



Financial Results for the 2nd Quarter
ended 30 June 2007

SUMIDA CORPORATION

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CEO's Message for the Second Quarter of Fiscal 2007

I always think that the stock market is the most important grade report to management. After the acquisition of VOGT, while our business scale has expanded by 80% and we have been making a strategic move in order to increase the profit ratio of the entire group more than before by the 4th Quarter of 2007, our company's current stock price level is 30% lower than that was in February, 2006, when we acquired VOGT. As a management of the company, I take this situation seriously and have steered necessary countermeasures to be taken. Although the improvement of corporate value would not always reflect in the stock price at once, the management is required to enhance the corporate value as well as to reflect the value properly in the market value through sufficient IR activities. Furthermore, since Sumida's products are not easy to catch eyes of general consumers, it is necessary for us to appeal to the public actively how we contribute the society through "manufacturing" as well as to inform them our role in the industry. I will continuously exert my fullest efforts to steer management in order to enhance our company's corporate value (scale, earning power, and market value) which convinces everyone and to return profit to our shareholders.

Regarding the business results in the 2nd Quarter of 2007, thanks to the new model rushes in the consumer-electronic industry, sales showed a year-on-year increase of 23.1% to 18.402 billion yen which reached a record high on a quarterly basis. Operating income also increased by 11.3% over the previous year to 1.253 billion yen despite the restructuring expenses. Moreover, the operating income ratio, which had been at the bottom level in the 1st Quarter, improved by 2.6% to 6.8%. From these results, sales of the 1st half year increased by 18.6% to 35.29 billion yen, while operating income decreased by 11.3% to 1.958 billion yen compared to the previous year.

2007 is the final year of our mid-term business target 1B7, and the year in which the largest structural reform is to be executed aiming at post 1B7. All the unprofitable operations have been reviewed and the resource will be relocated effectively in order to enhance our company's response to customers, the product development capability and manufacturing capability. Moreover, a drastic review of the assets which are not related to our core business will be carried out in order to streamline our balance sheet. We will also improve the efficiency of manufacturing as well as tackle a drastic cost reduction. All of the above restructuring plans will be executed by the end of 2007 without leaving any of them, and we will devote all of our efforts to the enlargement of our business in 2008.

When looking at the next ten years, we firmly believe that the important part (coil) which connects digital (electronics) with analogue (human beings) will grow more than ever in consumer electronics industry as well as the automotive industry. As a leader of the industry, Sumida will, while playing a further important role, plan and carry out careful and positive strategies more than past in order to make all stakeholders feel satisfied with the company.



Shigeyuki Yawata
Sumida Group CEO

Consolidated Financial Highlights for the 2nd Quarter ended 30 June 2007

1. Consolidated Results of Operations

(Millions of yen, %)

Category \ Period	2nd Quarter					6-month period (January - June)				
	2007	% of Total	2006	% of Total	% Change	2007	% of Total	2006	% of Total	% Change
Net sales	18,402	100.0	14,953	100.0	23.1	35,290	100.0	29,759	100.0	18.6
Operating income	1,253	6.8	1,125	7.5	11.3	1,958	5.5	2,207	7.4	(11.3)
Ordinary income	1,750	9.5	1,234	8.2	41.8	2,313	6.6	2,439	8.2	(5.2)
Income before income taxes	1,001	5.4	1,520	10.2	(34.1)	1,595	4.5	2,726	9.2	(41.5)
Net income	679	3.7	586	3.9	16.0	1,034	2.9	1,313	4.4	(21.2)
Net income per common share (yen)										
(Basic)	35.95	—	29.96	—	—	54.70	—	67.37	—	—
(Fully diluted)	30.64	—	25.43	—	—	46.52	—	57.10	—	—

2. Consolidated Financial Conditions

(Millions of yen)

Category \ Period	2nd Quarter		
	2007	2006	Increase/Decrease
Total assets	74,323	62,536	11,787
Paid in capital	6,964	6,929	35
Net assets	29,582	26,563	3,019
Total numbers of stock issued (thousand shares)	18,912	19,565	(653)
Net assets per share (yen)	1,512.01	1,322.77	189.24
Equity ratio (%)	38.5	41.5	—

3. Consolidated Statements of Cash Flows

(Millions of yen)

Category \ Period	2nd Quarter			6-month period (January - June)		
	2007	2006	Increase/Decrease	2007	2006	Increase/Decrease
Cash flows from operating activities	1,050	1,162	(112)	1,844	1,739	105
Cash flows from investing activities	(1,584)	(1,336)	(248)	(2,143)	(6,003)	3,860
Cash flows from financing activities	(636)	(450)	(186)	(487)	(6,971)	6,484
Cash and cash equivalents, end of period	5,966	7,136	(1,170)	5,966	7,136	(1,170)

4. Estimation of 3rd Quarter 2007

Category \ Period	2007 3Q (Estimation)	2006 3Q (Actual)	% Change
Net sales (millions of yen)	17,900	16,587	7.9
Operating income (millions of yen)	1,260	1,356	(7.1)
Ordinary income (millions of yen)	1,200	1,574	(23.8)
Net income (millions of yen)	850	924	(8.0)
Net income per share (yen)	44.94	47.19	—

5. Consolidated Quarterly Business Results

(Millions of yen)

Category \ Period	2007		2006				2005		
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q
Net sales	18,402	16,888	17,162	16,587	14,953	14,806	10,317	10,225	9,700
Operating income	1,253	705	608	1,356	1,125	1,082	926	845	704
Ordinary income	1,750	563	492	1,574	1,234	1,206	997	733	513
Income before income taxes	1,001	594	(94)	1,493	1,520	1,206	1,964	814	610
Net income	679	355	(55)	924	586	727	1,153	590	318

6. Consolidated Yearly Business Results

(Millions of yen)

	2006	2005	2004	2003	2002
Net sales	63,058	39,666	36,246	30,537	34,796
Operating income	4,171	3,183	3,611	2,394	2,171
Ordinary income	4,505	2,853	3,128	1,960	2,116
Income before income taxes	4,126	3,929	2,625	73	1,653
Net income	2,182	2,435	1,807	315	1,118
Shareholders' equity	27,151	24,920	20,511	18,809	18,910
Total assets	70,161	51,701	34,170	29,941	30,666
Per share (yen)					
EPS	111.88	126.54	104.25	21.21	83.64
Shareholders' equity	1,383.75	1,285.44	1,175.67	1,220.14	1,408.72

Consolidated Balance Sheets

(Unit : millions of yen)

Account	Period	2Q 2007	%	2Q 2006	%	Dec. 2006	%
ASSETS							
I	Current assets						
	1. Cash and cash equivalents	5,815		7,335		6,417	
	2. Trade receivables	16,972		14,437		16,220	
	3. Inventories	10,547		8,443		9,383	
	4. Deferred tax assets	646		1,093		832	
	5. Others	4,684		2,458		3,206	
	6. Allowance for doubtful accounts	(57)		(39)		(65)	
	Total current assets	38,607	51.9	33,727	53.9	35,993	51.3
II	Fixed assets						
	(1) Tangible fixed assets						
	1. Buildings	13,505		11,322		13,062	
	2. Machinery and equipment	25,225		27,142		23,320	
	3. Furniture and fixture	8,035		11,175		7,579	
	4. Land	2,717		2,520		2,543	
	5. Construction in progress	2,515		1,795		1,782	
	6. Accumulated depreciation	(28,287)		(34,087)		(25,843)	
	Total tangible fixed assets	23,710	31.9	19,867	31.8	22,443	32.0
	(2) Intangible fixed assets						
	1. Goodwill	5,886		2,762		5,360	
	2. Leasehold rights	504		477		490	
	3. Software	236		135		213	
	4. Others	653		53		651	
	Total intangible fixed assets	7,279	9.8	3,427	5.5	6,714	9.6
	(3) Investments and other assets						
	1. Investments in securities	774		301		819	
	2. Deferred tax assets	3,333		3,446		2,489	
	3. Others	620		1,768		1,703	
	Total investments and other assets	4,727	6.4	5,515	8.8	5,011	7.1
	Total fixed assets	35,716	48.1	28,809	46.1	34,168	48.7
	TOTAL ASSETS	74,323	100.0	62,536	100.0	70,161	100.0

(Unit : millions of yen)

Account	Period	2Q 2007	%	2Q 2006	%	Dec. 2006	%
LIABILITIES							
I	Current liabilities						
1.	Trade payables	6,186		4,767		5,353	
2.	Short-term loans	11,230		7,023		10,531	
3.	Bond	1,200		---		1,200	
4.	Current portion of long term loan	1,526		1,306		1,500	
5.	Others	6,346		6,037		7,200	
	Total current liabilities	26,488	35.6	19,133	30.6	25,784	36.7
II	Fixed liabilities						
1.	Bond	8,000		9,200		8,000	
2.	Long-term loans	4,323		4,450		5,107	
3.	Deferred tax liabilities	1,943		649		1,525	
4.	Others	3,987		2,541		2,594	
	Total fixed liabilities	18,253	24.6	16,840	26.9	17,226	24.6
	Total liabilities	44,741	60.2	35,973	57.5	43,010	61.3
MINORITY INTEREST							
SHAREHOLDERS' EQUITY							
I	Paid in capital						
II	Capital reserve						
III	Retained earnings						
IV	Unrealized gains/losses on securities at market valuation						
V	Cumulative translation adjustments						
VI	Treasury stock						
	Total shareholders' equity						
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY							
SHAREHOLDERS' EQUITY							
I	Shareholders' equity						
1.	Paid in capital	6,964	9.4	6,929	11.1	6,961	9.9
2.	Capital reserve	6,777	9.1	6,743	10.8	6,775	9.7
3.	Retained earnings	14,465	19.4	13,360	21.4	13,642	19.4
4.	Treasury stock	(1,523)	(2.0)	(72)	(0.1)	(1,522)	(2.2)
	Total shareholders' equity	26,683	35.9	26,960	43.2	25,856	36.8
II	Revaluation, translation adjustments and others						
1.	Unrealized gains/losses on securities at market valuation	52	0.1	32	0.1	29	0.1
2.	Gains/losses on hedging	114	0.2	19	0.0	96	0.1
3.	Cumulative translation adjustments	1,747	2.3	(1,121)	(1.8)	186	0.3
	Total revaluation, translation adjustments and others	1,913	2.6	(1,070)	(1.7)	311	0.5
III	Minority interest	986	1.3	673	1.0	984	1.4
	Total shareholders' equity	29,582	39.8	26,563	42.5	27,151	38.7
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY							
		74,323	100.0	62,536	100.0	70,161	100.0

Consolidated Statements of Income

(Unit : millions of yen)

Account	Period	2nd Quarter				6-month Period (January - June)			
		2007		2006		2007		2006	
		Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
I	Net sales	18,402	100.0	14,953	100.0	35,290	100.0	29,759	100.0
II	Cost of sales	13,996	76.1	10,849	72.6	26,975	76.4	21,573	72.5
	Gross profit	4,406	23.9	4,104	27.4	8,315	23.6	8,186	27.5
III	Selling, general & administrative expenses	3,153	17.1	2,979	19.9	6,357	18.1	5,979	20.1
	Operating income	1,253	6.8	1,125	7.5	1,958	5.5	2,207	7.4
IV	Non-operating income (expenses)								
	Interest and dividends received	38		21		59		61	
	Interest paid	(123)		(32)		(191)		(67)	
	Exchange gain (loss)	455		207		514		449	
	Investment loss on equity method	86		(65)		(59)		(143)	
	Other non-operating income (expenses)	41		(22)		32		(68)	
	Non-operating income (expenses)	497	2.7	109	0.7	355	1.1	232	0.8
	Ordinary income	1,750	9.5	1,234	8.2	2,313	6.6	2,439	8.2
V	Extraordinary income (losses)								
	Gain on sales of fixed assets	994		1		995		2	
	Profits from equity ratio change	---		289		---		289	
	Gain on sales of securities	---		---		32		---	
	Loss on disposal of fixed assets	(22)		(4)		(24)		(4)	
	Structural reorganization expenses	(613)		---		(613)		---	
	Loss on sales of securities	(946)		---		(946)		---	
	Loss on sales of securities of affiliated company	(162)		---		(162)		---	
	Extraordinary income (losses)	(749)	(4.1)	286	2.0	(718)	(2.1)	287	1.0
	Income before income taxes	1,001	5.4	1,520	10.2	1,595	4.5	2,726	9.2
	Income taxes	287	1.5	983	6.6	524	1.5	1,386	4.7
	Minority interest	35	0.2	(49)	(0.3)	37	0.1	27	0.1
	Net income	679	3.7	586	3.9	1,034	2.9	1,313	4.4

Consolidated Statements of Cash Flows

(Unit : millions of yen)

Account	Period	2nd Quarter		6-month Period (January - June)	
		2007	2006	2007	2006
I. Cash flows from operating activities					
Net income		679	586	1,034	1,313
Depreciation and amortization		1,022	711	1,870	1,350
Gain on sales of fixed assets		(994)	(1)	(995)	(2)
Loss on disposal of fixed assets		22	4	24	4
Changes in account receivable		(479)	119	(160)	666
Changes in inventories		(535)	(619)	(720)	(615)
Changes in account payable		668	(315)	598	(963)
Others		667	677	193	(14)
Cash flows from operating activities		1,050	1,162	1,844	1,739
II. Cash flows from investing activities					
Purchase of tangible fixed assets		(1,369)	(1,060)	(2,213)	(1,628)
Proceeds from sales of tangible fixed assets		10	8	11	9
Acquisition of new subsidiary		(169)	(27)	(378)	(1,777)
Profit Participation Right		---	(73)	---	(1,751)
Investment in affiliated company		---	---	---	(658)
Investment in securities		-10	(90)	(10)	(93)
Sales of investment in securities		---	6	498	6
Others		(46)	(100)	(51)	(111)
Cash flows from investing activities		(1,584)	(1,336)	(2,143)	(6,003)
III. Cash flows from financing activities					
Changes in short-term borrowings		(16)	48	699	(7,342)
Changes in long-term borrowings		---	---	---	6,000
Repayment of long-term borrowings		(382)	(487)	(762)	(5,454)
Cash dividends paid		(238)	1	(428)	(484)
Revenue from issuance of stocks		---	111	5	316
Others		---	(123)	(1)	(7)
Cash flows from financing activities		(636)	(450)	(487)	(6,971)
IV. Effect of exchange rate changes on cash and cash equivalents		250	56	215	146
V. Net increase (decrease) in cash and cash equivalents		(920)	(568)	(571)	(11,089)
VI. Cash and cash equivalents at beginning of year		6,886	7,704	6,537	18,225
VII. Cash and cash equivalents at end of year		5,966	7,136	5,966	7,136

Sales by Segment

(Unit: millions of yen, %)

Business \ Period	2nd Quarter					6-month period (January - June)				
	2007	% of Total	2006	% of Total	% Change	2007	% of Total	2006	% of Total	% Change
Coil	11,855	64.4	9,874	66.0	20.1	22,555	63.9	19,418	65.2	16.2
VOGT Components	5,872	31.9	4,491	30.1	30.8	11,435	32.4	9,152	30.8	24.9
VOGT EMS	675	3.7	588	3.9	14.8	1,300	3.7	1,189	4.0	9.3
Total	18,402	100.0	14,953	100.0	23.1	35,290	100.0	29,759	100.0	18.6

Quarterly Sales by Segment

(Unit: millions of yen)

Business \ Period	2007		2006				2005		
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q
Coil	11,855	10,700	11,637	11,194	9,874	9,544	10,317	10,225	9,700
VOGT Components	5,872	5,563	5,059	4,667	4,491	4,661	-	-	-
VOGT EMS	675	625	466	726	588	601	-	-	-
Total	18,402	16,888	17,162	16,587	14,953	14,806	10,317	10,225	9,700

Sales by Region

(Unit: millions of yen, %)

Area \ Period	2nd Quarter					6-month period (January - June)				
	2007	% of Total	2006	% of Total	% Change	2007	% of Total	2006	% of Total	% Change
Japan	2,355	12.8	2,334	15.6	0.9	4,702	13.3	4,642	15.6	1.3
Hong Kong / China	3,528	19.2	2,267	15.2	55.6	6,551	18.6	4,546	15.3	44.1
ASEAN	798	4.3	709	4.7	12.6	1,536	4.3	1,380	4.6	11.3
Taiwan / Korea	1,315	7.1	1,546	10.3	(14.9)	2,317	6.6	2,932	9.8	(21.0)
NAFTA	1,960	10.7	1,443	9.7	35.8	3,601	10.2	2,730	9.2	31.9
EU	8,429	45.8	6,654	44.5	26.7	16,542	46.9	13,529	45.5	22.3
Other	17	0.1	-	0.0	-	41	0.1	-	0.0	-
Total	18,402	100.0	14,953	100.0	23.1	35,290	100.0	29,759	100.0	18.6

Segment Information

	2nd quarter FY2007					
	Coil (millions of yen)	VOGT Components (millions of yen)	VOGT EMS (millions of yen)	Total (millions of yen)	Elimination (millions of yen)	Consolidated (millions of yen)
Sales						
(1)Sales to third parties	11,855	5,872	675	18,402	-	18,402
(2)Inter-segment sales of transfers	159	42	-	201	(201)	-
Total	12,014	5,914	675	18,603	(201)	18,402
Operating expenses	10,363	5,694	630	16,687	462	17,149
Operating income	1,651	220	45	1,916	(663)	1,253
(%)	13.7	3.7	6.7	10.3	-	6.8

	2nd quarter FY2006					
	Coil (millions of yen)	VOGT Components (millions of yen)	VOGT EMS (millions of yen)	Total (millions of yen)	Elimination (millions of yen)	Consolidated (millions of yen)
Sales						
(1)Sales to third parties	9,874	4,491	588	14,953		14,953
(2)Inter-segment sales of transfers	8	-	-	8	△8	-
Total	9,882	4,491	588	14,961	△8	14,953
Operating expenses	8,377	4,156	518	13,051	777	13,828
Operating income	1,505	335	70	1,910	△785	1,125
(%)	15.2	7.5	11.9	12.8	-	7.5

	6-month period (January - June) FY2007					
	Coil (millions of yen)	VOGT Components (millions of yen)	VOGT EMS (millions of yen)	Total (millions of yen)	Elimination (millions of yen)	Consolidated (millions of yen)
Sales						
(1)Sales to third parties	22,555	11,435	1,300	35,290	-	35,290
(2)Inter-segment sales of transfers	238	81	-	319	(309)	-
Total	22,793	11,516	1,300	35,609	(319)	35,290
Operating expenses	19,981	11,058	1,262	32,301	1,031	33,332
Operating income	2,812	458	38	3,308	(1,350)	1,958
(%)	12.3	4.0	2.9	9.3	-	5.5

	6-month period (January - June) FY2006					
	Coil (millions of yen)	VOGT Components (millions of yen)	VOGT EMS (millions of yen)	Total (millions of yen)	Elimination (millions of yen)	Consolidated (millions of yen)
Sales						
(1)Sales to third parties	19,418	9,152	1,189	29,759		29,759
(2)Inter-segment sales of transfers	8	-	-	8	(8)	-
Total	19,426	9,152	1,189	29,767	(8)	29,759
Operating expenses	16,419	8,564	1,057	26,040	1,512	27,552
Operating income	3,007	588	132	3,727	(1,520)	2,207
(%)	15.5	6.4	11.1	12.5	-	7.4

Overview of Consolidated Business Results for the Second Quarter of 2007

In 2007, the GDP growth rate in the U.S, expressed at adjusted annual rates, recorded less than 1% at 0.7% in the 1st quarter as a result of decelerations in the residential market but it appeared to have rebounded to 2-3% in the 2nd quarter lending credit to a year-round growth to achieve 2.25 to 2.5%. The annual GDP growth in Europe has been revised upward from 2.3% estimated in March to 2.6% in June in view of the ready attainment of around 2.5% in the 1st quarter following the robust domestic demand led by mounting personal spending which offset the impact on tax increase in Germany. In Japan, the GDP growth rate for the 1st quarter arrived at 3.3% on the back of the stable personal spending and brisk corporate investments at the non-manufacturing sector in addition to the increasing export including equipments, construction machineries and materials bound for the emerging countries. With positive fundamentals to the economy in the 3d quarter, the annual growth rate is expected to maintain at about 2% despite only 1% in the 1st quarter.

In China, the GDP growth rate was 11.1% in the 1st quarter compared with the same term last year and 11.9% in the 2nd quarter thanks to the extensive exports and capital investments, and is expected to reach as high as of 10.0% in 2007. India reported a GDP growth at 9.1% in the 1st quarter in contrast to the same period of last year based on the recovery of its primary industries like agriculture, forestry and fisheries as well as the double-digit growth in manufacturing sector. The growth has been trending favorably forward in sync with the government goals at an average of 9% in the following 5 years. The GDP growth rate in Russia, the old Soviet sphere recorded 7.5% in 2006 derived from the rising price on the resources and is projected to stay high at 7.2% in 2007 down also to the expansion of personal spending and capital investments from commercial sector and the public enterprises being benefited from the high resources pricing.

The portfolio that personal spending in U.S. accounted for 20% of the global GDP and 70% of the U.S.'s own GDP has lasted for some time, however, the contributions towards the global growth by the emerging economies except G7 had increased from 33.2% in 1999 to 39.1% in 2005. The economy slowdown in the U.S. is no longer expected to bring as much impact on the world economy as it used to be in the past. With rapid growth in the emerging economies and positive economic fundamentals in Europe and Japan as well as stable growth in the U.S., the world economy is estimated to expand in mid to long term.

The worldwide demand for electronic equipment trended slightly downward on certain products in the 1st quarter but has been picking up in the 2nd quarter due to the desire for replacement of PCs and PC peripherals and multi-feature cellular phones from advanced nations and new demand in the emerging markets and growing penetration of digital home appliances.

About shipment for audiovisual equipment, digital cameras and liquid crystal display (LCD) TVs were relatively on the upside while PDP-TVs were struggling. Shipment for personal computers in the 1st half of 2006 increased 11.5% to 105 million sets, though with blunted growth at 8.3% to 123 million sets in the latter half, jumped 11.7% to 118 million sets compared with the same term last year. Shipment volume for cellular phones climbed 25.9% to 471 million pieces in the 1st half and added 20.4% to 550 million pieces in the latter half of 2006, and increased further 10.0% to 256 million pieces in the 1st quarter of 2007 and saw a continual growth in the 2nd quarter. As the new car sales worldwide are undergoing high-level expansion, demand for automotive electronic parts and peripherals that optimize safety, comfort and fuel-economy for cars has been prospering.

Under such circumstances, with the consolidation of both VOGT and Panta beginning from the 1st quarter and July of 2006 to our existing Coil Business, the Group is prepared for a mid-term goal in building up ¥100 billion annual sales. We have started to extend efforts to improve the Group profitability. To achieve this, we are shifting production from Mexico and Taiwan to Panyu and Suzhou respectively. Besides, certain fixed assets in Taiwan were sold in hopes to healthier and slim down our balance sheet. In the meantime, Vogt has been in an effort of re-aligning its non-profit sections.

Overall sales of the Second Quarter of 2007 jumped 23.1% year-on-year to ¥18,402 million due to the strong expansion in Power Inductor, Power Solution, Signal, Automotive and Other Companies along with the improvement of Inverter which had declined for some recent months, in addition to the enlarged contribution from VOGT Component Company and VOGT EMS Company.

Operating income gained 11.3% year-on-year to ¥1,253 million thanks to the contribution of Coil Business where sales revenue in Legacy and Automotive Companies increased and profit in Other Company improved significantly. The increased margin in the Coil Business was much enough to make up for the declined yield from the surging costs of raw materials in VOGT Component Company and for the forward investments on equipments and labors in VOGT EMS Company to cope with upturn of business environment.

Ordinary income climbed 41.8% to ¥1,750 million by reason of additional exchange gain and reduced investment loss from the equity-method despite rising interest payables. Net income increased 16.0% year-on-year to ¥679 million. This was in response to the gain from sales of the fixed assets in Taiwan and decreased income tax resulting from larger deferred-tax-assets base in light of the extraordinary loss from the restructuring costs, the impairment loss and loss of sales of affiliated company stock.

Business Segment Information

Sumida Group is composed of the Coil Business, VOGT Component Company and VOGT EMS Company.

I. COIL BUSINESS

Sales for Coil Business added 20.1% to ¥11,855 million following sustainable growth in Legacy Company and Automotive Company, significant increase in Other Company as well as improvement in Inverter Company which had been on the downside for some time

Operating income up 9.7% year-on-year to ¥1,651 million was driven by increased sales in Legacy and Automotive Companies and dramatic contribution in Other Company.

1. Legacy Company

Sales in our Legacy Company increased 19.7% year-on-year to ¥6,550 million due to stable growth of Power Inductor and Signal plus the drastic expansion of Power Solution.

a) Power Solution

Sales of Power Solution soared 40.8% to ¥1,238 million from the same term last year.

In terms of area, sales increased greatly in Hong Kong/China and the U.S and gently in Singapore and Europe but declined in Japan and Taiwan. For sales by product used, data processing equipments, AV equipments recreational devices, automotive-related equipments and garage-related devices expanded whereas industrial equipments, medical instruments, communication devices and 4V coils for switching between cooling and heating declined.

b) Power Inductor

Sales of Power Inductors rose 16.7% year-on-year to ¥4,012 million.

In terms of area, sales were up in Hong Kong/China, Europe, Singapore, Taiwan and the U.S. except Japan. For sales by product used, recreational devices, phone sets and AV equipments were up considerably while automotive-related devices, power-supply-related devices and PC & PC peripherals increased moderately but industrial equipments contracted.

c) Signal

Sales of Signal added 12.6% to ¥1,300 million from the corresponding term last year.

In terms of area, sales climbed in Europe, Hong Kong/China, Japan and Taiwan but reduced in the U.S. and Singapore. For sales by product used, AV equipments, automotive and OA equipments were on the upside whereas industrial devices and tag-related devices reduced.

2. Inverter Company

Sales of Inverter Company added 5.2% year-on-year to ¥1,829 million.

In terms of area, sales gained in Hong Kong/China, Japan, Singapore and Europe but dropped in Taiwan and the U.S. For sales by product used, transformers, recreational devices, liquid crystal TVs and other monitors (excluding for PCs) increased whereas notebook-sized PCs and liquid crystal monitors decreased.

3. Automotive Company

Sales in Automotive Company lifted 22.1% year-on-year to ¥2,462 million.

In terms of area, sales trended stably upward in Europe, the U.S. and Hong Kong/China but on the downside in Japan and Singapore. For sales by product used, ABS, keyless entry, car air-conditioners, coils for the direct-injection engines and suspension systems all increased.

4. Other Company

Sales in Other Company gained 56.7% year-on-year to ¥1,014 million.

Other Company is made up of STELCO, Jensen and Panta. Sales in STELCO reduced. Jensen has been released from consolidation of the Group starting from the 2nd quarter and Panta which Sumida acquired in the 3rd quarter of 2006 has been making great contribution to the turnover of the Company.

II. VOGT COMPONENT COMPANY

Sales in VOGT Component Company increased 30.8% year-on-year to ¥5,872 million.

Sales increased for automotive, industrial and medical devices and grew gently for home appliances and illumination devices but reduced for communication equipments and recreational equipments. Operating Profit reduced 34.3% year-on-year to ¥220 million in response to the realignment of factories and the surging cost on raw materials.

III. VOGT EMS COMPANY

Sales in VOGT EMS Company put on 14.8% year-on-year to ¥675 million. Sales increased substantially for home and illumination appliances but pulled back for automotive-related equipments, communication devices, industrial and medical equipments. Operating income fell 35.7% to ¥45 million as compared with the same term last year by reason of the forward investments on equipments and labors ahead of the upturning business environment.

Consolidated Business Results for January to June of 2007

Overall sales of the first half of 2007 increased 18.6% from the same term last year to ¥35,290 million. The strong expansion of Power Inductor, Power Solution and Signal and the growth of Automotive in addition to the input of the Component and the EMS businesses of VOGT had given rise to the soaring revenue despite the mere decline in Inverter business.

Operating profit shed 11.3% year-on-year to ¥1,958 million on account of declined profit margin in Legacy Company followed by negative impact from the incomplete scale of production at our PRC plants during Lunar New Year holidays in 1st Quarter and new product starting.

Ordinary profit lost 5.2% year-on-year to ¥2,313 million from increased interest payables despite increased exchange gain and reduced investment loss from the equity-method. Net income down 21.2% year-on-year to ¥1,034 million was in response to the extraordinary loss from the restructuring costs in addition to the impairment loss and sales loss of affiliated company stock although a special gain from the sales of fixed assets in Taiwan was recorded.

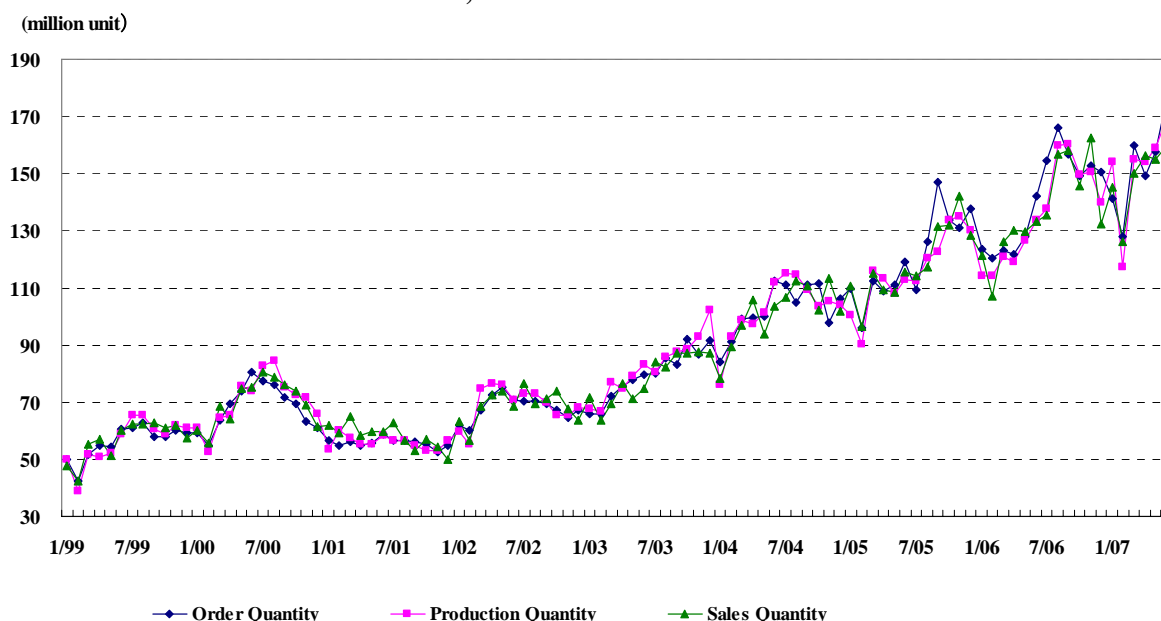
The Future Management Environment and Business Development Policy

The discussion below is future management environment and our business development policy. 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.

Orders for coils received by Sumida Group have vigorously increased in the 2nd quarter before the usual heyday of the demand in 3rd quarter.

The monthly volume of orders received for coils (orders received during the current month and scheduled to sell during the current month exclude STELCO, Jensen, Panta and VOGT), after the last record high of 159 million pieces on average per month in the 3rd quarter, and 151 million pieces in the 4th quarter of 2006, adjusted to 143 million pieces in the 1st quarter of 2007 and renewed another new record at 161 million pieces on average per month in the 2nd quarter. The monthly order volume was 149 million in April, 158 million in May and 177 million pieces in June succeeding an upward tendency.

Order, Production & Sales of Coils



The global electronic parts market is expected to resume and expand in the latter half of 2007, although the growth for semiconductors had weakened from the latter half of last year through the first half of this year. Shipment volume of personal computers in the globe is expected to advance 12.2% to 257 million sets in 2007 and sustain with a stable growth attributable to the new demand of the emerging countries, after an increase of 10.0% to 229 million sets in 2006 from 2005. On the other hand, notebook-sized PCs grew 26.5% year-on-year to 83 million sets in 2006 and are estimated to increase 27.4% to 105 million sets in 2007 with persistent growth. Shipment volume of notebook-sized PCs had increased more than 30% in the 1st quarter of 2007 compared with the same term of last year and shipment volume of electronic parts for notebook-sized PCs had been increasing. Forecast of shipment volume for notebook-sized PCs in 2007 is anticipated to achieve. Shipment volume of HDD put on 19.0% to 433 million sets in 2006 from 2005 and is expected to increase 17.3% to 508 million sets in 2007. Production output of cellular phones increased 24.5% year-on year to 985 million sets in 2006 and is anticipated to keep up a mild growth though blunted at 9.6% to 1,080 million pieces in 2007. Production volume for liquid-crystal display (LCD) TVs [10 types and above] increased 106.9% year-on-year to 42 million sets in 2006 and saw a 51.2% growth to 63 million sets in 2007; DVD recorders surged 22.4% to 18 million sets in 2006 and saw a high growth at 21.6% to 22 million sets in 2007; DSCs added 21.9% year-on-year to 79 million sets in 2006 and saw an addition of 7.5% to 85 million sets in 2007. The growth is likely to exceed the estimate as the January-through-May volume in 2007 had been up by 24.8% in contrast to the same term of last year. Sales of new cars in the globe are estimated to have gained close to 5% in 2006 as sales expanded notably in China, India and Eastern Europe despite stagnancy in Japan, the U.S. and Europe. Although the growth in the U.S., Japan and Europe was gentle in the beginning of 2007, the great expansion in China, India and other emerging countries is foreseen to sustain resulting in a stable growth in the globe. The tendency that stresses on safety and comfortable cruising as well as fuel-economy for cars has ever increased in globe wide. Japan has a policy in force that sets a target to cut the present automotive fuel consumption by 20% by 2015. Besides, the U.S. that had been behind with the environmental measures had its Senate passed a bill in late June to regulate and reduce 40% of the fuel consumption by cars by 2020. The demand for electronic parts leading to the safety, comfort, fuel-economy and other features for automotive is expected

to result in a mid to long term growth.

I . COIL BUSINESS

1. Legacy Company

For power solution, sales in the 2nd quarter renewed a record high following the last one marked in the 4th quarter of 2006 attributable to the brisk growth of PCs, AV devices like DSCs and STBs as well as automotive related equipments. Sumida is committed to aggressively driving sales for digital cameras, recreational-related equipments, LCD-TVs, HID Lamps and automotive related equipments.

For power inductor, the product-mix included PC and PC peripherals, cellular phones, digital cameras, HDD, notebook-sized computer, automotive-mounted parts, recreational devices, printers and portable music players. PC and PC peripherals as a mainstay, after sneaking out from stagnancy for 5 quarters in a row since the 1st quarter of 2006, recorded sales close to the record high marked in the 4th quarter of 2005. We are dedicating to activate new products and expand market shares in future. Portable music players had reduced since the 4th quarter of 2006 resulting from of the change of new model. We have been devoting full efforts on the development of the new types preparing for the next demand. Further, our sales forces focus and aim at intensifying the sales the DSC related products.

For signal, the business intends to reinforce sales of printer, ADSL, digital TVs, TPMS, FA devices, fish-finder equipments and tags in addition to the major sales of toner sensors.

2. Inverter Company

The Inverter Company deals with the inverter transformers and inverter units used for of notebook-sized PCs, LCD monitors, liquid-crystal display (LCD) TVs and recreational devices. Sales of notebook-sized PCs slowed down due to the change of new models by the major customer in 1st quarter. Apart from focus itself on the production of the new models for major customer, Inverter Company attempts to strive for more business opportunity on both of our existing and new products and endeavor in expanding the customer base. For LCD monitors, the Business is making effort to enhance its R&D development on the two-in-one system with the aim of grasping more market shares. Meanwhile, the team has devoted to reinforce sales of inverters and transformers used for LCD TVs mainly in Taiwan, Japan and Korea. The overall manufacturing overhead would decline as expected since the production currently in Taiwan has been in the process to be shifted to Suzhou, China upon schedule.

3. Automotive Company

For ABS coil, we are continuing making all-out efforts to grow the sales. Besides, we have developed three customers for Keyless Entry and widened the applications to more car models. Apart from struggling for new customers, the business also stresses to expand shares from existing clients. Our aims towards the development of Keyless Entry as the 2nd-pillar product next to ABS coils is close to achieve. New model for injection coil used for the direct-injection engine has entered into mass production and is likely to become the 3rd-pillar product following ABS and Keyless Entry. The full-fledged production would be scheduled upon the request from the major customer for additional production. Various activities have started to reinforce sales of coils for car air-conditioner, suspension, immobilizer, transmission and EPS (electronic power steering) in the worldwide market. Products with comparatively lower margin are being shifted orderly from Mexico to China, the benefit is expected to emerge in the in the 4th quarter financials.

4. Other Company

STELCO's sales was temporarily slowed down due partly to the inventory adjustment carried out by a major customer and weakened demand from Digital Television Broadcast and partly to the delay in acquiring new orders for portable telephone terminals. With the sign of revival after completion of the customer's stock adjustment and of good economy in Europe in the latter half of this year, the Company is expecting a recovery very soon.

Panta, which has been acquired in July of 2006, bases in Germany engaging in the manufacture and sale of Flat Cables for automotive equipment, measuring instruments and other electronic manufacturers in Europe. The future direction of the Company is to develop and enhance sales both in Asia and the U.S.

II. VOGT COMPONENT COMPANY

The VOGT Component Company engages in sales of coils, various modules, sensors and the like for a wide variety of applications such as automotive devices, communication equipment, industrial & medical equipment, recreational equipment, home appliances and lighting devices mainly to Europe, America and China. The Company would focus increasing resources on automotive-related, industrial and data communication devices that see high growth in future. Low-margin products are being shifted to our factories in PRC with lower manufacturing costs to strengthen our competitiveness, which end in our actualization of plowing up our base in the China Market.

III. VOGT EMS BUSINESS COMPANY

The VOGT EMS Company sells power steering control units, GPS antennas, theft-prevention control units, diesel-engine control units, power supplies and etc. to mainly European customers. The orders from major customers recorded a stable growth in front of healthy economy in Europe and the projects that were cherished for past two years were able to bring about fruitful result, the fundamentals for growth is expected to remain in future. The Company would make every endeavor to improve productivity to heighten as much possible the profit margin in future.

Forecast of Business Results in the Third Quarter of 2007

Sumida group is publishing the forecast of business results by compiling commitments submitted from each of our divisions covering the following quarter.

The following is our forecast at this point of business results in the third quarter of 2007.

Forecast of consolidated business results in the 3rd quarter of 2007 (from Jul. 1 to Sep. 30, 2007)		Actual figures of consolidated business results in the 3rd quarter of 2006 (from Jul. 1 to Sep.30, 2006)	
Sales	¥17,900M	Sales	¥16,587M
Operating income	1,260M	Operating income	1,356M
Ordinary income	1,200M	Ordinary income	1,574M
Current term net income	850M	Current term net income	924M

(Exchange rate is premised at ¥115 per U.S. \$1)