

Hitachi Metals, Ltd. (Apr. 25, 2003)

Code:5486

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(URL <http://www.hitachi-metals.co.jp>)

Non-consolidated Financial Report for the 12-month period ended March 31, 2003

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Stock Exchange where listed (section): Tokyo(First), Osaka(First)

1. Performance over the year, April 1, 2002 to March 31, 2003 (Figures are rounded off to the nearest million yen)

(1) Operating results	<u>3/03</u>	<u>3/02</u>	<u>(Change)</u>
Net Sales (¥ million).....	246,835	236,699	(4.3%)
Operating income (¥ million).....	4,063	(17,093)	— %
Ordinary income (¥ million).....	5,246	(20,503)	— %
Net income (¥ million).....	<u>1,712</u>	<u>(23,074)</u>	<u>— %</u>
Net income per share (¥).....	4.71	(64.61)	
Diluted net income per share (¥).....	—	—	
Net income shareholders' equity (%)..	1.4	(17.7)	
Ordinary income to total assets (%)...	1.8	(6.4)	
Ordinary income to net sales (%).....	<u>2.1</u>	<u>(8.7)</u>	

Notes: 1. Average number of shares outstanding (3/03: 357,078,076 3/02: 357,163,624)

2. Accounting policy have been made change.

3. Loss per share for the fiscal year ended March 31, 2002 restated in accordance with the aforementioned standard is not change.

(2) Dividend	<u>3/03</u>	<u>3/02</u>
Annual dividend per share (¥).....	3.50	2.50
Interim (¥).....	0.00	0.00
End of period (¥)	3.50	2.50
Total dividend paid (full year)(¥ million) ..	1,249	892
Payout ratio (%).....	72.9%	(3.9%)
Shareholders' equity yield (%)	<u>1.1%</u>	<u>0.8%</u>

(3) Financial standing	<u>3/03</u>	<u>3/02</u>
Total assets (¥ million).....	289,758	299,571
Shareholders' equity (¥ million).....	118,667	118,266
Shareholders' equity ratio(%).....	41.0%	39.5%
Shareholders' equity per share (¥).....	<u>332.36</u>	<u>331.14</u>

Notes: 1. Number of shares outstanding at end of year (3/03: 356,959,527, 3/02: 357,153,456)

2. Number of treasury stock outstanding at end of year (3/03: 209,160 3/02: 15,231)

3. Loss per share for the fiscal year ended March 31, 2002 restated in accordance with the aforementioned standard is not change.

2. Forecasts of results for the term, April 1, 2003 to March 31, 2004

	<u>Interim</u>	<u>Full year</u>
Net sales (¥ million).....	116,500	246,000
Ordinary income (¥ million).....	3,200	8,300
Net income (¥ million).....	1,000	2,500
Interim dividends per share (¥).....	Not Declared	—
(Dividends at end of period per share) (¥)	—	Not Declared
Annual dividends per share (¥).....	—	<u>Not Declared</u>

Reference: Expected net income per share (full-year basis) ¥7.00

The Company will determine both interim and year-end cash dividends after careful consideration of its financial performance and the overall business environment.

Note: The outlooks for performance presented in this document are statements regarding future plans, not historical facts, and represent the judgments of the management of the Company based on current conditions as well as certain premises and assumptions. In fact, changes in assumptions and prevailing conditions as well as other developments, along with a wide range of other factors may lead to outcomes that differ substantially from those presented in this document. For these reasons, the Company requests that all parties concerned refrain from relying exclusively on these outlooks when making investment and other decisions.

Sales Results and Orders Received by Operating Division

1. Sales results

	(Millions of Yen)			(Reference)	
	Fiscal 2002 (Mar. 31,03) (A)	Fiscal 2001 (Mar. 31,02) (B)	Change (A)/(B)	1 st half 2002	2 nd half 2002
High-grade Metal Products and Materials.....	109,171	102,622	106%	54,511	54,660
Electronics and IT Devices.....	34,011	31,601	108%	16,863	17,147
High-grade Casting Components for Automobiles.....	49,174	47,639	103%	24,816	24,357
Construction Components, Plant and Equipment.....	54,478	54,835	99%	26,108	28,369
Total.....	246,835	236,699	104%	122,300	124,535

2. Export Sales results

	(Millions of Yen)			(Reference)	
	Fiscal 2002 (Mar. 31,03) (A)	Fiscal 2001 (Mar. 31,02) (B)	Change (A)/(B)	1 st half 2002	2 nd half 2002
High-grade Metal Products and Materials.....	33,576	27,361	123%	16,337	17,238
Electronics and IT Devices.....	13,769	13,303	104%	6,735	7,033
High-grade Casting Components for Automobiles.....	6,091	2,840	214%	2,939	3,152
Construction Components, Plant and Equipment.....	582	735	79%	292	289
Total.....	54,019	44,240	122%	26,305	27,713

3. Orders received

	(Millions of Yen)			(Reference)	
	Fiscal 2002 (Mar. 31,03) (A)	Fiscal 2001 (Mar. 31,02) (B)	Change (A)/(B)	1 st half 2002	2 nd half 2002
Orders received.....	239,441	224,126	107%	117,274	122,167
of which Export.....	58,017	41,587	140%	26,914	31,102
of which Construction Components, Plant and Equipment.....	43,370	50,380	86%	20,293	23,076
Orders backlogs.....	40,733	48,127	85%	43,101	40,733

Comparative Balance Sheets

ASSETS

	(Millions of Yen)		
	End of 3/03 (A)	End of 3/02 (B)	Change (A)-(B)
Current assets:			
Cash and deposits in banks	6,886	9,693	(2,806)
Notes receivable and accounts receivable	35,694	40,961	(5,266)
Receivables for completed construction work	13,130	6,161	6,969
Negotiable securities	4,006	7,551	(3,544)
Products, semi-products, materials, work in process	34,100	32,183	1,917
Cash pooling deposit	20,254	10,625	9,629
Deferred tax assets	5,386	4,533	853
Other current assets	9,076	16,254	(7,177)
Allowance for doubtful accounts	(114)	(149)	34
Total current assets	<u>128,422</u>	<u>127,814</u>	<u>(607)</u>
Fixed assets:			
<u>Tangible fixed assets</u>			
Buildings and structures	24,432	26,188	(1,755)
Machinery, equipment and vehicles	35,372	38,414	(3,042)
Tools, furniture and fixtures	1,709	2,011	(301)
Land	21,020	21,048	(28)
Construction in progress	2,688	2,330	358
Total tangible fixed assets	<u>85,224</u>	<u>89,993</u>	<u>(4,768)</u>
<u>Intangible fixed assets</u>	<u>1,623</u>	<u>1,020</u>	<u>603</u>
<u>Investments, etc.</u>			
Investment securities	826	1,462	(636)
Stock of affiliated company	34,254	32,389	1,864
Long-term loans	11,786	12,095	(308)
Deferred tax assets	24,053	26,376	(2,323)
Other	3,799	8,616	(4,816)
Allowance for doubtful accounts	(231)	(196)	(35)
Total investment, etc.	<u>74,487</u>	<u>80,743</u>	<u>(6,255)</u>
Total fixed assets	<u>161,335</u>	<u>171,756</u>	<u>(10,421)</u>
Total assets	<u><u>289,758</u></u>	<u><u>299,571</u></u>	<u><u>(9,813)</u></u>

Comparative Balance Sheets

LIABILITIES and SHAREHOLDERS' EQUITY

	(Millions of Yen)		
	End of 3/03 (A)	End of 3/02 (B)	Change (A)-(B)
Liabilities:			
<u>Current Liabilities</u>			
Accounts payable	27,159	30,787	(3,627)
Short-term debt	21,320	22,536	(1,216)
Bonds redeemable within a year	16,000	5,000	11,000
Accrued income tax	62	62	—
Expenses payable	7,827	9,215	(1,388)
Advances received	4,871	3,536	1,335
Other	4,943	8,367	(3,424)
Total current liabilities	<u>82,184</u>	<u>79,504</u>	<u>2,679</u>
<u>Fixed liabilities</u>			
Bonds	32,900	44,900	(12,000)
Long-term debt	31,000	33,510	(2,510)
Reserve for retirement benefits	24,717	22,861	1,855
Reserve for directors' retirement bonuses	256	311	(54)
Others	32	216	(184)
Total fixed liabilities	<u>88,906</u>	<u>101,800</u>	<u>(12,894)</u>
Total Liabilities	<u>171,090</u>	<u>181,305</u>	<u>(10,214)</u>
Shareholders' equity:			
Paid-in capital	26,283	26,283	—
Capital surplus	36,699	36,699	—
Profit reserve	6,570	6,570	—
Voluntary reserve	45,498	69,271	(23,772)
Retained earnings at end of year	3,596	(20,996)	24,592
(Net income for the year)	1,712	(23,074)	(24,787)
Appraisal gain(loss) for other marketable securities	86	443	(356)
Treasury stock	(68)	(5)	(62)
Total shareholders' equity	<u>118,667</u>	<u>118,266</u>	<u>401</u>
Total Liabilities and shareholders' equity	<u>289,758</u>	<u>299,571</u>	<u>(9,813)</u>

Comparative Statement of profit and loss

	(Millions of Yen)			
	Fiscal 2002 (Mar.31,03) (A)	Fiscal 2001 (Mar.31,02) (B)	(difference) (A)-(B)	(A)/(B) (%)
Net sales	246,835	236,699	10,136	104
Cost of sales	212,614	217,164	(4,550)	98
Gross profit	34,221	19,535	14,686	175
Selling, general and administrative expenses	30,157	36,628	(6,471)	82
Operating Profit and loss	4,063	(17,093)	21,156	—
Other income:				
Interest and dividends	2,698	2,634	64	102
Other	3,393	3,214	179	106
Total other income	6,091	5,849	242	104
Other deductions:				
Interest payment	1,486	2,056	(570)	72
Other	3,421	7,203	(3,782)	47
Total other deductions	4,907	9,259	(4,352)	53
Ordinary profit (loss)	5,246	(20,503)	25,749	—
Extraordinary profit (loss)				
Gain on reversal of accrued retirement benefits from return of substituted portion of governmental welfare pension fund	2,223	—	2,223	—
Gains from sale of fixed assets	1,219	747	472	163
Profit from liquidation of affiliated	406	—	406	—
Gain from the disposal of subsidiaries	—	149	(149)	—
Extraordinary loss on revision of retirement benefit plan system	(3,261)	—	3,261	—
Write-off Discrepancies as a Result of Changes in Accounting	(2,225)	(2,914)	689	76
Loss on structural reform	—	(16,669)	16,669	—
Total	(1,637)	(18,688)	11,145	—
Income before income tax	3,609	(39,191)	42,800	—
Corporation, inhabitant and enterprise taxes	168	191	(23)	88
Adjustment account for corporate tax	1,729	(16,308)	18,037	—
Net income (Loss)	1,712	(23,074)	24,786	—
Retained earnings brought forward	1,883	2,078		
Interim dividends	—	—		
Retained earnings at end of year	3,596	(20,996)		
Appropriated amount of special reserve	—	24,000		
Appropriated amount of special depreciation reserve	172	183		
Other	3	—		
Total	3,772	3,186		
The appropriation are as follows:				
Cash dividends	1,249	892		
Bonuses to directors and corporate auditors	30	—		
Special depreciation reserve	9	68		
Other reserves	8	342		
Retained earnings carried forward	2,475	1,883		