

Hitachi Metals, Ltd. (Oct. 26, 2004)

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

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Non-consolidated Financial Report for the 6-month period ended September 30, 2004

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

1. Performance over the year, April 1, 2004 to September 30,2004

(Figures are rounded off to the nearest million yen)

(1) Operating results	9/04(interim)	9/03(interim)	(Change)(%)	3/04
Net Sales (million yen)	122,095	119,136	2.5	247,484
Operating income (million yen)	5,947	1,392	327.2	4,669
Ordinary income (million yen)	6,766	1,587	326.3	6,876
Net income (million yen)	2,364	933	153.4	2,983
Net income per share (yen)	6.69	2.61	-	8.38

Notes: 1. Average number of shares outstanding (9/04: 353,236,774 9/03: 356,951,104 3/04: 356,216,270)

2. No changes have been made in accounting policy.

(2) Dividend	9/04(interim)	9/03(interim)	3/04
Interim dividend per share (yen)	5.0	1.5	-
Annual dividend per share (yen)	-	-	5.0

(3) Financial standing	9/04(interim)	9/03(interim)	3/04
Total assets (million yen)	283,172	289,527	285,536
Shareholders' equity (million yen)	118,881	118,278	118,401
Shareholders' equity ratio(%)	42.0	40.9	41.5
Shareholders' equity per share (yen)	337.56	331.37	334.98

Notes: 1. Number of shares outstanding at end of year (9/04: 352,174,029 9/03: 356,940,178 3/04: 353,458,299)

2. Number of treasury stock outstanding at end of year (9/04: 4,994,658 9/03: 228,509 3/04: 3,710,388)

2. Forecasts of results for the term, April 1, 2004 to March 31, 2005

	At year end
Net sales (million yen)	242,000
Ordinary income (million yen)	11,600
Net income (million yen)	4,200
Dividends at end of period per share (yen)	5.00
Annual dividends per share (yen)	10.00

Reference: Expected net income per share (full-year basis) 11.76 yen

Notes : 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.

Comparative Balance Sheets

ASSETS	(Millions of Yen)		
	End of 9/04 (A)	End of 3/03 (B)	Change (A)-(B)
Current assets:			
Cash and deposits in banks	3,177	3,529	(352)
Notes receivable and accounts receivable	34,886	39,429	(4,543)
Receivables for completed construction work	1,782	2,547	(765)
Cash pooling deposit	24,006	22,098	1,908
Negotiable securities	-	1,004	(1,004)
Inventories	36,159	34,315	1,844
Deferred tax assets	6,838	6,614	224
Other current assets	18,384	16,041	2,343
Allowance for doubtful accounts	(249)	(74)	(175)
Total current assets	124,983	125,506	(523)
Fixed assets:			
Tangible fixed assets			
Buildings and structures	21,725	22,774	(1,049)
Machinery, equipment and vehicles	25,187	26,269	(1,082)
Tools, furniture and fixtures	1,475	1,501	(26)
Land	18,780	20,937	(2,157)
Construction in progress	2,592	3,138	(546)
Total tangible fixed assets	69,759	74,622	(4,863)
Intangible fixed assets	1,459	1,618	(159)
Investments, etc.			
Investment securities	1,810	1,720	90
Stock of affiliated company	57,156	49,113	8,043
Long-term loans	7,777	8,358	(581)
Deferred tax assets	18,502	22,132	(3,630)
Other	2,374	2,626	(252)
Allowance for doubtful accounts	(548)	(162)	(386)
Provision for loss on investments	(100)	-	(100)
Total investment, etc.	86,971	83,789	3,182
Total fixed assets	158,189	160,029	(1,840)
Total assets	283,172	285,536	(2,364)

Comparative Balance Sheets

LIABILITIES and SHAREHOLDERS' EQUITY

	(Millions of Yen)		
	End of 9/04 (A)	End of 3/03 (B)	Change (A)-(B)
Liabilities:			
<u>Current Liabilities</u>			
Accounts payable	24,770	25,533	(763)
Short-term debt	33,095	29,131	3,964
Long-term debt redeemable within a year	-	-	-
Bonds redeemable within a year	4,000	8,900	(4,900)
Accrued and expense payables	7,971	8,365	(394)
Accrued income tax	186	59	127
Advances received	2,636	1,727	909
Other	8,024	7,258	766
Total current liabilities	80,682	80,976	(294)
<u>Fixed liabilities</u>			
Bonds	29,000	29,000	-
Long-term debt	35,000	35,000	-
Reserve for retirement benefits	17,967	18,814	(847)
Reserve for directors' retirement bonuses	270	251	19
Others	1,372	3,091	(1,719)
Total fixed liabilities	83,609	86,157	(2,548)
Total Liabilities	164,291	167,134	(2,843)
Shareholders' equity:			
Paid-in capital	26,284	26,283	-
Capital surplus	36,700	36,699	1
Profit reserve	6,571	6,570	-
Special reserve	45,184	45,339	(155)
Retained earnings at end of year	6,206	4,923	1,283
Appraisal gain for other marketable securities	123	61	62
Treasury stock	(2,187)	(1,477)	(710)
Total shareholders' equity	118,881	118,401	480
Total Liabilities and shareholders' equity	283,172	285,536	(2,364)

Comparative Statement of profit and loss

(Millions of Yen)

	1 st half fiscal 2004 (Sep.30,04) (A)	Ratio to Sales (%)	1 st half fiscal 2003 (Sep.30,03) (B)	Ratio to Sales (%)	(A)/(B) (%)	fiscal 2003 (Mar.31,04)	Ratio to Sales (%)
Net sales	122,095	100.0	119,136	100.0	102	247,484	100.0
Cost of sales	102,051	83.6	102,856	86.3	99	212,860	86.0
Gross profit	20,044	16.4	16,280	13.7	123	34,624	14.0
Selling, general and administrative expenses	14,097	11.5	14,886	12.5	95	29,953	12.1
Operating Profit and loss	5,947	4.9	1,392	1.2	427	4,669	1.9
Other income:							
Interest and dividends	1,890		1,730		109	4,816	
Other	1,320		1,435		92	2,859	
Total other income	3,210	2.6	3,165	2.7	101	7,675	3.1
Other deductions:							
Interest payment	653		713		92	1,423	
Other	1,738		2,257		77	4,045	
Total other deductions	2,391	2.0	2,970	2.5	81	5,468	2.2
Ordinary profit (loss)	6,766	5.5	1,587	1.3	426	6,876	2.8
Extraordinary profit (loss)							
Gain from sale of fixed assets	126		839		15	1,718	
Gain from the disposal of subsidiaries			783			783	
Loss on structural reform	(966)		(588)		164	(2,616)	
Increase in provision for loss on investments	(100)						
Increase in provision for affiliated company doubtful accounts	(619)						
Previous period's portion of social insurance contribution on bonus accruals						(539)	
Write-off Discrepancies as a Result of Changes in Accounting	(1,087)	(0.9)	(1,119)	(0.9)	97	(2,238)	
Total	(2,646)	(2.2)	(85)	(0.1)	3,113	(2,893)	(1.2)
Income before income tax	4,120	3.4	1,502	1.3	274	3,983	1.6
Corporation, inhabitant and enterprise taxes	(818)		149			292	
Adjustment account for corporate tax	2,574		420		613	708	
Net income (Loss)	2,364	1.9	933	0.8	253	2,983	1.2