the majority. The reclassification has been done retrospectively to the corresponding period of the previous year.

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 ¥8,840 million, up 26.2% from the same term last year (or up 36.3% from the same term last year in the local currency) since except that sales of other coils grew in a moderate rate, sales of coils for audiovisual equipment and for information technology and communication equipment as well as for automotive electronic parts all increased sharply. Operating profit recorded a 14.8% year-on-year increase to ¥1,550 million as a result of surge in sales despite increase in carriages; reinforcement of automobile sales though with increased selling cost and reduction of overall manufacturing expenses.

a) Coils for audiovisual

Sales of coils for audiovisual equipment reached ¥1,021 million, up 46.7% from the same term last year (or up 58.4% from the same term last year in the local currency).

In terms of area, sales in Japan were satisfactory and increased 53.6% on the year to ¥539 million principally for use in liquid-crystal display TVs. Overseas, sales in Hong Kong and China increased 58.6% on the year to ¥295 million and sales in ASEAN countries increased 17.6% on the year to ¥187 million.

b) Coils for information technology and communication

According to the reclassified segment report, sales of coils for information technology and communication equipment amounted to ¥5,079 million, up 24.6% from the same term last year (or up 34.5% 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 increased 78.4% to ¥182 million, sales of coils for digital cameras was down 12.4% to ¥234 million but sales of coils for PCs and other information technology and communication equipment increased 14.5% to ¥2,596 million, and those for inverter units increased 43.5% to ¥2,067 million.

In terms of area, sales decreased 1.8% to ¥884 million in Japan, increased 16.2% to ¥1,839 million in Taiwan, up 7.5% to ¥386 million in ASEAN countries and up 47.4% to ¥1,493 million in Suzhou, China resulting from the full-scale operation. Sales level in America has been restored and was up 114.9% to ¥477 million from a year earlier.

c) Other coils

Sales of other coils totaled ¥626 million, up 8.1% (or up 16.7% from the same term last year in the local currency). Sales of 4V coils for switching between cooling and heating increased significantly while coils for FA equipment and hot-water supply equipment also grew mildly.

d) Coils for automobiles

Sales of automotive electronic parts reached ¥2,114 million, up 28.1% from the year-before figure (or up 38.3% from the same term last year in the local currency).

For ABS coils, sales were up sharply by 35.8% from the figure of previous term to ¥1,247 million. Sales of transformers for HID (high-intensity discharger) lamps increased 17.9% from a year earlier to ¥92 million. In addition, 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 19.9% from the previous term to ¥746 million. Sales of coils for EPS (electronic power steering) decreased 9.4% from a year earlier to ¥29 million.

2. Optical electronic business

Sales of optical electronic equipment-related parts increased to ¥400 million, down 39% from the year-before figure (or down 34.2% from the previous term in the local currency).

Sales of optical pickups for CD amounted to ¥152 million, down 58.1% from the year-before term while sales for DVD expanded 7.9% on the year to ¥137 million. However, sales of lens holders, actuators, etc. used as parts of such optical pickups and other optical electronic parts decreased 33.1% on the year to ¥111 million. Operating loss recorded at only ¥3 million attributable to the efforts of cutting labor expenses and improvement in production efficiency.

3. Electromagnetic business

Sales in our electromagnetic business decreased to ¥279 million, down 25.6% from the same term last year (down 19.7% from the same term last year in the local currency). Operating loss slightly improved to ¥20 million compared with ¥99 million the same period of the previous year, accredited to effective control over labor costs, manufacturing expenses and R&D Expenses as a whole.

Consolidated Business Results for Period ended September 2004

Overall sales of the first three quarters of 2004 were up 20% from the same term last year to ¥26,885 million. In addition to gentle upsurge of sales in automotive electronics parts and other coils, coils for audiovisual equipment, information technology and communication equipment increased vastly regardless of the decline in optical electronic and electromagnetics businesses.

Operating profit increased to ¥2,779 million, up 75.8% 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 ¥2,476 million, up 76.7% from the same term last year despite an investment loss through the equity method. Net income totaled ¥1,751 million compared with a net loss of the same term last year at ¥59 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 event, 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 third 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) was 91 million pieces on average in the first quarter and further to an average of 104 million pieces in the second quarter and remained high at 111 million pieces in July, 105 million pieces in August and 111 million pieces in September.

For sales by product, sales of general coils increased from ¥1,544 million in the first quarter to

¥1,778 million in the second quarter and further to ¥1,842 million in the third quarter of 2004. Sales of ABS coils that had been stagnant in the second half of 2003 reached ¥362 million per month on average in the first quarter of 2004, remained high at ¥375 million per month in the second quarter and increased to ¥416 million per month on average in the third quarter. Sales of inverter units are estimated to quickly expand following the full speed in transferring inverter-unit orders for notebook-sized-computers from Taiwan to Suzhou in China in the first half of 2004.

Shipment volume of personal computers in the world was persistently up 13.3% in the second quarter of 2004 from the same term last year. With growing demand by corporate sectors and 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 14% to 15%.

Shipment volume of digital cameras is projected to increase 40% from the previous year to 60 million sets in 2004. Although household penetration rate in the Japanese market exceeds 50% and the growth rate blunts, brisk growth in the worldwide is anticipated on the basis of the comparatively mild penetration rate of about 20% to 30% in the United States and Europe and even a lower rate in ASEAN markets. Moreover, major Japanese based enterprises have plans to extend production to new factories in other regions in Japan, Vietnam and China. The total output is expected to reach approximately 100 million units in 2 to 3 years.

Sales of cellular phones at 153 million sets in the first quarter of 2004 have renewed a record-high first quarter that exceeded sales of 150 million sets. Sales were up 35% to 156 million sets in the second quarter and the year round sales are estimated to grow 19.2% to 620 million sets in 2004. Strong and continuous demand is prospected attributable to the regulated inventory level as well as the introduction of services to the third-generation terminals in Europe.

Demand for liquid-crystal display TVs in the globe is estimated to trend upward from 5 million sets in 2003 to 10 million sets in 2004, 20 million sets in 2005 and up to 58 million sets in 2008. Services of digital hi-vision broadcast, which has started since last December in Kanto, Kansai and the Chukyo sphere is anticipated to expand throughout the entire Japan in 2006 and be completely launched by 2011, becomes the key for the expected growth. Besides, after the services of digital high definition broadcast which has been under way in the United States and Europe, China has schedule to introduce such services for Beijing Olympics in 2008.

In Europe, the number of new cars registration increased 3.4% in the first quarter and 4.4% in the second quarter of 2004 from the same terms last year. In the U.S. market, the sales of new cars showed a sustainable growth, increased 6.1% in the first quarter and grew 2.9% in second quarter of 2004 compared with the last corresponding terms. In general, the sales of new car in the globe are estimated to increase regularly.

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. Our policy is to continue sales promotion of lens holders and actuators to new customers in the future.

3. Electromagnetic business

Continuous efforts will be extended to scale down the remaining magnetics division.

Forecast of Business Results in the Fourth 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 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 fourth quarter of 2004.

Forecast of consolidated business results in the fourth quarter of 2004 (From Oct 1 to Dec 31, 2004)		Actual figures of consolidated business results in the fourth quarter of 2003 (From Oct 1 to Dec 31, 2003)	
Sales	10,000 million	Sales	8,140 million
Ordinary income	920 million	Ordinary income	559 million
Net income	370 million	Net income	374 million

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

Consolidated Balance Sheets

(Unit : thousand yen)

Account \ Period	3Q 2004	%	3Q 2003	%	Dec 2003	%
ASSETS						
I Current assets						
1.Cash and cash equivalents	6,614,718		4,242,157		4,471,169	
2.Trade receivables	8,879,937		6,778,396		6,879,959	
3.Inventories	4,184,076		2,913,514		3,138,318	
4.Others	1,876,784		1,851,004		2,311,849	
5.Allowance for doubtful accounts	(256,122)		(18,247)		(232,727)	
Total current assets	21,299,393	59.7	15,766,644	53.4	16,568,568	55.3
II Fixed assets						
(1) Tangible fixed assets						
1.Buildings	6,358,931		6,094,023		6,211,182	
2.Machinery and equipment	10,168,402		9,150,411		8,842,647	
3.Furniture and fixture	2,855,383		2,761,728		2,660,313	
4.Land	1,253,846		1,254,190		1,252,063	
5.Construction in progress	278,583		155,539		145,089	
6.Accumulated depreciation	(10,877,310)		(9,657,532)		(9,524,680)	
Total tangible fixed assets	10,037,835	28.2	9,758,359	33.1	9,586,614	32.0
(2) Intangible fixed assets						
1.Leasehold rights	535,761		544,652		522,732	
2.Software	111,894		138,962		129,577	
3.Others	17,744		3,991		3,965	
Total intangible fixed assets	665,399	1.9	687,605	2.3	656,274	2.2
(3) Investments and other assets						
1.Investments in securities	178,627		318,140		385,512	
2.Others	3,471,930		2,972,668		2,744,017	
Total investments and other assets	3,650,557	10.2	3,290,808	11.2	3,129,529	10.5
Total fixed assets	14,353,791	40.3	13,736,772	46.6	13,372,417	44.7
TOTAL ASSETS	35,653,184	100.0	29,503,416	100.0	29,940,985	100.0

Consolidated Balance Sheets

Account	Period					
	3Q 2004	%	3Q 2003	%	Dec 2003	%
LIABILITIES						
I Current liabilities						
1.Trade payables	3,488,983		2,333,554		2,522,924	
2.Short-term borrowings	6,646,009		4,523,002		4,116,808	
3.Others	2,148,258		1,976,231		1,836,654	
Total current liabilities	12,283,250	34.5	8,832,787	29.9	8,476,386	28.3
II Fixed liabilities						
1.Straight bond	1,200,000		1,200,000		1,200,000	
2.Long-term loans	503,302		1,284,510		1,045,308	
3.Deferred income taxes	196,982		204,119		231,705	
4.Others	114,567		195,331		178,416	
Total fixed liabilities	2,014,851	5.6	2,883,960	9.8	2,655,429	8.9
Total liabilities	14,298,101	40.1	11,716,747	39.7	11,131,815	37.2
SHAREHOLDERS' EQUITY						
I Paid in capital	6,597,472	18.5	5,598,570	19.0	6,164,619	20.6
II Capital reserve	6,409,582	18.0	5,396,835	18.3	5,971,416	19.9
III Retained earnings	10,590,800	29.7	8,857,622	30.0	9,231,414	30.8
IV Unrealized gains/losses on securities at market valuation	58,519	0.2	60,318	0.2	90,708	0.3
V Cumulative translation adjustments	(2,262,319)	(6.4)	(2,108,264)	(7.1)	(2,626,162)	(8.7)
VI Treasury stock	(38,971)	(0.1)	(18,412)	(0.1)	(22,825)	(0.1)
Total shareholders' equity	21,355,083	59.9	17,786,669	60.3	18,809,170	62.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,653,184	100.0	29,503,416	100.0	29,940,985	100.0

Consolidated Statements of Income

(Unit : thousand yen)

Account	Period	3Q				9-month Period (January - September)			
		2004		2003		2004		2003	
		Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
I	Net sales	9,518,551	100.0	8,033,482	100.0	26,885,323	100.0	22,397,117	100.0
II	Cost of sales	6,732,057	70.7	5,850,611	72.8	19,237,128	71.6	16,365,381	73.1
	Gross profit on sales	2,786,494	29.3	2,182,871	27.2	7,648,195	28.4	6,031,736	26.9
III	Selling, general & administrative	1,750,643	18.4	1,474,197	18.4	4,869,466	18.1	4,450,942	19.8
	Operating income	1,035,851	10.9	708,674	8.8	2,778,729	10.3	1,580,794	7.1
IV	Non-operating income (expenses)								
	Interest and dividends received	7,911		9,092		21,639		25,967	
	Interest paid	13,284		17,515		36,761		54,727	
	Exchange gain (loss)	35,492		(70,759)		4,239		(105,433)	
	Investment loss on equity method	94,617		22,518		212,947		74,493	
	Other non-operating income (expenses)	(37,497)		515		(79,173)		29,049	
	Non-operating income (expenses)	(101,995)	(1.1)	(101,185)	(1.2)	(303,003)	(1.1)	(179,637)	(0.8)
	Ordinary income	933,856	9.8	607,489	7.6	2,475,726	9.2	1,401,157	6.3
V	Extraordinary income (losses)								
	Gain on sales of fixed assets	491		1,512		2,531		142,232	
	Gain on warrant deposits received	---		---		102,595		---	
	Loss on disposal of fixed assets	8		14,880		356		27,516	
	Directors' retirement bonus	---		---		---		50,000	
	Unrealized loss on golf club membership	---		---		1,150		---	
	Unrealized loss on investment securities	---		57,209		---		166,251	
	Loss on sales of subsidiary	---		---		---		1,203,941	
	Loss on factory removal	---		---		116,379		---	
	Structural reorganization expenses	57,795		64,914		57,795		117,353	
	Extraordinary income (losses)	(57,312)	(0.6)	(135,491)	(1.7)	(70,554)	(0.3)	(1,422,829)	(6.4)
	Income before income taxes	876,544	9.2	471,998	5.9	2,405,172	8.9	(21,672)	(0.1)
	Income taxes	245,431	2.6	70,151	0.9	654,095	2.4	40,540	0.2
	Income on minority shareholders	---		---		---		3,336	0.0
	Net income	631,113	6.6	401,847	5.0	1,751,077	6.5	(58,876)	(0.3)

Consolidated Statements of Cash Flows

(Unit: thousand yen)

Account	Period	3Q		9-month Period (January - September)	
		2004	2003	2004	2003
I. Cash flows from operating activities					
Net income		631,113	401,847	1,751,077	(58,876)
Depreciation and amortization		404,832	388,867	1,139,829	1,123,390
Gain on sales of fixed assets		(491)	(1,512)	(2,531)	(142,232)
Loss on disposal of fixed assets		8	14,880	356	27,516
Changes in account receivable		(686,810)	(601,367)	(1,804,484)	(978,788)
Changes in inventories		(213,748)	48,852	(920,639)	8,988
Changes in account payable		429,411	321,169	857,731	455,671
Others		135,249	(169,325)	457,690	168,354
Cash flows from operating activities		699,564	403,411	1,479,029	604,023
II. Cash flows from investing activities					
Purchase of tangible fixed assets		(563,927)	(305,803)	(1,259,484)	(979,093)
Proceeds from sales of tangible fixed assets		1,660	2,646	4,209	190,848
Others		(219,035)	(50,638)	(647,073)	(530,416)
Cash flows from investing activities		(781,302)	(353,795)	(1,902,348)	(1,318,661)
III. Cash flows from financing activities					
Changes in short-term borrowings		2,714,801	(1,081,763)	2,714,801	(606,670)
Changes in long-term borrowings		(239,202)	313,298	(727,606)	(40,106)
Cash dividends paid		(237,533)	(147,664)	(391,690)	(281,901)
Proceeds from bond issuance		---	1,200,000	---	1,200,000
Revenue from issuance of stocks		44,403	132,569	856,627	142,769
Others		(14,453)	(696)	(17,672)	(13,440)
Cash Flows from financing activities		2,268,016	415,744	2,434,460	400,652
IV. Effect of exchange rate changes on cash and cash equivalents		73,536	(266,766)	121,010	(231,837)
V. Net increase (decrease) in cash and cash equivalents		2,259,814	198,594	2,132,151	(545,823)
VI. Cash and cash equivalents at beginning of year		4,354,904	4,043,563	4,471,169	4,789,274
VII. Increase in cash and cash equivalents on new subsidiary		---	---	11,398	---
VIII. Decrease in cash and cash equivalents on exclusion from consolidation		---	---	---	(1,294)
IX. Cash and cash equivalents at end of year		6,614,718	4,242,157	6,614,718	4,242,157

✦ **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.**