



4
2004

Financial Results for the 4th Quarter
ended 31 December 2004

SUMIDA CORPORATION
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CEO's Message for the Fourth Quarter of Fiscal 2004

A New Year greeting message was given to the staff in Tokyo head office on January 6th, 2004. I have explained 50% increase of dividend and the two times execution of share split. This is a "Profit Sharing" for shareholders and then, I promised all of them that this "Profit Sharing" concept will also apply to the new compensation system of our employees. Once the employee achieved the commitment, reward will be paid accordingly. In the meantime, a severe evaluation will be given for those who cannot achieve the commitment.

With the expansion of the digital consumer electric products needs, our total sales of fiscal year 2004 is 36,246 million yen, 18.7% increase compared to last year, the operating profit is 3,611 million yen, 50.8% increase compared to last year, and the operating profit margin was secured at 10%. It means the milestone of our mid-term business plan could have showed the good result.

We have introduced the new company system at the beginning of 2004, five internal companies were set-up by products category. The role and responsibility of each company president was defined. As the first year, the new organizational structure has a quite good start and facilitated decision-making process upon customers' request. In the coming 2005, each company will face the new challenge of managing their company by themselves as the independent entity. We will appoint an individual financial controller to each company. Moreover, quarterly financial statements should be prepared by each company, so that the corporate value and share value are required to increase. The objective of Sumida group will be targeted for 1 billion dollars of sales and 100 million dollars of operating profit.

Lastly, people in different parts of the world were suffered from the natural disaster such as earthquakes and typhoons in 2004. Also, well-known enterprises were de-listed in this year. We have already developed our risk management and compliance structure, and we will be strengthening to increase our corporate value.



Shigeyuki Yawata
CEO

SUMIDA CORPORATION

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

As we record the highest sales ever recorded by Sumida, I would like to start first of all, by thanking all my colleagues for contributing to this milestone event. A year has passed since Sumida Group introduced the concept of the product group companies with each product company taking charge of their own technology, manufacturing and sales operations. While we faced numerous difficulties during the undertaking of these structural improvements, this redevelopment of business strategy with reorganized management teams is showing very positive results. Results showed a consolidated 18.7 % growth of sales of the five product companies. Total sales for 2004 increased to over ¥36,246 million in 2004 with operating profit going up 50.8%.

Outstanding growth was shown by the Inverter Company whose sales grew more than 48% due to the positive impact of the growing LCD market. In 2005, we will continue to focus on the LCD market given this robust growth in the world LCD market and concentrate on the Korean markets as Korea accounts for 45% of the worldwide LCD panel production. In order to address this value-enhancing expansion opportunity, we set up SUMIDA Korea Inc. (SKI), a joint venture between Korea's DNC Technology Co., Ltd. & Sumida, in November last year. By maintaining proximity to the local customers, we hope to better address their needs in a more timely fashion.

Sales in the Automotive Company grew by 29% led by an increase in the sales of ABS coils. The hard work and effort put in by the Company in 2004 should start to show its results in 2005. Mass production for a number of products including ABS, injector and transmission coils are expected to ramp up at different times throughout this year.

Our achievements last year are wholly in line with the strategy that we focus on certain product markets and continue to grow our market share. This year, we will introduce a key products and key accounts management concept in order to facilitate interaction with our customers. Cost cutting and quality remain our top priority and through new product developments we will continue to expand our markets.

The challenge this year and moving ahead is straightforward: continually strive to further sales in order to pave the way for new growth and future acquisitions as it is our intention to not just rely upon organic growth as a future value driver. Despite the increasingly difficult and competitive environment, I am confident that Sumida will continue to grow because of our strong market and customer focus, and our commitment to quality, service and innovation.



Chiu Ka Sheung
Sumida Group, Group President

Consolidated Financial Highlights for the 4th Quarter ended 31 DECEMBER 2004

1. Consolidated Results of Operations

(Million yen, %)

Category \ Period	4th Quarter					12-month period (January - December)				
	2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Net sales	9,361	100.0	8,140	100.0	15.0	36,246	100.0	30,537	100.0	18.7
Operating income	832	8.9	813	10.0	2.3	3,611	10.0	2,394	7.8	50.8
Ordinary income	652	7.0	559	6.9	16.8	3,128	8.6	1,960	6.4	59.6
Income before income taxes	220	2.3	95	1.2	132.9	2,625	7.2	73	0.2	3,513.8
Net income	56	0.6	374	4.6	(85.0)	1,807	5.0	315	1.0	473.8
Net income per common share (yen)										
Net income: (Basic)	3.21	---	24.77	---	---	104.25	---	21.21	---	---
Net income: (Fully diluted)	3.15	---	23.84	---	---	101.49	---	20.56	---	---

2. Consolidated Financial Conditions

(Million yen)

Category \ Period	4 th Quarter		
	2004	2003	Increase/Decrease
Total assets	34,170	29,941	4,229
Paid in capital	6,604	6,165	439
Total shareholders' equity	20,511	18,809	1,702
Total numbers of stock issued (thousand shares)	17,446	15,416	2,030
Shareholders' equity per share (yen)	1,175.67	1,220.14	(44.47)
Shareholders' equity ratio (%)	60.0	62.8	---

3. Consolidated Statements of Cash Flows

(Million yen)

Category	Period	4th Quarter			12-month period (January - December)		
		2004	2003	Change	2004	2003	Change
Cash flows from operating activities		934	536	398	2,413	1,140	1,273
Cash flows from investing activities		(1,205)	(587)	(618)	(3,107)	(1,906)	(1,201)
Cash flows from financing activities		(1,190)	476	(1,666)	1,245	877	368
Cash and cash equivalents, end of period		4,900	4,471	429	4,900	4,471	429

Estimation of 1st Quarter 2005

Category	Period	2005 1Q (Estimation)	2004 1Q (Actual)	% Change
Net sales (million yen)		9,640	8,187	17.7
Operating income (million yen)		950	764	24.3
Ordinary income (million yen)		840	625	34.4
Net income (million yen)		530	475	11.6
Net income per share (yen)		27.62	30.55	(9.6)

Consolidated Quarterly Business Results

(Million yen)

Category	Period	2004				2003				2002		
		4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q
Net sales		9,361	9,519	9,179	8,187	8,140	8,033	7,162	7,202	8,018	8,474	9,349
Operating income		832	1,036	979	764	813	709	571	301	434	641	592
Ordinary income		652	934	917	625	559	607	488	306	398	614	589
Income before income taxes		220	876	904	625	95	472	440	(934)	7	571	566
Net income		56	631	645	475	374	402	481	(942)	(194)	428	502

Consolidated Yearly Business Results

(Million yen)

	2004	2003	2002	2001	2000
Net sales	36,246	30,537	34,796	31,558	33,575
Operating income	3,611	2,394	2,171	1,112	3,318
Ordinary income	3,128	1,960	2,116	82	2,967
Income before income taxes	2,625	73	1,653	(1,779)	2,632
Net income	1,807	315	1,118	(1,037)	1,973
Shareholders' equity	20,511	18,809	18,910	19,534	18,581
Total assets	34,170	29,941	30,666	32,340	32,000
Per share (yen)					
EPS	104.25	21.21	83.64	(78.11)	163.43
Shareholders' equity	1,175.67	1,220.14	1,408.72	1,471.29	1,539.48

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

In the fourth quarter of 2004, the consumer spending in the U.S. has been resuming quickly in the face of the flagging global economy staged by the recent inflation of crude oil. On the other part of the world, the deliberate macroeconomic control by the China Government to relieve its overheating economy is likely to attain a soft landing leading to a stable growth. The worldwide economy is expected to achieve a 4% growth in the year 2005.

Set manufacturers in the electronics industry moved along quickly to adjust production volume to cope with the downward trend in the Silicon Cycle and the end of the Athens Olympic. The general view tends to believe that the adjustment will complete before long as a result of the low product stock level in comparison with the last cycle which began from 2000 and regular robust demand due to competitive prices. The growth of conventional electronic parts in the worldwide market is estimated to leap greatly forward in sync with the continual and potential demand in parts not only used in personal computers and cell phones but also in Flat Panel TVs, DVD recorders, digital cameras, other digital home appliances, and automobiles.

Demand for liquid-crystal display TVs, DVD recorders and other digital products had weakened as it was expected. Business of audiovisual equipments including radios, televisions, radio cassette recorders and the like of analog products barely sustained. For personal computers, growing shipment is expected to prolong under demand for replacements and the increasing of information oriented investment from corporate sectors. Shipment volume for digital cameras grew less in Japan in line with a higher penetration rate of the market; however, demand in the U.S., Europe and ASEAN markets with a lower rate had been blooming. For cellular phones, shipment volume in 2004 was up 17.2 % compared with a year earlier to about 600 million pieces. With the evolution of high-end species, the growth of cellular phones is estimated to remain in spite of the increasing stock level in China. In the automotive equipment field, the digitalization has been moving at a rapid pace bringing about quite a steady demand for automotive electronic parts and peripherals.

Under such circumstances, Sumida Group corresponds quickly to the customer needs and has been developing its business activities by focusing upon and exploring prospective growing fields. To cut the unprofitable businesses, continued efforts was made to retreat the last remaining magnetics division and OEM production of optical pickups.

Overall sales of the fourth quarter of 2004 were up 15% from the same term last year to ¥9,361 million. Although sales in businesses of magnetics and optical electronics reduced, the expanding sales in coils for information technology and communication equipment plus the sharply growing sales in automotive electronics parts, coils for audiovisual equipment and others have come to push up the overall sales.

Operating profit increased to ¥832 million, slightly up by 2.3% over the year-before figure. The sustainable profit was accredited to the increase in coil sales coupled with the effective cost control on labor wages and manufacturing cost. Operating loss for electromagnetics business improved following the downsizing directive despite the sharp decline of the optical business. Likewise, the drop in exchange loss resulted in an increase in ordinary income to ¥652 million, up 16.8% compared with the corresponding period of last year although the investment loss brought by the equity method remained unfavorable to the result.

Net Income before tax amounted to ¥220 million, 2.3 times over the figure of the same term last year. The extraordinary loss was eased this year despite all associated costs for removing Malaysia production and closing down of Mexico magnetics factory in comparison with the big losses in 2003 relating to the sales of subsidiary and unrealized investment loss in securities.

Tax adjustment was made in 4th quarter 2004 in order to calculate annual income tax of 2004.

Sales by Product Categories

(Million yen, %)

Category \ Period		4th Quarter					12-month period (January - December)				
		2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Coil Business	AV Coils	927	9.9	668	8.2	38.8	3,499	9.6	2,309	7.5	51.5
	IT Communications Coils	4,958	53.0	4,174	51.3	18.8	18,561	51.2	14,919	48.9	24.4
	Other Coils	585	6.2	445	5.5	31.5	2,317	6.4	2,041	6.7	13.5
	Automotive	2,295	24.5	1,625	19.9	41.2	8,434	23.3	6,897	22.6	22.3
	TOTAL	8,765	93.6	6,912	84.9	26.8	32,811	90.5	26,166	85.7	25.4
Optoelectronics		233	2.5	830	10.2	(71.9)	1,967	5.4	2,837	9.3	(30.7)
Electromagnetics		363	3.9	398	4.9	(8.8)	1,468	4.1	1,534	5.0	(4.3)
TOTAL		9,361	100.0	8,140	100.0	15.0	36,246	100.0	30,537	100.0	18.7

Sales by Region

(Million yen, %)

Area \ Period		4th Quarter					12-month period (January - December)				
		2004	% of Total	2003	% of Total	% Change	2004	% of Total	2003	% of Total	% Change
Japan		2,314	24.7	2,286	28.1	1.2	9,262	25.6	8,712	28.5	6.3
HK / China		1,902	20.3	1,671	20.5	13.8	7,435	20.5	5,903	19.3	26.0
ASEAN		720	7.7	609	7.5	18.2	2,868	7.9	2,298	7.5	24.8
Taiwan / Korea		2,102	22.4	1,825	22.4	15.2	7,504	20.7	6,304	20.7	19.0
NAFTA		848	9.1	892	11.0	(4.9)	3,888	10.7	3,373	11.1	15.3
EU		1,475	15.8	857	10.5	72.1	5,289	14.6	3,947	12.9	34.0
TOTAL		9,361	100.0	8,140	100.0	15.0	36,246	100.0	30,537	100.0	18.7

Product Segment Information

(Million yen, %)

Category \ Period	2003					2004				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales										
Coil Business	5,966	6,286	7,002	6,912	26,166	7,087	8,119	8,840	8,765	32,811
Optoelectronics	820	531	656	830	2,837	689	645	400	233	1,967
Electromagnetics	416	345	375	398	1,534	411	415	279	363	1,468
Elimination	---	---	---	---	---	---	---	---	---	---
TOTAL	7,202	7,162	8,033	8,140	30,537	8,187	9,179	9,519	9,361	36,246

Operating expenses										
Coil Business	5,032	5,130	5,652	5,431	21,245	5,787	6,598	7,290	7,518	27,193
Optoelectronics	805	547	668	794	2,814	669	615	403	273	1,960
Electromagnetics	543	417	474	513	1,947	481	505	299	406	1,691
Elimination	521	497	530	589	2,137	486	482	491	332	1,791
TOTAL	6,901	6,591	7,324	7,327	28,143	7,423	8,200	8,483	8,529	32,635

Operating income										
Coil Business	934	1,156	1,350	1,481	4,921	1,300	1,521	1,550	1,247	5,618
Optoelectronics	15	(16)	(12)	36	23	20	30	(3)	(40)	7
Electromagnetics	(127)	(72)	(99)	(115)	(413)	(70)	(90)	(20)	(43)	(223)
Elimination	(521)	(497)	(530)	(589)	(2,137)	(486)	(482)	(491)	(332)	(1,791)
TOTAL	301	571	709	813	2,394	764	979	1,036	832	3,611

Operating income ratio										
Coil Business	15.7	18.4	19.3	21.4	18.8	18.3	18.7	17.5	14.2	17.1
Optoelectronics	1.8	(3.0)	(1.8)	4.3	0.8	2.9	4.7	(0.8)	(17.2)	0.4
Electromagnetics	(30.5)	(20.9)	(26.4)	(28.9)	(26.9)	(17.0)	(21.7)	(7.2)	(11.8)	(15.2)
Elimination	---	---	---	---	---	---	---	---	---	---
TOTAL	4.2	8.0	8.8	10.0	7.8	9.3	10.7	10.9	8.9	10.0

Business Segment Information

* Notes:

- 1) In explanation of business results in the 4th quarter of 2004, the year-on-year increase/decrease is expressed in 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, recent sales amount 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 ¥8,765 million, up 26.8% from the same term last year (or up 30.7% from the same term last year in the local currency) owing to the rising sales of coils for information technology and communication equipment along with the impressive growth on sales of coils for audiovisual equipment, automotive electronic parts and other coils. Operating profit recorded a 15.8% year-on-year decrease to ¥1,247 million as a result of increase in selling and administrative expenses in conjunction with the reinforcement of sales mechanism in automotive related electronic parts despite the persistent reduction of overall manufacturing expenses.

a) Coils for audiovisual

Sales of coils for audiovisual equipment reached ¥927 million, up 38.8% from the same term last year (or up 43% from the same term last year in the local currency).

In terms of area, sales of coils principally for use in liquid-crystal display TVs in Japan was on the upside and increased 15.6% on the year to ¥437 million. For Overseas, sales in Hong Kong and China increased 112% on the year to ¥337 million and sales in ASEAN countries increased 16.8% on the year to ¥153 million.

b) Coils for information technology and communication

Sales of coils for information technology and communication equipment amounted to ¥4,958 million, up 18.8% from the same term last year (or up 22.4% 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 47.8% to ¥136 million, sales of digital cameras was down 14.6% to ¥205 million but sales of coils for PCs and other information technology and communication equipment increased 0.5% to ¥2,332 million, and those for inverter units increased 50.1% to ¥2,285 million making the greatest expansion.

In terms of area, sales decreased 9.2% to ¥859 million in Japan, increased 27.7% to ¥1,966 million in Taiwan, up 12.3% to ¥392 million in ASEAN countries and up 28.6% to ¥1,422 million in Suzhou, China resulting from the full-scale production for inverter units. Sales level in America has been restored and was up 36.9% to ¥319 million from a year earlier.

c) Other coils

Sales of other coils totaled ¥585 million, up 31.5% (or up 35.5% from the same term last year in the local currency). Sales of 4V coils for switching between cooling and heating showed a favorable increase but coils for FA equipment and hot-water supply equipment was on the downward trend.

d) Coils for automobiles

Sales of automotive electronic parts reached ¥2,295 million, up 41.2% from the year-before figure (or up 45.6% from the same term last year in the local currency).

For ABS coils, sales were up dramatically by 54.9% from the figure of previous term to ¥1,366 million. Sales of transformers for HID (high-intensity discharger) lamps however

declined 7.2% from a year earlier to ¥64 million. In addition, sales of other automotive electronic parts such as for car audio equipment, car navigation system, keyless entry, etc. were trending upwards and considerably increased 29.5% from the previous term to ¥834 million. Sales of coils for EPS (electronic power steering) with moderate growth climbed 3.3% from a year earlier to ¥31 million.

2. Optical electronic business

Sales of optical electronic equipment-related parts decreased to ¥233 million, down 71.9% from the year-before figure (or down 71.1% from the previous term in the local currency). Sales of optical pickups for CD amounted to ¥117 million, down 77.5% from the year-before term while sales for DVD fell 62.4% on the year to ¥56 million. However, sales of lens holders, actuators, etc. used as parts of such optical pickups and other optical electronic parts decreased 62.5% on the year to ¥60 million. Operating loss recorded at ¥40 million was imputed to the sales shrinkage even with the efforts on cutback of labor wages and other retrenchment on manufacturing expenses.

3. Electromagnetic business

Sales in our electromagnetic business decreased to ¥363 million, down by 8.8% from the same term last year (down by 6.0% from the same term last year in the local currency). Operating loss slightly improved to ¥43 million compared with ¥115 million from the corresponding period of the previous year, attributed to effective retrenchment on labor, manufacturing activities and expenses.

Consolidated Business Results for the Year of 2004

Overall sales for the full term of 2004 from January through December were up 18.7% from the figure in 2003 to ¥36,246 million. In addition to notable upsurge of sales in automotive electronics parts, coils for information technology and communication equipment, and mild growth in other coils, sales of coils for audiovisual equipment also marked a significant increase apart from the withdrawal of optical electronics and decline of electromagnetics businesses.

Operating profit increased to ¥3,611 million, up 50.8% from the year-before figure, in light of the enhancement of operating profit margin by overall cost reduction. Stringent cost control was carried out not only in the coil businesses but also at electromagnetic division for optimum result. Ordinary income, with less exchange loss than that of last year, reached ¥3,128 million, up 59.6% from the same term last year despite an investment loss from the equity method. Net income at ¥1,807 million was 5.7 times of the result of the year before which included 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.

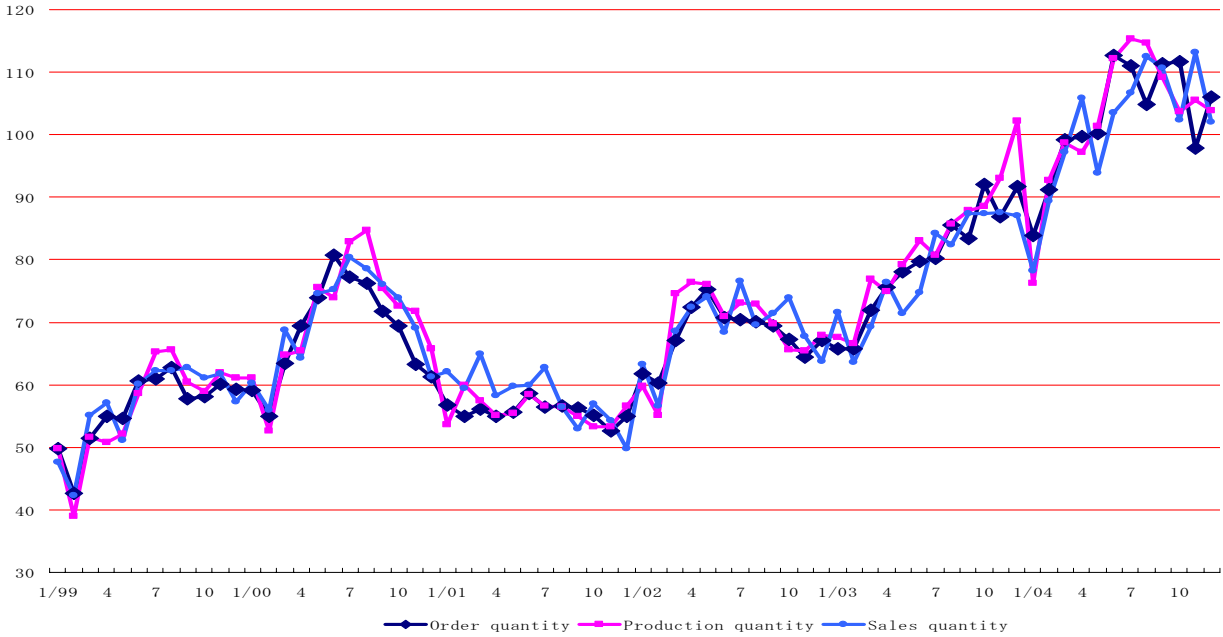
1. Coil business

Orders for coils received by Sumida Group remain at a high level.

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, 104 million pieces in the second quarter, 109 million pieces in the third quarter and remained high at 105 million pieces on average in the fourth quarter, which is considered the most stagnant term in a normal year.

(million units)

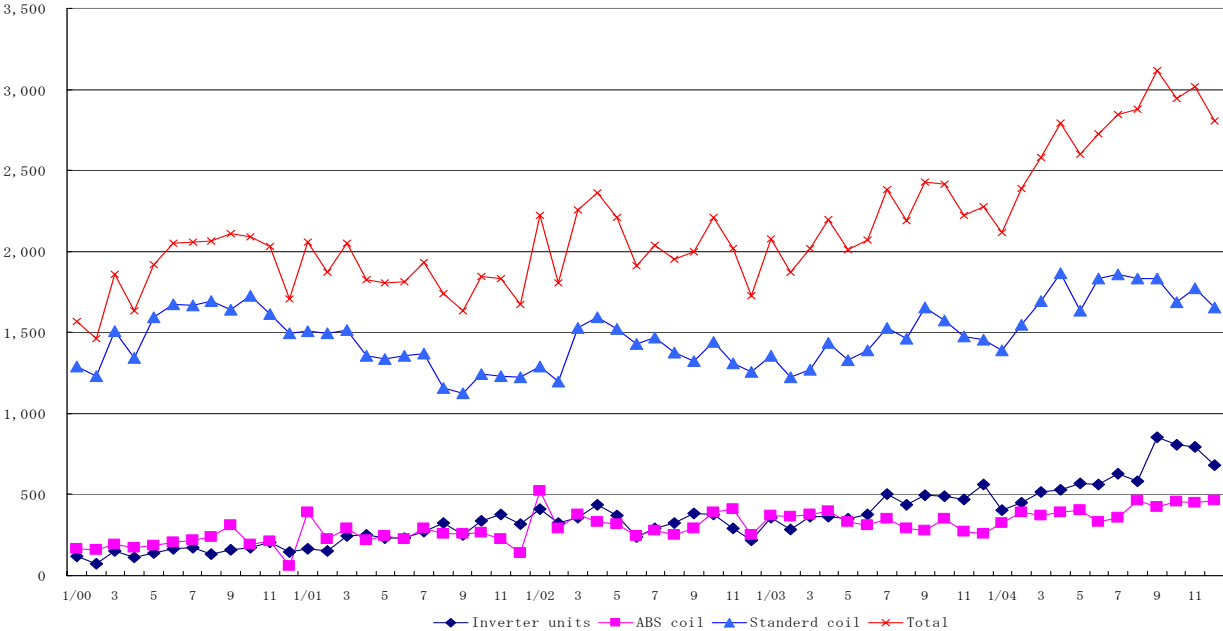
Order, Production and Sales Quantities

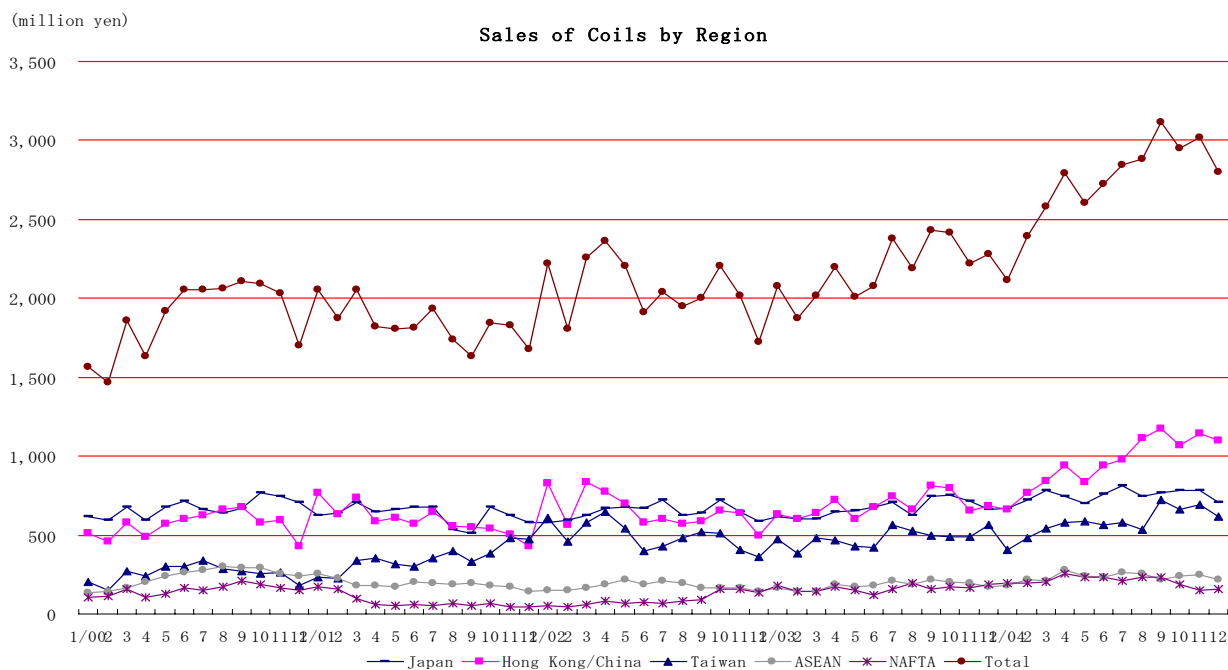


For sales by product, sales of general coils increased from ¥1,544 million in the first quarter to ¥1,778 million in the second and further to ¥1,842 million in the third but return to ¥1,705 million in the last quarter of 2004. Sales of ABS coils reached ¥362 million per month on average in the first quarter, increased from ¥375 million in the second quarter to ¥416 million in the third quarter and further to ¥455 million per month on average in the last quarter underlining its brisk demand. Sales of inverter units are estimated to orderly expand in both Taiwan and Suzhou, PRC.

(million yen)

Sales of Coils by Product





Shipment volume of personal computers in the world increased constantly in the fourth quarter and up 14.7% annually in 2004 compared with 2003. With dynamic demand on information oriented investment by corporate sectors and continuous demand on the replacement for new models, shipment volume in 2005 is estimated to increase 10%.

Shipment volume of digital cameras is expected to increase 15.9% from an estimate of 63 million sets in 2004 to 73 million sets in 2005. The mid to long term growth is expected to be supported by incoming new users of the U.S., Europe, China and ASEAN countries in addition to anticipated entry of mass production for digital single-lens reflex cameras undertaken by manufacturers.

Sales of cellular phones increased to 600 million sets in 2004, up 17.2% from 2003, and are projected to expand further as a result of proliferation of those with high-resolution colored liquid-crystal display and high-end species despite a short-term adverse effect caused by increasing stock level now in PRC.

Shipment volume for liquid-crystal display TVs in the globe reached 6 million sets in 2004 and is estimated to increase to 11 million sets in 2005 and 32 million sets in 2008. The upward trend is fully supported by the services of digital hi-vision broadcast, which has started off in Kanto and Kansai since December of 2003 and would roll out to the Chukyo sphere and consecutively throughout the entire Japan in 2006, and completely launch by 2011. With an aim toward the complete movement to digital broadcast by 2006 in the U.S., the service net will likewise be expanded. In Europe, the movement from analog to digital broadcast is expected to extend from present 8 countries to most of the countries by 2010. Moreover, China has schedule to introduce such services for Beijing Olympics in 2008.

The number of new cars registration in Japan dropped 1.6% in 2004 from 2003 to 3,962 K units. New registration increased 2.1% to 14,512 K units in Europe and 2.7% to 17,258 K units in the U.S. New cars sales are predicted to restore to a high level as the stagnant market atmosphere, caused by the recent high crude oil price, is rapidly improving.

Amid such business environment, Sumida group devotes to correspond widely to customer needs and is promoting its business activities by focusing on prospective growing fields.

In power inductors segment, we seek to develop parts in new designs with thin body and power saving traits for notebook-sized computers, digital cameras and HDD to grasp additional market shares. Related to Cellular phones, with the emerging demand for feature-rich and high-performance models associated with LSI logic, we are dedicating efforts to strengthen our sales to meet increasing needs for LSI-driven power inductors in addition to electronic parts for miniature types with superior anti-drop capability. Meanwhile, we are actively attacking the

market for both automotive and game equipment.

In inverters segment, Sumida captures sophisticated technological caliber and experience necessary for building inverters used for notebook-sized computer and LCD (Liquid-crystal display) and is about to accelerate sales by launching the latest type of inverters and leakage transformers. Recently, a joint venture has been set up with a local partner in Korea where Sumida has less market shares in. With the base in vicinity, we are targeting to put ourselves in place for the vigorous sales activities for inverter transformers and units.

For ABS coils, delivery to the 4th new customers has begun in 2004 and mass production for the 5th new customer has been scheduled to set off in 2005. For automotive electronic parts other than ABS coils, our sales force is at top gear to drive sales of coils for intelligent-key entry, immobilizer, navigation system, direct-injection engine, EPS (electronic power steering) and air bag in the worldwide market.

2. Optical electronic business

In our optical electronic business, OEM supply section of optical pickups has been substantially detached. Our direction is to continue sales promotion of lens holders and actuators to new customers in future.

3. Electromagnetic business

The remaining magnetics division at the Electromagnetic business recently under scale down progress has been removed totally out from Mexico. We would assure our profit optimization by transferring the production to China.

Forecast of Business Results in the first Quarter of 2005

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 foremost consideration to provide appropriate and correct information to our investors.

The following is our forecast at this point of business results in the first quarter of 2005.

Forecast of consolidated business results in the first quarter of 2005 (from Jan. 1 to Mar. 31, 2005)		Actual figures of consolidated business results in the first quarter of 2004 (from Jan. 1 to Mar. 31, 2004)	
Sales	9,640 million	Sales	8,187 million
Ordinary income	840 million	Ordinary income	625 million
Net income	530 million	Net income	475 million

(Exchange rate is premised at ¥107.5 per U.S. \$1.)

Consolidated Balance Sheets

(Unit : thousand yen)

Period						
Account	4Q 2004	%	4Q 2003	%	Mid 2004	%
ASSETS						
I Current assets						
1.Cash and cash equivalents	4,900,291		4,471,169		4,354,904	
2.Trade receivables	9,085,372		6,879,959		8,071,853	
3.Inventories	4,048,675		3,138,318		3,893,926	
4.Deferred tax assets	1,432,466		1,308,674		905,465	
5.Others	845,971		1,003,175		764,828	
6.Allowance for doubtful accounts	(29,984)		(232,727)		(234,855)	
Total current assets	20,282,791	59.4	16,568,568	55.3	17,756,121	55.9
II Fixed assets						
(1) Tangible fixed assets						
1.Buildings	6,221,547		6,211,182		6,283,401	
2.Machinery and equipment	9,514,102		8,842,647		9,541,082	
3.Furniture and fixture	2,641,264		2,660,313		2,767,900	
4.Land	1,253,616		1,252,063		1,253,387	
5.Construction in progress	322,325		145,089		196,054	
6.Accumulated depreciation	(10,267,933)		(9,524,680)		(10,306,812)	
Total tangible fixed assets	9,684,921	28.3	9,586,614	32.0	9,735,012	30.7
(2) Intangible fixed assets						
1.Goodwill	839,460		---		---	
2.Leasehold rights	496,827		522,732		525,142	
3.Software	148,518		129,577		119,657	
4.Others	3,721		3,965		20,720	
Total intangible fixed assets	1,488,526	4.4	656,274	2.2	665,519	2.1
(3) Investments and other assets						
1.Investments in securities	194,570		385,512		236,574	
2.Deferred tax assets	1,536,667		1,912,785		2,346,761	
3.Others	983,004		831,232		1,019,254	
Total investments and other assets	2,714,241	7.9	3,129,529	10.5	3,602,589	11.3
Total fixed assets	13,887,688	40.6	13,372,417	44.7	14,003,120	44.1
TOTAL ASSETS	34,170,479	100.0	29,940,985	100.0	31,759,241	100.0

Consolidated Balance Sheets

Account	Period					
	4Q 2004	%	4Q 2003	%	Mid 2004	%
LIABILITIES						
I Current liabilities						
1.Trade payables	3,571,556		2,522,924		3,003,719	
2.Short-term borrowings	5,524,508		4,116,808		4,015,808	
3.Straight bond	1,200,000		---		---	
4.Others	2,509,914		1,836,654		1,878,146	
Total current liabilities	12,805,978	37.5	8,476,386	28.3	8,897,673	28.0
II Fixed liabilities						
1.Straight bond	---		1,200,000		1,200,000	
2.Long-term loans	370,800		1,045,308		657,904	
3.Deferred tax liabilities	212,059		231,705		202,853	
4.Others	221,463		178,416		134,858	
Total fixed liabilities	804,322	2.3	2,655,429	8.9	2,195,615	6.9
Total liabilities	13,610,300	39.8	11,131,815	37.2	11,093,288	34.9
MINORITY INTEREST	49,196	0.2	---	---	---	---
SHAREHOLDERS' EQUITY						
I Paid in capital	6,604,072	19.3	6,164,619	20.6	6,574,222	20.7
II Capital reserve	6,416,181	18.8	5,971,416	19.9	6,386,331	20.1
III Retained earnings	10,646,801	31.2	9,231,414	30.8	10,197,221	32.1
IV Unrealized gains/losses on securities at market valuation	67,762	0.2	90,708	0.3	99,207	0.3
V Cumulative translation adjustments	(3,183,290)	(9.3)	(2,626,162)	(8.7)	(2,564,984)	(8.0)
VI Treasury stock	(40,543)	(0.2)	(22,825)	(0.1)	(26,044)	(0.1)
Total shareholders' equity	20,510,983	60.0	18,809,170	62.8	20,665,953	65.1
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	34,170,479	100.0	29,940,985	100.0	31,759,241	100.0

Consolidated Statements of Income


(Unit : thousand yen)

Account	Period	4Q				12-month Period (January - December)			
		2004		2003		2004		2003	
		Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
I	Net sales	9,360,627	100.0	8,140,168	100.0	36,245,950	100.0	30,537,285	100.0
II	Cost of sales	6,835,952	73.0	5,871,724	72.1	26,073,080	71.9	22,237,105	72.8
	Gross profit on sales	2,524,675	27.0	2,268,444	27.9	10,172,870	28.1	8,300,180	27.2
III	Selling, general & administrative	1,692,720	18.1	1,455,058	17.9	6,562,186	18.1	5,906,000	19.4
	Operating income	831,955	8.9	813,386	10.0	3,610,684	10.0	2,394,180	7.8
IV	Non-operating income (expenses)								
	Interest and dividends received	11,088		4,274		32,727		30,241	
	Interest paid	20,966		14,147		57,727		68,874	
	Exchange gain (loss)	(36,706)		(155,265)		(32,467)		(260,698)	
	Investment loss on equity method	107,761		62,939		320,708		137,432	
	Other non-operating income (expenses)	(25,198)		(26,788)		(104,371)		2,261	
	Non-operating income (expenses)	(179,543)	(1.9)	(254,865)	(3.1)	(482,546)	(1.4)	(434,502)	(1.4)
	Ordinary income	652,412	7.0	558,521	6.9	3,128,138	8.6	1,959,678	6.4
V	Extraordinary income (losses)								
	Gain on sales of fixed assets	18,568		748		21,099		142,980	
	Gain on warrant deposits received	---		---		102,595		---	
	Gain on sales of golf club membership	11,576		---		11,576		---	
	Loss on disposal of fixed assets	45,627		20,420		45,983		47,936	
	Settlement on change of directors' retirement plan	---		120,000		---		120,000	
	Directors' retirement bonus	---		---		---		50,000	
	Unrealized loss on golf club membership	(712)		15,463		438		15,463	
	Unrealized loss on investment securities	---		57,831		---		224,082	
	Loss on sales of subsidiary	---		---		---		1,203,941	
	Loss on factory removal	88,000		---		204,379		---	
	Structural reorganization expenses	329,990		251,250		387,785		368,603	
	Extraordinary income (losses)	(432,761)	(4.7)	(464,216)	(5.7)	(503,315)	(1.4)	(1,887,045)	(6.2)
	Income before income taxes	219,651	2.3	94,305	1.2	2,624,823	7.2	72,633	0.2
	Income taxes	163,651	1.7	(279,487)	(3.4)	817,746	2.2	(238,947)	(0.8)
	Income on minority shareholders	---	---	---	---	---	---	3,336	0.0
	Net income	56,000	0.6	373,792	4.6	1,807,077	5.0	314,916	1.0

Consolidated Statements of Cash Flows

(Unit: thousand yen)

Account	Period	4Q		12-month Period (January - December)	
		2004	2003	2004	2003
I. Cash flows from operating activities					
Net income		56,000	373,792	1,807,077	314,916
Depreciation and amortization		424,183	385,408	1,564,012	1,508,798
Gain on sales of fixed assets		(18,568)	(748)	(21,099)	(142,980)
Loss on disposal of fixed assets		45,627	20,420	45,983	47,936
Changes in account receivable		(326,380)	(239,821)	(2,130,864)	(1,218,609)
Changes in inventories		301,202	(355,995)	(619,437)	(347,007)
Changes in account payable		217,504	261,298	1,075,235	716,969
Others		234,652	91,594	692,342	259,948
Cash flows from operating activities		934,220	535,948	2,413,249	1,139,971
II. Cash flows from investing activities					
Purchase of tangible fixed assets		(444,010)	(586,299)	(1,703,494)	(1,565,392)
Proceeds from sales of tangible fixed assets		88,377	679	92,586	191,527
Acquisition of new subsidiary		(824,694)	---	(824,694)	---
Investment in related company		---	---	(621,544)	(355,620)
Others		(24,690)	(1,470)	(50,219)	(176,266)
Cash flows from investing activities		(1,205,017)	(587,090)	(3,107,365)	(1,905,751)
III. Cash flows from financing activities					
Changes in short-term borrowings		(1,014,801)	(398,000)	1,700,000	(1,004,670)
Changes in long-term borrowings		(239,202)	(239,202)	(966,808)	(279,308)
Cash dividends paid		2,246	---	(389,444)	(281,902)
Proceeds from bond issuance		---	(13,800)	---	1,186,200
Revenue from issuance of stocks		12,869	1,131,612	869,496	1,274,381
Others		49,149	(4,415)	31,477	(17,854)
Cash flows from financing activities		(1,189,739)	476,195	1,244,721	876,847
IV. Effect of exchange rate changes on cash and cash equivalents					
		(253,891)	(196,041)	(132,881)	(427,878)
V. Net increase (decrease) in cash and cash equivalents					
		(1,714,427)	229,012	417,724	(316,811)
VI. Cash and cash equivalents at beginning of year					
		6,614,718	4,242,157	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					
		4,900,291	4,471,169	4,900,291	4,471,169

 **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.**