

For Immediate Release

Hitachi Metals, Ltd. (Jan. 27, 2004)

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

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

Consolidated Financial Report for the 9-month Period Ended December 31, 2003

Tokyo, Japan, January 27, 2004—Hitachi Metals, Ltd., today announced its Consolidated Financial Report for the 9-month Period Ended December 31, 2003, the third quarter of the year ending March 31, 2004.

1. Note to consolidated financial report for the 9-month period ended December 31, 2003

There were no changes to the recognition and accounting treatment applicable to consolidated net sales compared with the fiscal year ended March 31, 2003.

2. Performance over the 9-month period, April 1, 2003 to December 31, 2003

(Third quarter of the fiscal year ending March 31, 2004)

(1) Net sales (Figures are rounded off to the nearest million yen)

	Net sales	Change
Third quarter fiscal year ending March 31, 2004	303,813	0.7%
Third quarter fiscal year ended March 31, 2003	301,588	
Fiscal year ended March 31, 2003	408,658	(0.2%)

Notes: 1. Net sales are the cumulative total up to the end of the period under review. Percentage figures represent changes in net sales compared with the corresponding period of the previous fiscal year.

2. As the fiscal year under review is the first year the Company has reported quarterly results there is no basis for comparison for the same period of the previous fiscal year.

Supplementary information regarding net sales:

In the period under review, operating conditions were characterized by strong across-the-board demand. Excluding the Construction Components, Plant and Equipment segment, which remains in a prolonged slump, sales generally exceeded the corresponding period of the previous fiscal year, with a 3.4% year-on-year increase in the October to December quarter.

A portion of the Company's business activities is characterized by their seasonal nature. Sales of piping equipment are concentrated in the third quarter, and the engineering business is concentrated in the second and fourth quarters of each fiscal year.

(Reference) Non-consolidated net sales (Figures are rounded off to the nearest million yen)

	Net sales	Change
Third quarter fiscal year ending March 31, 2004	181,191	(0.7%)
Third quarter fiscal year ended March 31, 2003	182,539	
Fiscal year ended March 31, 2003	246,835	4.3%

(2) Significant events during the quarter ended December 31, 2003 that impacted the financial position and operating performance of the Company and its consolidated subsidiaries

Hitachi Metals purchased the amorphous metals business division of U.S.-based Honeywell International Inc. to establish an overwhelming competitive advantage in the electronics products and next-generation automobiles fields, where demand for soft magnetic materials is expected to develop rapidly. As a result of this purchase, the Company established Metglas, Incorporated and Hitachi Metglas (India) Private Ltd. as manufacturing bases and also acquired shares of Shanghai Metglas Zhixin Amorphous Metals Co., Ltd., with all three companies included in the scope of consolidation as consolidated subsidiaries. Furthermore, the Company purchased shares of Nippon Amorphous Metals Co., Ltd., which was included in the scope of consolidated as an affiliated company accounted for under the equity method.

Hitachi Metals concluded a strategic alliance with Sumitomo Special Metals Co., Ltd. on June 20, 2003 as a means of strengthening its electronic materials operations, principally in permanent magnets and magnetic materials applications. The Company also acquired voting rights of 32.9% in Sumitomo Special Metals on August 19, 2003, which has been included in the scope of consolidation as an equity-method affiliate.

And following execution has been done with Sumitomo Special Metals on December 18, 2003,

1. Hitachi Metals and Sumitomo Special Metals have signed a contract regarding the merger of Hitachi Metals' permanent magnet business into Sumitomo Special Metals. After the merger, the surviving company will become one of the largest manufacturers of permanent magnets in the world, and create a stronger global business strategy for their permanent magnet businesses.
2. Sumitomo Special Metals plans to issue 21 million shares of common stock to Hitachi Metals in the merger. Hitachi Metals will then hold 51% of the voting rights of Sumitomo Special Metals, which will become a consolidated subsidiary of Hitachi Metals.
3. Sumitomo Special Metals will be renamed "NEOMAX Co., Ltd." upon the merger on April 1, 2004.

The aforementioned will be tabled at an extraordinary meeting of shareholders scheduled on February 25, 2004.

Hitachi Metals transferred its water treatment business to Hitachi Plant Engineering & Construction Co., Ltd. on October 1, 2003 to enhance the competitiveness of the water treatment business of the Hitachi Group.

The impact of the aforementioned initiatives on the Company's results for the fiscal year ending March 31, 2004 is expected to be insignificant and has been incorporated in forecasts of consolidated results.

4. Forecast of consolidated results for the fiscal year ending March 31, 2004

Results for the third quarter of the fiscal year ending March 31, 2004 were essentially in line with plans. On a non-consolidated basis, sales are expected to slightly exceed forecasts announced on October 28, 2003. Despite the increase in raw material prices and continued uncertainty in connection market trends, Hitachi Metals will continue to enhance the profitability of existing products, focus on the development of new products and bolster its financial position.

In the event operating conditions significantly change, the Company will disclose information and any revisions to forecasts in a swift and open manner.

(Millions of yen unless otherwise stated)

	Net sales	Ordinary income	Net income	Net income per share(yen)
Consolidated	408,000	11,000	2,500	7.00
Non- Consolidated	243,000	6,000	2,300	6.44