



Financial Results for the 4th Quarter
ended 31 December 2005

SUMIDA CORPORATION
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CEO's Message for the Fourth Quarter of Fiscal 2005

This year is the 50th anniversary of Sumida Electric Industry Ltd., the predecessor of SUMIDA, since it was founded on January 16, 1956 in Sumida-ku, Tokyo. During these years, SUMIDA has been growing under the continuous support of its stakeholders - including the shareholders and employees, to now having an assured position of being the front-runner in the coil industry. Given this fact, this year SUMIDA has decided to increase the dividend payout ratio based on its dividend policy to 30%, or 40 yen per share (up from 30 yen in the previous year), as reward for our shareholder's constant support. Moreover, this is not regarded as a commemorative dividend for the 50th anniversary but as a common dividend for the shareholder. For the year 2006, we will continue to put our every effort into the company and aim to raise the dividend payout to a higher level.

Our results for the 4th Quarter showed that sales grew 10.2% year on year to 10.317 billion yen. In addition to a year on year growth of 49.5% in the power inductor business which has executed a share increasing strategy earlier this year, power solutions and signal sales also exceeded expectations, enabling us to achieve a record-high quarterly sales figure. Furthermore, the operating profit was up 11.3% (year on year) to 926 million yen. Overall, sales for the financial year 2005 increased 9.4% to 39.666 billion yen, while the operating profit dropped 11.8%, compared with the previous year to 3.183 billion yen. This was mainly due to the share increase strategy which lowered profit margin by 7% .

Sumida has also declared a public tender offer for a German electronic parts manufacturer, VOGT Electronic AG ("VOGT") since the end of last year. As a result, Sumida has had more than 50% of outstanding common shares of VOGT tendered and succeeded in acquiring VOGT as a consolidated subsidiary. VOGT is a leading electronic parts manufacturer, established in Berlin, Germany in 1934, and has product lines very similar to Sumida's. VOGT's automotive-related products also account for about 57% of sales, which means that through a mutual relationship, Sumida can become a specialty unit manufacturer, dealing directly with car manufacturers and providing solutions in the form of supply parts and units to Tier 1 suppliers. Although there were business expansions and some unprofitable divisions that had put pressure on the corporate profit in the past, VOGT has undergone a major restructuring to trim its "excess weight" and has been transformed into a profit-making company over the last 3 years. With VOGT becoming a subsidiary of Sumida, not only will we see improvements in the business results of both companies, but great synergetic effects by the complementation of regions, products, R&D, and talents can also be expected.

The mid-term management target plan of 1B7 has finally come to its final 2 years. I am confident that, in addition to the organic growth of our existing businesses, the newly acquired subsidiary's synergetic effect, and the additional planning of other alliances and acquisitions will ensure the achievement of our 1B7 goal.



Shigeyuki Yawata
Sumida Group CEO

Consolidated Financial Highlights for the 4th Quarter ended 31 December 2005

1. Consolidated Results of Operations

(Million yen, %)

Category \ Period	4th Quarter					12-month period (January - December)				
	2005	% of Total	2004	% of Total	% Change	2005	% of Total	2004	% of Total	% Change
Net sales	10,317	100.0	9,361	100.0	10.2	39,666	100.0	36,246	100.0	9.4
Operating income	926	9.0	832	8.9	11.3	3,183	8.0	3,611	10.0	(11.8)
Ordinary income	997	9.7	652	7.0	52.9	2,853	7.2	3,128	8.6	(8.8)
Income before income taxes	1,964	19.0	220	2.3	792.7	3,929	9.9	2,625	7.2	49.7
Net income	1,153	11.2	56	0.6	1,958.9	2,435	6.1	1,807	5.0	34.7
Net income per common share (yen)										
Net income: (Basic)	59.69	---	3.21	---	---	126.54	---	104.25	---	---
Net income: (Fully diluted)	51.48	---	3.15	---	---	109.91	---	101.49	---	---

2. Consolidated Financial Conditions

(Million yen)

Category \ Period	4th Quarter		
	2005	2004	Increase/Decrease
Total assets	51,701	34,170	17,531
Paid in capital	6,771	6,604	167
Total shareholders' equity	24,920	20,511	4,409
Total numbers of stock issued (thousand shares)	19,387	17,446	1,941
Shareholders' equity per share (yen)	1,285.44	1,175.67	109.77
Shareholders' equity ratio (%)	48.2	60.0	---

3. Consolidated Statements of Cash Flows

(Million yen)

Category \ Period	4th Quarter			12-month period (January - December)		
	2005	2004	Change	2005	2004	Change
Cash flows from operating activities	87	934	(847)	3,052	2,413	639
Cash flows from investing activities	16,834	(1,205)	18,039	(2,081)	(3,107)	1,026
Cash flows from financing activities	(3,800)	(1,190)	(2,610)	12,006	1,245	10,761
Cash and cash equivalents, end of period	18,342	4,900	13,442	18,342	4,900	13,442

Estimation of 1st Quarter 2006

Category \ Period	2006 1Q (Estimation)	2005 1Q (Actual)	% Change
Net sales (million yen)	14,200	9,424	50.7
Operating income (million yen)	920	708	29.9
Ordinary income (million yen)	780	610	27.9
Net income (million yen)	500	374	33.7
Net income per share (yen)	25.79	19.49	---

Consolidated Quarterly Business Results

(Million yen)

Category \ Period	2005				2004				2003	
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q
Net sales	10,317	10,225	9,700	9,424	9,361	9,518	9,179	8,188	8,140	8,033
Operating income	926	845	704	708	832	1,036	979	764	813	709
Ordinary income	997	733	513	610	652	934	917	625	559	607
Income before income taxes	1,964	814	610	541	220	876	904	625	95	472
Net income	1,153	590	318	374	56	631	645	475	374	402

Consolidated Yearly Business Results

(Million yen)

	2005	2004	2003	2002	2001
Net sales	39,666	36,246	30,537	34,796	31,558
Operating income	3,183	3,611	2,394	2,171	1,112
Ordinary income	2,853	3,128	1,960	2,116	82
Income before income taxes	3,929	2,625	73	1,653	(1,779)
Net income	2,435	1,807	315	1,118	(1,037)
Shareholders' equity	24,920	20,511	18,809	18,910	19,534
Total assets	51,701	34,170	29,941	30,666	32,340
Per share (yen)					
EPS	126.54	104.25	21.21	83.64	(78.11)
Shareholders' equity	1,285.44	1,175.67	1,220.14	1,408.72	1,471.29

Consolidated Balance Sheets

(Unit : thousand yen)

Account	Period	4Q 2005	%	4Q 2004	%	Mid 2005	%
ASSETS							
I	Current assets						
	1. Cash and cash equivalents	18,342,370		4,900,291		9,499,701	
	2. Trade receivables	9,900,383		9,085,372		9,420,659	
	3. Inventories	4,628,738		4,048,675		4,136,347	
	4. Deferred tax assets	1,011,068		1,432,466		1,399,789	
	5. Others	1,325,864		845,971		1,579,529	
	6. Allowance for doubtful accounts	(39,577)		(29,984)		(37,754)	
	Total current assets	35,168,846	68.0	20,282,791	59.4	25,998,271	61.3
II	Fixed assets						
	(1) Tangible fixed assets						
	1. Buildings	6,321,967		6,221,547		6,187,710	
	2. Machinery and equipment	13,001,123		9,514,102		10,662,446	
	3. Furniture and fixture	2,898,238		2,641,264		2,557,027	
	4. Land	1,760,651		1,253,616		1,756,638	
	5. Construction in progress	1,294,319		322,325		871,769	
	6. Accumulated depreciation	(12,512,359)		(10,267,933)		(11,152,239)	
	Total tangible fixed assets	12,763,939	24.7	9,684,921	28.3	10,883,351	25.6
	(2) Intangible fixed assets						
	1. Goodwill	848,272		839,460		788,940	
	2. Leasehold rights	488,658		496,827		460,486	
	3. Software	118,349		148,518		134,580	
	4. Others	5,198		3,721		5,245	
	Total intangible fixed assets	1,460,477	2.8	1,488,526	4.4	1,389,251	3.3
	(3) Investments and other assets						
	1. Investments in securities	123,795		194,570		1,799,265	
	2. Deferred tax assets	1,352,281		1,536,667		1,384,772	
	3. Others	831,843		983,004		983,684	
	Total investments and other assets	2,307,919	4.5	2,714,241	7.9	4,167,721	9.8
	Total fixed assets	16,532,335	32.0	13,887,688	40.6	16,440,323	38.7
	TOTAL ASSETS	51,701,181	100.0	34,170,479	100.0	42,438,594	100.0

Consolidated Balance Sheets

(Unit : thousand yen)

Account \ Period	4Q 2005	%	4Q 2004	%	Mid 2005	%
LIABILITIES						
I Current liabilities						
1. Trade payables	3,705,758		3,571,556		3,709,720	
2. Short-term borrowings	10,170,800		5,524,508		4,402,108	
3. Bond	---		1,200,000		1,200,000	
4. Others	2,131,347		2,509,914		2,052,397	
Total current liabilities	16,007,905	31.0	12,805,978	37.5	11,364,225	26.8
II Fixed liabilities						
1. Bond	9,200,000		---		8,000,000	
2. Long-term loans	---		370,800		105,796	
3. Deferred tax liabilities	293,627		212,059		369,336	
4. Others	1,223,781		221,463		209,309	
Total fixed liabilities	10,717,408	20.7	804,322	2.3	8,684,441	20.4
Total liabilities	26,725,313	51.7	13,610,300	39.8	20,048,666	47.2
MINORITY INTEREST	55,458	0.1	49,196	0.2	53,021	0.1
SHAREHOLDERS' EQUITY						
I Paid in capital	6,771,015	13.1	6,604,072	19.3	6,652,563	15.7
II Capital reserve	6,584,612	12.7	6,416,181	18.8	6,464,674	15.2
III Retained earnings	12,531,518	24.2	10,646,801	31.2	11,077,523	26.1
IV Unrealized gains/losses on securities at market valuation	52,215	0.1	67,762	0.2	241,498	0.6
V Cumulative translation adjustments	(954,148)	(1.8)	(3,183,290)	(9.3)	(2,038,064)	(4.8)
VI Treasury stock	(64,802)	(0.1)	(40,543)	(0.2)	(61,287)	(0.1)
Total shareholders' equity	24,920,410	48.2	20,510,983	60.0	22,336,907	52.7
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	51,701,181	100.0	34,170,479	100.0	42,438,594	100.0

Consolidated Statements of Income

(Unit : thousand yen)

Account	Period	4th Quarter				12-month Period (January - December)			
		2005		2004		2005		2004	
		Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
I	Net sales	10,316,356	100.0	9,360,627	100.0	39,665,714	100.0	36,245,950	100.0
II	Cost of sales	7,578,599	73.5	6,835,952	73.0	29,281,338	73.8	26,073,080	71.9
	Gross profit	2,737,757	26.5	2,524,675	27.0	10,384,376	26.2	10,172,870	28.1
III	Selling, general & administrative	1,811,855	17.5	1,692,720	18.1	7,201,411	18.2	6,562,186	18.1
	Operating income	925,902	9.0	831,955	8.9	3,182,965	8.0	3,610,684	10.0
IV	Non-operating income (expenses)								
	Interest and dividends received	26,443		11,088		61,462		32,727	
	Interest paid	(20,078)		(20,966)		(59,444)		(57,727)	
	Exchange gain (loss)	151,243		(36,706)		138,572		(32,467)	
	Investment loss on equity method	(80,846)		(107,761)		(386,967)		(320,708)	
	Other non-operating income (expenses)	(5,062)		(25,198)		(83,576)		(104,371)	
	Non-operating income (expenses)	71,700	0.7	(179,543)	(1.9)	(329,953)	(0.8)	(482,546)	(1.4)
	Ordinary income	997,602	9.7	652,412	7.0	2,853,012	7.2	3,128,138	8.6
V	Extraordinary income (losses)								
	Gain on sales of fixed assets	21		18,568		42,749		21,099	
	Gain on sales of golf club membership	---		11,576		162		11,576	
	Gain on sales of securities	991,006		---		1,072,391		---	
	Gain on warrant deposits received	930		---		930		102,595	
	Loss on disposal of fixed assets	(19,196)		(45,627)		(34,076)		(45,983)	
	Unrealized gain (loss) on golf club membership	(5,817)		712		(5,817)		(438)	
	Loss on factory removal	---		(88,000)		---		(204,379)	
	Structural reorganization expenses	---		(329,990)		---		(387,785)	
	Extraordinary income (losses)	966,944	9.3	(432,761)	(4.7)	1,076,339	2.7	(503,315)	(1.4)
	Income before income taxes	1,964,546	19.0	219,651	2.3	3,929,351	9.9	2,624,823	7.2
	Income taxes	810,884	7.8	163,651	1.7	1,488,064	3.8	817,746	2.2
	Minority interest	1,524	0.0	---	---	6,262	0.0	---	---
	Net income	1,152,138	11.2	56,000	0.6	2,435,025	6.1	1,807,077	5.0

Consolidated Statements of Cash Flows

(Unit : thousand yen)

Account	Period	4th Quarter		12-month Period (January - December)	
		2005	2004	2005	2004
I. Cash flows from operating activities					
Net income		1,152,138	56,000	2,435,025	1,807,077
Depreciation and amortization		455,921	424,183	1,606,452	1,564,012
Gain on sales of fixed assets		(21)	(18,568)	(42,749)	(21,099)
Loss on disposal of fixed assets		19,196	45,627	34,076	45,983
Changes in account receivable		(150,950)	(326,380)	(65,247)	(2,130,864)
Changes in inventories		(556,138)	301,202	(145,428)	(619,437)
Changes in account payable		(65,603)	217,504	(282,604)	1,075,235
Others		(767,404)	234,652	(487,916)	692,342
Cash flows from operating activities		87,139	934,220	3,051,609	2,413,249
II. Cash flows from investing activities					
Purchase of tangible fixed assets		(596,174)	(444,010)	(2,979,663)	(1,703,494)
Proceeds from sales of tangible fixed assets		432,510	88,377	494,105	92,586
Acquisition of new subsidiary		---	(824,694)	(292,161)	(824,694)
Investment in affiliated company		---	---	(308,790)	(621,544)
Investment in securities		(1,505,293)	---	(16,690,481)	---
Proceeds from sales of securities		17,329,593	---	17,789,448	---
Purchase of intangible assets		(9,440)	---	(46,367)	---
Others		1,182,558	(24,690)	(46,986)	(50,219)
Cash flows from investing activities		16,833,754	(1,205,017)	(2,080,895)	(3,107,365)
III. Cash flows from financing activities					
Changes in short-term borrowings		(3,900,000)	(1,014,801)	4,950,000	1,700,000
Changes in long-term borrowings		(132,502)	(239,202)	(674,508)	(966,808)
Cash dividends paid		526	2,246	(549,932)	(389,444)
Proceeds from bond issuance		---	---	9,171,276	---
Repayment of bond		---	---	(1,200,000)	---
Revenue from issuance of stocks		234,351	12,869	333,314	869,496
Others		(2,300)	49,149	(24,259)	31,477
Cash flows from financing activities		(3,799,925)	(1,189,739)	12,005,891	1,244,721
IV. Effect of exchange rate changes on cash and cash equivalents		91,116	(253,891)	465,474	(132,881)
V. Net increase (decrease) in cash and cash equivalents		13,212,084	(1,714,427)	13,442,079	417,724
VI. Cash and cash equivalents at beginning of year		5,130,286	6,614,718	4,900,291	4,471,169
VII. Increase in cash and cash equivalents on new subsidiary		---	---	---	11,398
VIII. Cash and cash equivalents at end of year		18,342,370	4,900,291	18,342,370	4,900,291

Overview of Consolidated Business Results for the Fourth Quarter of 2005

Announcement of business indicator in the Fourth Quarter of 2005 reflected a turn of Europe economy towards a relatively satisfactory cycle from its extensive stagnancy. The anticipation of a close end to the raising interest rate had given rise to the flow of funds to the stock market but the repetitious efforts of the federal government to tighten the monetary control had slowed down the real-estate transactions. Enterprises that had accumulated working capital through years of profit growth in the wake of effective cost management were making increasing investment on automation and IT-oriented devices. The macroeconomic control by the China Authority to relieve the overheating investment had directed the economy to a stable growth along with more personal spending.

Corporate activities in Japan had been extending from the basic-material processing assembly and high-tech industries to the non-manufacturing industry. The increasing profit of the enterprises was well connected to the positive investment in plant and equipments. Demand of household sectors was also on the upside stimulating the domestic consumer spending. Russia, the Middle East, Brazil and South Africa experienced remarkable development in light of the soaring price of the primary commodities like crude oil, copper, iron ore and so on. India with its open policy had been able to attract aggressive investments abroad resulting in expansion to the manufacturing and servicing industries. Furthermore, acceleration of influx of funds from the developed countries of less economic growth to the emerging countries resulted in ever growing purchasing power through evolution of their industries and rising income level.

Although set manufacturers adjusted production to allay the inventory-building in the first half, the demand for electronic equipments are expected to surge in full force following the completion of inventory adjustment and popularization of PC and cellular phones in the emerging markets and the sustainable growth in demand of PC with AV function, as well as the 3rd-generation cellular phones in the developed countries like Europe and the U.S.

Shipment for audiovisual equipments like liquid crystal display (LCD) TV, PDP-TV and portable music player was trending toward favorable expansion. Shipment for personal computer increased 10.3% to 50 million sets in the 1st quarter, 14.8% to 49 million sets in the 2nd quarter, 17.2% to 55 million sets in the 3rd quarter and 19.9% to 64 million sets in the 4th quarter of 2005 compared with the corresponding terms last year. Shipment volume for cellular phones was up 17.5% to 181 million pieces in the 1st quarter, 21.6% to 190 million pieces in the 2nd quarter and 22.0% to 205 million pieces in the 3rd quarter compared with a year earlier, driven by the desire for replacements in the U.S. and West Europe in addition to the expanding demand from the budding markets such as East Europe, the Middle East and Africa. The growth is expected to go on in the 4th quarter and achieve a 21.3% year-on-year increase to 780 million pieces for 2005. Moreover, as the new car sales in the globe are undergoing high-level expansion, overall demand for automotive electronic parts and peripherals that optimize safety, comfort and fuel-effectiveness for cars has been prospering.

Under such circumstances, Sumida Group has allocated its management resources to the fast-growing fields that include inverters used for flat panel of notebook-sized PC, LCD monitor and liquid crystal TV and electronic parts used for automotive. In the meantime, our Legacy business with many years of wire-winding competency is committed to continuous growth in the industry by introduction of new technology, new products and development of new application.

Overall sales of the Fourth Quarter of 2005 were up 10.2% from the same term last year to ¥10,317 million attributable to the substantial increase in the revenue of Power Inductor in Legacy despite the declined sales in Inverter, Automotive and Other including sales from Jensen and Stelco along with the business retrenchment in magnetics and OEM production of optical pickups.

Operating income up 11.3% year-on-year to ¥926 million was upheld by the drastic increase in sales of Legacy, improved margin and effective cost reduction in Inverter accompanied by increasing contribution from STELCO, despite the rising expenditure on R&D and general overhead in keeping up with the business capacity in addition to the price erosion on Automotive to fastening main customer. Ordinary income up 52.9% to ¥997 million was owing to exchange gain and decreasing investment loss derived from the equity method. Net income increased from ¥56 million from the same term last year to ¥1,153 million including a special gain from sales of the securities of SAIA Burgess.

Sales by Business

(Million yen, %)

Period		4th Quarter					12-month period (January - December)				
		2005	% of Total	2004	% of Total	% Change	2005	% of Total	2004	% of Total	% Change
Legacy	Power Solution	804	7.8	748	8.0	7.5	2,794	7.0	3,329	9.2	(16.1)
	Power Inductor	3,925	38.0	2,626	28.0	49.5	12,679	32.0	10,479	28.9	21.0
	Signal	1,050	10.2	908	9.7	15.6	3,842	9.7	3,826	10.6	0.4
	Sub-total	5,779	56.0	4,282	45.7	35.0	19,315	48.7	17,634	48.7	9.5
Inverter		2,282	22.1	2,716	29.0	(16.0)	10,536	26.6	9,044	24.9	16.5
Automotive		1,763	17.1	1,795	19.2	(1.8)	7,592	19.1	6,091	16.8	24.6
Others		493	4.8	568	6.1	(13.2)	2,223	5.6	3,477	9.6	(36.1)
Total		10,317	100.0	9,361	100.0	10.2	39,666	100.0	36,246	100.0	9.4

Quarterly Sales by Business

(Million yen)

Category \ Period		2004					2005				
		1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Legacy	Power Solution	879	846	856	748	3,329	607	638	745	804	2,794
	Power Inductor	2,250	2,732	2,871	2,626	10,479	2,703	2,867	3,184	3,925	12,679
	Signal	888	1,012	1,018	908	3,826	850	926	1,016	1,050	3,842
	Sub-total	4,017	4,590	4,745	4,282	17,634	4,160	4,431	4,945	5,779	19,315
Inverter		1,708	2,069	2,551	2,716	9,044	2,819	2,651	2,784	2,282	10,536
Automotive		1,334	1,404	1,558	1,795	6,091	1,867	1,949	2,013	1,763	7,592
Others		1,129	1,116	664	568	3,477	578	669	483	493	2,223
Total		8,188	9,179	9,518	9,361	36,246	9,424	9,700	10,225	10,317	39,666

Sales by Region

(Million yen, %)

Area \ Period		4th Quarter					12-month period (January - December)				
		2005	% of Total	2004	% of Total	% Change	2005	% of Total	2004	% of Total	% Change
Japan		2,264	21.9	2,314	24.7	(2.2)	9,148	23.1	9,262	25.6	(1.2)
HK / China		2,494	24.2	1,902	20.3	31.1	7,796	19.6	7,435	20.5	4.9
ASEAN		814	7.9	720	7.7	13.1	3,016	7.6	2,868	7.9	5.2
Taiwan / Korea		2,048	19.8	2,102	22.4	(2.6)	9,082	22.9	7,504	20.7	21.0
NAFTA		627	6.1	848	9.1	(26.1)	2,619	6.6	3,888	10.7	(32.6)
EU		2,070	20.1	1,475	15.8	40.3	8,005	20.2	5,289	14.6	51.4
TOTAL		10,317	100.0	9,361	100.0	10.2	39,666	100.0	36,246	100.0	9.4

Sales by Product Usage

(Million yen, %)

Usage \ Period		4th Quarter					12-month period (January - December)				
		2005	% of Total	2004	% of Total	% Change	2005	% of Total	2004	% of Total	% Change
Coil	AV Coils	1,422	13.8	927	9.9	53.4	4,159	10.5	3,499	9.6	18.9
	IT Communications Coils	5,078	49.2	4,958	53.0	2.4	20,405	51.4	18,561	51.2	9.9
	Other Coils	766	7.4	585	6.2	30.9	2,775	7.0	2,317	6.4	19.8
	Automotive	2,464	23.9	2,295	24.5	7.4	9,867	24.9	8,434	23.3	17.0
	TOTAL	9,730	94.3	8,765	93.6	11.0	37,206	93.8	32,811	90.5	13.4
Optoelectronics		66	0.6	233	2.5	(71.7)	261	0.7	1,967	5.4	(86.7)
Magnetics		89	0.9	363	3.9	(75.5)	419	1.0	1,468	4.1	(71.5)
New business		432	4.2	---	---	---	1,780	4.5	---	---	---
TOTAL		10,317	100.0	9,361	100.0	10.2	39,666	100.0	36,246	100.0	9.4

Operating income by Business

(Thousand yen, %)

Period & Business	4th Quarter 2005						
	Legacy	Inverter	Automotive	Other	Total	Elimination	Consolidated
Net sales	5,779,381	2,282,063	1,762,659	492,253	10,316,356	---	10,316,356
Operating expense	3,216,822	1,839,771	1,529,671	380,305	6,966,569	2,423,885	9,390,454
Operating income	2,562,559	442,292	232,988	111,948	3,349,787	(2,423,885)	925,902
(%)	44.3	19.4	13.2	22.7	32.5	---	9.0

(Thousand yen, %)

Period & Business	4th Quarter 2004						
	Legacy	Inverter	Automotive	Other	Total	Elimination	Consolidated
Net sales	4,281,954	2,716,294	1,795,149	567,230	9,360,627	---	9,360,627
Operating expense	2,298,580	2,405,073	1,297,770	503,647	6,505,070	2,023,602	8,528,672
Operating income	1,983,374	311,221	497,379	63,583	2,855,557	(2,023,602)	831,955
(%)	46.3	11.5	27.7	11.2	30.5	---	8.9

(Thousand yen, %)

Period & Business	12-month period (January - December) 2005						
	Legacy	Inverter	Automotive	Other	Total	Elimination	Consolidated
Net sales	19,315,202	10,535,976	7,591,800	2,222,736	39,665,714	---	39,665,714
Operating expense	10,562,493	8,771,307	5,925,321	1,784,985	27,044,106	9,438,643	36,482,749
Operating income	8,752,709	1,764,669	1,666,479	437,751	12,612,608	(9,438,643)	3,182,965
(%)	45.3	16.7	22.0	19.7	31.8	---	8.0

(Thousand yen, %)

Period & Business	12-month period (January - December) 2004						
	Legacy	Inverter	Automotive	Other	Total	Elimination	Consolidated
Net sales	17,634,572	9,044,568	6,091,067	3,475,743	36,245,950	---	36,245,950
Operating expense	9,042,215	7,700,502	4,255,953	3,025,653	24,024,323	8,610,943	32,635,266
Operating income	8,592,357	1,344,066	1,835,114	450,090	12,221,627	(8,610,943)	3,610,684
(%)	48.7	14.9	30.1	12.9	33.7	---	10.0

Business Segment Information

*** Notes:**

In explanation of business results in the 4th quarter of 2005, 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.

Sumida group's business is composed of the Legacy business, Inverter business, Automotive business and Other business.

1. Legacy business

Sales in our legacy business increased 35.0% to ¥5,779 million from a year earlier (or up 24.2% from the same term last year in the local currency). This increase was made up by the substantial revenue of Power Inductor being the main pillar of Legacy and the upturn sales of Signal and Power Solution.

Operating income climbed 29.2% year-on-year to ¥2,563 million resulted from the considerable sales expansion which was great enough to compensate the extensive depreciation and wages sprung from the installation of new production lines including acquisition of machineries and equipment and recruitment of labor force to correspond to the imminent business expansion.

a) Power Solution

Sales of power solution grew 7.5% to ¥804 million from the same term last year (or down 1.0% from the same term last year in the local currency).

In terms of area, sales improved in China, the U.S., Europe and Japan but decreased in Hong Kong, Singapore and Taiwan. For sales by product used, OA and communication devices, automotive-related products and industrial equipments increased while digital cameras, DVD players and other audiovisual equipments declined.

b) Power Inductor

Sales of power inductors were up 49.5% year-on-year to ¥3,925 million (or up 37.6% from the same term last year in the local currency).

In terms of area, sales expanded in all areas such as Japan, the U.S., Europe, Hong Kong & China, Taiwan and Singapore. For sales by product used, PC & PC peripheral devices, digital cameras, AV equipments, automotive-related products, communication devices and POS related products all increased except the security equipments.

c) Signal

Sales of signal totaled ¥1,050 million, up 15.6% from a year earlier (or up 6.5% from the same term last year in the local currency).

In terms of area, sales expanded in China, the U.S., Hong Kong, Europe, and Singapore but decreased in Japan and Taiwan. For sales by product used, animal tags and communication related devices expanded whereas OA equipments, PC peripheral devices, AV equipments and automotive-related devices declined.

2. Inverter business

Sales of inverter slid 16.0% to ¥2,282 million from the year-before figure (or down 22.7%

from the previous term in the local currency).

In terms of area, sales dropped in all areas except Europe and China. For sales by product used, the notebook-sized PC, monitors except PC and recreational devices were on the upside whereas the LCD monitors, automotive equipments and liquid crystal TV decreased. Operating income recorded a 42.1% year-on-year growth to ¥442 million attributable to the reduction of production costs like raw materials and wages coupled with growing sales.

3. Automotive business

Sales in automotive business declined 1.8% to ¥1,763 million from the same term last year (or down 9.6% from the same term last year in the local currency).

In terms of area, sales marked substantial growth in Europe and Hong Kong in spite of contraction in China, the U.S., Japan and Singapore. For sales by product used, ABS as the major revenue and keyless entry increased considerably. Injection coils for the direct-injection engine and coils for suspension system join to form gradually a very part in sales contribution.

Operating income reduced 53.2% year-on-year to ¥233 million imputed to the declining sales to major European customers derived from the depreciation of Euro, higher raw material cost and other increasing utilities expenses as a result of the price rise of both crude oil and copper.

4. Other business

Sales in other business decreased to ¥493 million, shrank 13.2% from the same term last year (or down 20.0% from the same term last year in the local currency).

Jensen which had started sales since the 2nd quarter of last year and STELCO which Sumida acquired in last December did not come about to contribute as much to offset the worn-out sales caused by the production withdrawal of the optical pickups and the electromagnetics product. Operating income increased 76.1% to ¥112 million from the year-before figure on account of the additional profit of STELCO.

Consolidated Business Results from Jan through Dec of 2005

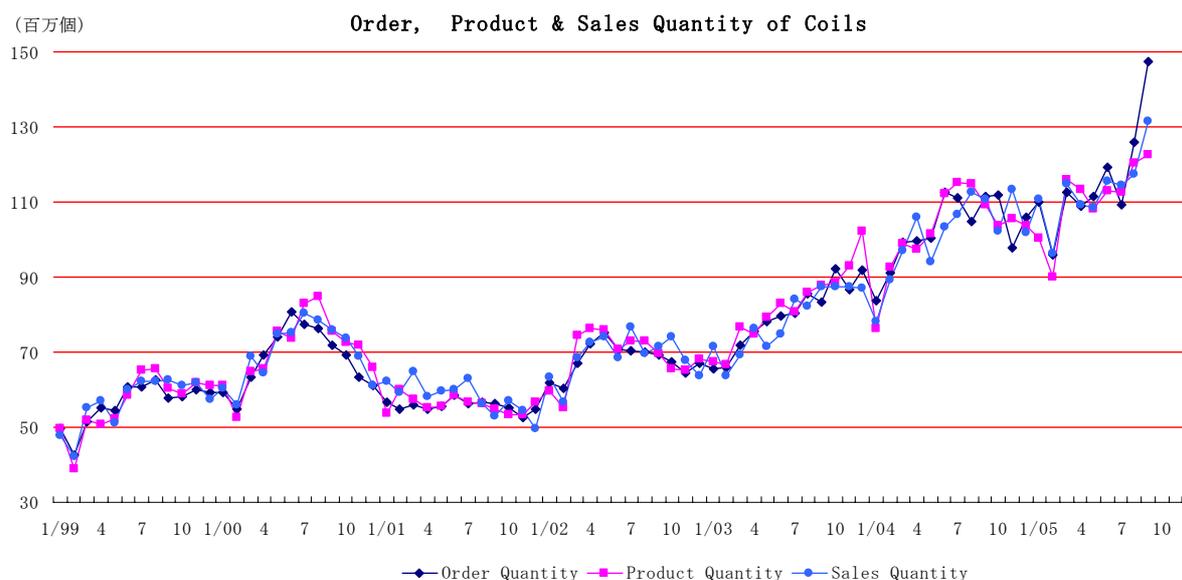
Overall sales from Jan through Dec of 2005 were up 9.4% from the same term last year to ¥39,666 million. The immense sales expansion of Power Inductor of the Legacy coupled with the double-digit growth of Inverter and Automotive helped pushed up the total revenue despite the comparatively lower sales from Jensen and Stelco and the removal of Magnetics division and OEM supply section of optical pickups.

Operating income was ¥3,183 million, reduced by 11.8% from the figure of the previous term. The profit driven by the increased revenue for Legacy and Inverter with refined cost structure could hardly compensate the sales erosion resulted from the depreciation of Euro for Automotive businesses over and above the upward R&D, selling and administrative expenses mounted with the sales expansion. Ordinary income down 8.8% year-on-year to ¥2,853 million was explained by the increase of investment loss from the equity method despite being compensated by improved non-operating income from exchange gains. Net income totaled ¥2,435 million, up 34.7% from the year-before figure due to the investment gain from sales of the securities of SAIA Burgess.

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 been remaining 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) have been in excess of 100 million pieces per month since the 3rd quarter 2004, hit 113 million pieces per month on average in the 2nd quarter, 127 million pieces per month in the 3rd quarter and increased to 134 million pieces per month in the 4th quarter of 2005. The volume reached 134 million pieces for this October, 131 million pieces for November and climbed further to 138 million pieces for December.

The future demand for electronic parts is predicted to sustain in light of the active circumstances among the industry.

Shipment volume of personal computers in the globe grew stably and climbed 15.3% to 219 million sets in 2005 compared with the last year. Demand from the Asian Pacific area such as China, Korea, and India, and from the Latin American region, Europe, Middle East and Africa were all expanding especially that Europe, Middle East and Africa had taken over the U.S. forming the largest market in the world. As the growth continues in the budding markets, the demand for personal computers is anticipated to increase by 10% or more in 2006 than that of 2005.

Shipment volume of cellular phones was assumed to have grown 21.3% to 780 million sets compared with 2004's. The volume is expected to increase by 10.3 % year-on-year to 860 million pieces in 2006 in consideration of the popularization for the 3rd generation (3G) cellular phones on a worldwide scale other than Japan as well as the growing demand from emerging markets.

Demand for liquid-crystal display (LCD) TV [10" and above] grew 79.2% to about 14 million sets in 2005 compared with the previous year and is expected to rise 60.8% to 23 million sets in 2006 from the year before. Sales of PDP TV increased intensely by 115.5% to 5 million sets in 2005 and are estimated to increase year-on-year to 8 million sets in 2006. With the aim toward the completion of digitalization in the U.S. by 2009 and toward the schedule for thorough conversion to digital broadcast in Japan by 2011, more than 25" TV are to be equipped with digital tuners in the U.S. by March 2006 and other types beyond 25" be fixed by 2007. The electronics market is foreseen to boom and prosper as a result of a number of grand events such as Torino Winter Olympics and German World Cup respectively in 2006 as well as the Beijing Olympics in 2008.

Shipment volume of automobile worldwide reached 64 million units in 2004 and the quantity except commercial cars like truck and bus grew 5% to 44 million sets. Shipment volume in 2005 could be assumed to have increased by 2-3% and is expected to climb regularly. New car sales are expected to develop at high level in the U.S., Europe and Japan, firmly in China, Korea, India, Brazil, Russia and other developing areas. Shipment of new cars is anticipated to expand orderly. To address the demand, the electronic parts for automobile are diversified with very advanced electronics with introduction of electronic control technology. Parts for keyless entry which remain inserted in the pocket can be activated to unlock cars with passive RKE increases; TPMS (Tire Pressure Monitoring System) which detects pneumatics in tires leading to safe traveling and provides fuel-economy feature are requirements for automobile in the U.S. and the same standard will be extended to Europe and Japan. Various functions like optical axis adjustment of headlight, lumber support and automatic cruise may be launched in future and the number of semiconductor used for one single car is expected to be double of the present scale in 2010. Besides, other automobile related electronic parts are also estimated to expand.

Amid such business environment, Sumida group, with the Revenue growth rates that outstripped the industrial yardstick, dedicates to focus its management resources on prospective growing fields

1. Legacy business

For power solution, sales declined for production adjustment on the AV equipment in the 1st half of 2005 and slightly resumed in the 2nd half. Sumida is committed to its product competitiveness through material-cost cutting and productivity improvement and is well equipped to seize extra market shares for digital camera, DVC, DVD player, printer for line filter and switching transformer as soon as the market resumes. It is also our direction to reinforce new developments apart from home appliances in automotive-mounted products with emerging demand.

For power inductor, we seek to develop parts in new miniature designs with multi and power conserving traits to build the market shares. Accordingly, we would be in full force to push sales on cellular phones, digital cameras, HDD, notebook-sized computers, automotive-mounted parts, game devices, printers and portable music player. We scheduled not only to reinforce the sales of cellular phones in Japan, Europe and the U.S. but also to explore new customer for HDD related parts in the U.S. Business negotiation with customers for game device which Sumida has relatively fewer sales had been started and in optimal progress. New orders for portable music player have come in place since the 3rd quarter of 2005 and is planned to make full contribution to sales in 2006. Samples of PDP which incorporate more units of Power Inductor in particular have been delivered to customers on schedule and are expected to evolve. Relating to production, Legacy aims to launch the semi-automation of production by introduction to or development of fine automatic machines at the site in company with the cost strategy

on materials.

For signal, the business intends to bolster sales of telecommunication products including modem and ADSL, automotive-related products including antenna coils for keyless entry system in addition to our major sales of toner sensors, and to reinforce the sales of Signal used for animal tag that faces rapid growth.

2. Inverter business

The Inverter business deals with the inverter transformers and inverter units used for of notebook-sized PC, LCD monitors, liquid-crystal display (LCD) TV and recreational devices, and aims to capture more market shares especially for notebook-sized PC and LCD monitors which we have been handling for quite some time. To stay the foothold in the growing LCD TV market, we turn our focus with extensive sales activities to 32-inch type of LCD TV which is likely to be the mainstay of the incoming sales in future. With respect to production, the economic effect from the procurement strategy since the latter half of last year has come forward. The profitability is expected to improve on account of the ongoing material-cost cut driven by procurement capability, the vertical integration where some materials are made in-house and refined product design from which the number of parts mounted in a unit are greatly reduced.

3. Automotive business

For ABS coil, we are striving to develop new customers and expand sales concurrently to the existing customers. Keyless entry next to ABS coil has become the 2nd principal product and parts for car air conditioners have been expanding quickly. Following the full-fledged production of injection coils for direct injection engine in 2005, new products are expected to reflect from the 2nd quarter of 2006. We have started making efforts in driving sales of coils for immobilizer, navigation system, EPS (electronic power steering) and air bag in the worldwide market.

With respect to production, to avoid confusion on the future new products in the course of mass production, improvement programs will be carried out in respect of the productivity, yield rate and so on.

4. Other business

STELCO – The economy of Europe is expected to resume according to the economic indicator posted at the end of 2005. As the business environment becomes more promising in 2006, the contribution from STELCO can be more assured. It is a direction of Sumida to expand sales through its entire network. Products from Europe, apart from sales via its own system, would be distributed through Asian network whereas products from Asia would be promoted through European network.

JENSEN sells mainly GDT used for projector in Europe with revenue going up on track in 2005. 2006 would likely be a year of growth following the recognition of the major GDT customer. As it usually takes time for automotive customers to grant approval on suppliers, we expect the automotive related sales to be actualized gradually in the year of 2006. China and Europe are now the principal markets that Jensen has marked growth in but sales are expected to broaden to Taiwan and Korea as soon as the approval from customers is obtained.

In addition, one of our subsidiaries in Germany - Sumida Holding Germany GmbH has launched a Take Over Bid to acquire all shares of VOGT Electronics AG (VOGT) on December 22 of last year. Following the announcement of our successful acquisition of majority of the shares, the financials of VOGT would be consolidated with Sumida's beginning from 2006. VOGT which has been established for more than 70 years is one of the prime manufacturers of coils with production facilities all over Germany, Austria,

Romania, Slovenia, Mexico and Shanghai. It sells coils, transformers, various modules, sensors and other parts mainly to Europe. The sales by product used include automobile equipment which is the pillar, communication devices, industrial medical equipment, amusement equipment, home appliances and illumination equipment. With VOGT's strong foothold in automotive business in Europe and our sound bases in Asia, Sumida will endeavor to reinforce every aspect of the Automotive business from R&D, Manufacturing to Sales so as to achieve the multiplier effect of the merger.

Forecast of Business Results in the First Quarter of 2006

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 rapid 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.

Forecast of consolidated business results
in the first quarter of 2006
(from Jan. 1 to Mar. 31, 2006)

Sales	¥14,200M
Ordinary income	780M
Net income	500M

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

Actual figures of consolidated business
results in the first quarter of 2005
(from Jan. 1 to Mar. 31, 2005)

Sales	¥9,424M
Ordinary income	610M
Net income	374M