

Hitachi Metals, Ltd. (Jan. 31, 2006)

Code:5486

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

2-1 Shibaura 1-chome, Minato-ku, Tokyo

Consolidated Financial Report for the first three quarters of fiscal 2005 (nine-month period)

Contact: Sig Ishigay, Officer and General Manager

Corporate Communications Tel: +81-3-5765-4073

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

1. Items pertaining to the preparation of quarterly results:

(1) Use of simplified accounting procedures:

A simplified method has been used in certain cases to determine forecasted amounts presented in the quarterly reports for depreciation of property, plant and equipment.

(2) Changes in accounting principles in the most recent fiscal year:

From the fiscal year ending March 31, 2006, Hitachi Metals has adopted accounting standards and application guidelines related to the impairment of fixed assets.

(3) Consolidated subsidiaries and application of the equity method:

Number of consolidated subsidiaries: 101

Equity method applied non-consolidated subsidiaries: None

Equity method applied affiliates : 15

Consolidated scope and changes to the application of the equity method

Consolidation : New companies 2 Companies removed 7

Equity method : New companies coming under equity method None Companies removed 1

Newly consolidated:

Hitachi Metals Precision, Ltd. (spun off from HMY, Ltd.), HMP(Thailand) Ltd. (newly established)

Removed from consolidation:

Hiyoshi Kouzai Co., Ltd., Nichiei Corporation, HMK, Ltd. and one other company through a merger

Hitachi Metals Construction Co., Ltd. (due to liquidation)

Shanghai Metglas Zhixin Amorphous Metals Co., Ltd. (sale of all equity held)

Hitachi Metals Australia Pty. Ltd. (due to liquidation)

Newly subject to the equity method: None

Removed from equity method: System Mate, Ltd. (due to liquidation)

2. Performance over the year, April 1, 2005 to December 31, 2005

(Figures are rounded off to the nearest million yen)

(1) Consolidated Operating results	12/05(quarter)	12/04(quarter)	Change(%)	3/05
Net sales (million yen)	435,069	414,594	4.9	559,540
Operating income (million yen)	33,555	29,589	13.4	40,401
Ordinary income (million yen)	32,832	26,581	23.5	36,387
Net income (million yen)	11,654	13,121	(11.2)	15,218
Net income per share (yen)	33.56	37.21	—	42.65
Diluted net income per share (yen)	—	—	—	—
(2) Consolidated Financial Standing	12/05(quarter)	12/04(quarter)	3/05	
Total assets (million yen)	549,313	533,286	532,285	
Total Shareholders' equity (million yen)	173,299	160,102	162,400	
Shareholders' equity ratio (%)	31.5	30.0	30.5	
Shareholders' equity per share (yen)	500.18	457.88	465.20	
(3) Consolidated cash flows (million yen)	12/05(quarter)	12/04(quarter)	3/05	
Cash flows from operating activities	26,970	16,085	31,739	
Cash flows from investment activities	(18,662)	(10,998)	(13,749)	
Cash flows from financing activities	(10,402)	(10,966)	(18,180)	
Cash and cash equivalents at end of period	52,930	47,674	53,563	

Qualitative Information Regarding Business Results

Net sales for the first three quarters of fiscal 2005 (nine-month period) climbed 4.9% from the same period of the previous fiscal year to ¥435,069 million. This increase was due to steady demand from the High-Grade Metal Products and Materials and Electronics and IT Devices segments along with strong business environment in the automobile and semiconductor industries. The Company's earnings were influenced by the general increase of raw material prices. Hitachi Metals, however, made significant efforts to reduce basic costs and expenses while revising sales prices. These endeavors produced ordinary income of ¥32,832 million, an increase of ¥6,251 million compared with the same period of the previous fiscal year. Net income during the same period, on the other hand, declined ¥1,467 million to ¥11,654 million due to the decrease in extraordinary profits and the increase in corporate taxes.

Results by business segment are presented as follows. The sales amounts include inter-segment sales and transfers.

High-Grade Metal Products and Materials

Sales of molds and tool materials as well as cutting tools rose due to continued strong demand mainly from the automobile industry. In high-grade electronic materials, overall sales declined. Despite steady results in semiconductor materials and the significant sales increase of LCD panel-related materials in display-related products, results were greatly impacted by production adjustments in certain products. Sales of rolls increased substantially, owing to steady demand in Japan and China. Sales of injection molding machine parts dropped, affected mainly by the production decrease in small-size injection molding machines.

As a result, net sales in this segment totaled ¥180,149 million, an increase of 19.8% compared with the same period of the previous fiscal year. Operating income rose ¥2,060 million to ¥15,961 million during the same period.

Electronics and IT Devices

Despite an increase in demand, particularly from the automobile industry, overall sales of ferrite, rare-earth and other magnets, and their applications fell compared with the same period of the previous fiscal year due to the impact of business reorganization.

In the mobile phone components category, overall sales increased despite decreased isolator sales related to the trend toward isolator-less components. Results were favorably affected by sales increase in multilayered devices owing to the production increase of mobile phones. Sales of soft magnetic materials increased due to increased applications and shipments of the Company's amorphous metal materials (METGLAS®) for transformers, supported by growing emphasis on energy conservation. Sales of IT equipment materials and components also grew as Hitachi Metals' products continuously gained customer recognition and their

applications increased.

As a result, net sales in this segment amounted to ¥120,065 million, a decrease of 0.6% compared with the same period of the previous fiscal year. Operating income increased ¥2,766 million to ¥12,852 million during the same period.

High-Grade Functional Components and Equipment

In high-grade ductile iron castings, the Company saw strong demand from the automobile industry, especially for passenger automobiles for overseas. The sales, however, declined compared with the same period of the previous fiscal year, impacted by rationalizing and streamlining of the Company's product lineup. Sales of heat-resistant metal castings surged dramatically in line with the emergence of new applications of the Company's products. Results in aluminum wheels improved, owing to the launch of new high-end automobiles. Sales of pipe fittings, stainless steel and plastic piping components remained flat compared with the same period of the previous fiscal year. Limited demand from the water piping industry reflecting a stagnant period between large-scale construction projects offset strong demand from the gas piping industry. Sales of internal systems dropped in the wake of flagging construction demand related to large-scale office buildings. On the contrary, sales of structural systems increased with booming capital investment in private sectors.

As a result, net sales in this segment totaled ¥135,545 million, up 7.9% compared with the same period of the previous fiscal year. Operating income increased ¥429 million to ¥6,402 million during the same period.

Services and Other

Domestic and overseas sales of Services and Other remained favorable. Segment net sales and operating income declined significantly, however, following the reorganization of a subsidiary company and the transfer of certain activities to another segment.

Accordingly, net sales in this segment amounted to ¥46,206 million, a decrease of 39.5% compared with the same period of the previous fiscal year. Operating income decreased ¥589 million to ¥597 million during the same period.

Qualitative Information Regarding Changes in Financial Position

Despite the increase in corporate taxes, net cash provided by operating activities in the third quarter of the fiscal year totaled ¥26,970 million, an increase of ¥10,885 million compared with the same period of the previous fiscal year, owing to reduced demand for working capital for receivables and inventories.

Net cash used in investment activities was ¥18,662 million, an increase of ¥7,664 million from the same period of the previous fiscal year on account of growing capital investment and a decrease of earnings due to sale of property, plant and equipment.

Net cash used in financing activities decreased by ¥564 million from the same period of the previous fiscal year to ¥10,402 million, reflecting payments of ¥4,567 million for reduction of interest-bearing debt, purchase of treasury stock of ¥1,735 million and cash dividends of ¥4,101 million.

As a result of these activities, cash and cash equivalents at the end of the third quarter amounted to ¥52,930 million, a decrease of ¥633 million from April 1, 2005.

Forecast of results for the term, April 1, 2005 to March 31, 2006

Consolidated Results Forecasts

	At year end
Net sales (million yen)	583,000
Ordinary income (million yen)	43,000
Net income (million yen)	16,500
Reference: Expected net income per share (full-year basis)	47.62 yen

Qualitative Information Regarding Forecasts of Performance

On top of robust demand for electronics-related products such as personal computers, mobile phones and semiconductors, automobile-related demand also remained at high levels.

Subsequently, Hitachi Metals revises its projected results forecasts regarding net sales and earnings for the entire fiscal year ending March 31, 2006 (April 1, 2005 - March 31, 2006), as shown above.

Note: The forecast figures presented in the preceding sections, with the exception of actual results, are based on certain assumptions and predictions of the management at the time of preparation. Changes in business conditions or underlying assumptions may cause actual results may differ from those projected.

Consolidated Balance Sheets	(Millions of Yen)			End of 12/04
	End of 12/05 (A)	End of 3/05 (B)	(difference) (A)-(B)	
ASSETS				
Current assets:				
Cash and deposits in banks	38,915	33,773	5,142	35,298
Notes receivable and accounts receivable	119,172	113,806	5,366	111,497
Receivable for completed construction work	—	819	(819)	1,671
Cash pooling deposits	13,299	19,423	(6,124)	12,324
Negotiable securities	717	400	317	84
Inventories	112,199	102,088	10,111	102,171
Deferred tax assets	13,387	14,226	(839)	12,976
Other current assets	9,468	5,313	4,155	8,179
Total current assets	307,157	289,848	17,309	284,200
Fixed assets:				
Net property, plant and equipment	197,308	197,833	(525)	201,862
Intangible fixed assets	2,763	2,675	88	3,108
Other	42,085	41,929	156	44,116
Total fixed assets	242,156	242,437	(281)	249,086
Total assets	549,313	532,285	17,028	533,286
LIABILITIES and SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	67,816	61,421	6,395	60,115
Short-term debt	79,850	76,611	3,239	76,373
Bonds redeemable within a year	1,009	1,009	—	5,000
Deferred tax liabilities	3	3	—	—
Other	46,802	44,340	2,462	44,597
Total current liabilities	195,480	183,384	12,096	186,085
Long-term debt, less current maturities	87,762	95,170	(7,408)	97,429
Reserve for retirement benefits	30,161	31,639	(1,478)	31,057
Reserve for directors' retirement bonuses	1,171	1,138	33	1,155
Deferred tax liabilities	3,331	3,190	141	3,842
Other	6,742	8,018	(1,276)	7,433
Total liabilities	324,647	322,539	2,108	327,001
Minority interests	51,367	47,346	4,021	46,183
Shareholders' equity:				
Common stock	26,284	26,284	—	26,284
Capital surplus	36,701	36,701	—	36,700
Retained earnings	115,948	107,966	7,982	105,869
Unrealized net gain on available-for-sale securities	3,587	1,948	1,639	1,688
Other	(9,221)	(10,499)	1,278	(10,439)
Total shareholders' equity	173,299	162,400	10,899	160,102
Total Liabilities and Shareholders' equity	549,313	532,285	17,028	533,286

Comparative Statement of profit and loss

(Millions of Yen)

	3 rd quarter fiscal 2005 (Dec. 31,05)	Ratio to sales (%)	3 rd quarter fiscal 2004 (Dec. 31,04)	Ratio to sales (%)	(A)/(B) (%)	Fiscal 2004 (Mar. 31,05)
	(A)	(%)	(B)	(%)	(%)	
Net sales	435,069	100.0	414,594	100.0	105	559,540
Cost of sales	338,624	77.8	325,333	78.5	104	438,995
Gross profit	96,445	22.2	89,261	21.5	108	120,545
Selling, general and administrative expenses	62,890	14.5	59,672	14.4	105	80,144
Operating income	33,555	7.7	29,589	7.1	113	40,401
Other income:						
Interest and dividends	468		309		151	362
Investment income based on equity method	79		168		47	85
Other	3,820		3,117		123	4,465
Total	4,367	1.0	3,594	0.9	122	4,912
Other expends:						
Interest	2,031		1,962		104	2,496
Other	3,059		4,640		66	6,430
Total	5,090	1.2	6,602	1.6	77	8,926
Ordinary profit (loss)	32,832	7.5	26,581	6.4	124	36,387
Extraordinary profit (loss)						
Net gain on switch to defined contribution pension plan	144		—		—	—
Gain from the disposal of stocks of affiliated companies	33		—		—	—
Gain from sale of property and equipment	250		2,296		11	3,709
Gain on equity share fluctuation in consolidated subsidiaries	—		1,681		—	1,681
Loss on devaluation of property and equipment	(1,419)		—		—	—
Loss on impaired property and equipment	(1,607)		—		—	—
Write-off discrepancies as a result of changes in accounting	—		(2,264)		—	(3,093)
Extraordinary loss on revision of retirement benefit plan system	—		—		—	(41)
Loss on structural reform	(2,194)		(1,656)		132	(8,651)
Other	(56)		—		—	(490)
Total	(4,849)		57		—	(6,885)
Income before income taxes and minority interests	27,983	6.4	26,638	6.4	105	29,502
Provision for income taxes	12,581	2.9	10,770	2.6	117	10,743
Minority interests	3,748	0.9	2,747	0.7	136	3,541
Net income	11,654	2.7	13,121	3.2	89	15,218

Statement of Consolidated Surplus

(Millions of Yen)

	3 rd quarter fiscal 2005 (Dec. 31,05)	3 rd quarter fiscal 2004 (Dec. 31,04)	(A)/(B) (%)	Fiscal 2004 (Mar. 31,05)
	(A)	(B)	(%)	
Balance at beginning of year	107,966	95,940	113	95,940
Cash dividends	3,477	2,998	116	2,998
Bonuses to directors and corporate auditors	195	194	101	194
Decrease of other surplus	3,672	3,192	115	3,192
Net income	11,654	13,121	89	15,218
Balance at end of period	115,948	105,869	110	107,966

Consolidated Statements of Cash Flows

(Millions of Yen)

	End of 12/05	End of 12/04	End of 3/05
Cash flows from operating activities			
Income before income taxes and minority interests	27,983	26,638	29,502
Depreciation and amortization	16,550	17,196	22,933
Cost of structural reform	2,194	1,656	8,651
Gain on equity share fluctuation in consolidated subsidiaries	—	(1,681)	(1,681)
Increase (decrease) in accrued retirement benefits	(1,400)	1,445	1,700
Net gain on switch to defined contribution pension plan	(144)	—	—
Gain (loss) on sales of property and equipment	(360)	—	(3,771)
Loss on disposal of property, plant and equipment	709	—	2,184
Write down of property, plant and equipment	1,419	—	—
Loss on impaired property and equipment	1,607	—	—
Interest and dividends received	(468)	(309)	(362)
Interest charges	2,031	1,962	2,496
(Increase) in receivables	(2,907)	(7,562)	(9,292)
Decrease in receivables for completed construction work	816	1,316	2,174
(Increase) in inventories	(7,777)	(15,566)	(15,127)
Increase in payables	4,578	5,502	6,624
Other	(3,974)	(5,315)	(3,427)
Subtotal	40,857	25,282	42,604
Amount paid for transfer to defined contribution pension plan	(1,455)	(1,931)	(1,945)
Amount paid for extra ordinary loss on structural reform	(929)	(1,294)	(2,292)
Interest and dividends received	598	310	362
Interest paid	(1,922)	(2,064)	(2,568)
Income taxes paid	(10,179)	(5,355)	(5,559)
Income from compensation for high-grade embankment	—	1,137	1,137
Net cash provided by operating activities	26,970	16,085	31,739
Cash flows from investment activities			
Proceeds from redemption of securities	1	1,000	1,000
Purchase of investment securities	(547)	(39)	(62)
Proceeds from sales of investment securities	418	—	—
Proceeds from sale of subsidiaries' common stock	—	—	44
Expenditures for acquisition of net property, plant and equipment	(19,012)	(15,875)	(24,109)
Proceeds from sale of property assets	1,171	6,203	11,435
Expenditures for acquisition of intangible fixed assets	(612)	(283)	(409)
Expenditures for acquisition of shares of newly consolidated subsidiaries	—	(1,692)	(1,613)
Other	(81)	(312)	(35)
Net cash used in investing activities	(18,662)	(10,998)	(13,749)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	(828)	3,884	3,545
Proceeds from long-term debt	300	4,734	6,584
Payments on long-term debt	(4,039)	(5,044)	(8,051)
Proceeds from issue of bonds	—	2,098	2,054
Expenditures for redemption of bonds	—	(11,167)	(16,131)
Proceeds from sale of treasury stock	1	3	7
Purchase of treasury stock	(1,735)	(2,119)	(2,827)
Dividends paid to shareholders	(3,477)	(2,998)	(2,998)
Dividends paid to shareholders of subsidiaries	(624)	(357)	(363)
Net cash provided by (used in) financing activities	(10,402)	(10,966)	(18,180)
Effect of exchange rate changes on cash and cash equivalents	1,461	54	254
Net increase (decrease) in cash and cash equivalents	(633)	(5,825)	64
Cash and cash equivalents at beginning of year	53,563	42,896	42,896
Effect of changes in consolidated subsidiaries	—	10,603	10,603
Cash and cash equivalents at end of period	52,930	47,674	53,563
Reconciliation of cash and deposits in banks in consolidated balance sheets at period end cash and cash equivalents in consolidated statements of cash flows			
Cash and deposits in banks	38,915	35,298	33,773
Securities (Money Market Funds, etc.)	716	52	367
Cash pooling deposits	13,299	12,324	19,423
Cash and cash equivalents at end of period	52,930	47,674	53,563

Business segment information

3rd quarter fiscal 2005 (Apr. 1, 2005 - Dec. 31, 2005)

(Millions of Yen)

	High-Grade Metal Products and Materials	Electronics and IT Devices	High-grade Functional Components and Equipment	Services and Other	Subtotal	Eliminations and Corporate Assets	Total
Sales:							
Unaffiliated customers	164,574	102,036	124,702	43,757	435,069	—	435,069
Intersegment	15,575	18,029	10,843	2,449	46,896	(46,896)	—
Total sales	180,149	120,065	135,545	46,206	481,965	(46,896)	435,069
Operating costs and expenses	164,188	107,213	129,143	45,609	446,153	(44,639)	401,514
Operating income	15,961	12,852	6,402	597	35,812	(2,257)	33,555

3rd quarter fiscal 2004 (Apr. 1, 2004 - Dec. 31, 2004)

(Millions of Yen)

	High-Grade Metal Products and Materials	Electronics and IT Devices	High-grade Functional Components and Equipment	Services and Other	Subtotal	Eliminations and Corporate Assets	Total
Sales:							
Unaffiliated customers	125,969	101,403	113,835	73,387	414,594	—	414,594
Intersegment	24,386	19,429	11,798	2,941	58,554	(58,554)	—
Total sales	150,355	120,832	125,633	76,328	473,148	(58,554)	414,594
Operating costs and expenses	136,454	110,746	119,660	75,142	442,002	(56,997)	385,005
Operating income	13,901	10,086	5,973	1,186	31,146	(1,557)	29,589

Fiscal previous year (Apr. 1, 2004 - Mar. 31, 2005)

(Millions of Yen)

	High-Grade Metal Products and Materials	Electronics and IT Devices	High-Grade Functional Components and Equipment	Services and Other	Subtotal	Eliminations and Corporate Assets	Total
Sales:							
Unaffiliated customers	170,653	135,487	155,326	98,074	559,540	—	559,540
Intersegment	32,022	23,950	17,570	3,965	77,507	(77,507)	—
Total sales	202,675	159,437	172,896	102,039	637,047	(77,507)	559,540
Operating costs and expenses	183,847	146,062	164,487	100,100	594,496	(75,357)	519,139
Operating income	18,828	13,375	8,409	1,939	42,551	(2,150)	40,401

Notes:

1. Business segments have been determined in consideration of similarities in terms of product type, manufacturing method or sales method, or unit of receivership.

2. The Company and its subsidiaries operate in the following four business segments:

High-Grade Metal Products and Materials	Molds and tool materials, High-grade electronic materials (Display materials, Semiconductor and other package materials, Components for copying machines and other office equipment) Rolls for steel, nonferrous and non-metal rolling, Injection molding machine parts Structural ceramics, Steel frame joints for construction Steel forgings, Cutting tools, Other
Electronics and IT Devices	Hard magnetic materials (Ferrite, Rare-earth magnets, Castings, Bonded magnets and their applications) Mobile phone components (Isolators, Multilayered devices) Soft magnetic materials (Soft ferrites, Nano-crystalline soft magnetic materials (FINEMET®) Amorphous metal materials (METGLAS®) Components and materials for IT equipment, Other
High-Grade Functional Components and Equipment	High-grade ductile iron castings, Heat-resistant metal castings Aluminum wheels and other aluminum products Pipe fittings, Stainless steel and plastic piping components Water cooling equipment Precision mass flow control devices, Internal and structural systems, Other
Services and Other	Environmental analysis and consulting, Metal materials survey and analysis Light alloy cabinets made with Press-forging manufacturing method Other sales and services, Other

3. Unallocatable operating costs included in "Eliminations and corporate assets" at December 31, 2005, 2004 amounted to ¥2,091 million, ¥1,345 million respectively. Most of these costs were incurred at the corporate head office of the Company.

Geographical segment information

3rd quarter fiscal 2005 (Apr.1, 2005 - Dec. 31, 2005)

(Millions of Yen)

	Japan	North America	Asia	Other areas	Subtotal	Eliminations and corporate assets	Total
Sales:							
Unaffiliated customers	319,393	53,076	46,331	16,269	435,069	—	435,069
Intersegment	53,182	12,503	27,720	410	93,815	(93,815)	—
Total sales	372,575	65,579	74,051	16,679	528,884	(93,815)	435,069
Operating costs and expenses	342,975	61,568	70,992	16,723	492,258	(90,744)	401,514
Operating income	29,600	4,011	3,059	(44)	36,626	(3,071)	33,555

3rd quarter fiscal 2004 (Apr.1, 2004 - Dec. 31, 2004)

(Millions of Yen)

Sales:							
Unaffiliated customers	312,154	50,656	39,788	11,996	414,594	—	414,594
Intersegment	42,611	6,013	22,665	412	71,701	(71,701)	—
Total sales	354,765	56,669	62,453	12,408	486,295	(71,701)	414,594
Operating costs and expenses	328,408	54,212	60,209	12,313	455,142	(70,137)	385,005
Operating income	26,357	2,457	2,244	95	31,153	(1,564)	29,589

Fiscal previous year 2004 (Apr.1, 2004 - Mar. 31, 2005)

(Millions of Yen)

Sales:							
Unaffiliated customers	420,941	68,033	53,910	16,656	559,540	—	559,540
Intersegment	57,706	8,968	29,290	533	96,497	(96,497)	—
Total sales	478,647	77,001	83,200	17,189	656,037	(96,497)	559,540
Operating costs and expenses	443,110	72,967	80,189	17,113	613,379	(94,240)	519,139
Operating income	35,537	4,034	3,011	76	42,658	(2,257)	40,401

Overseas sales**3rd quarter fiscal 2005 (Apr. 1, 2005 - Dec. 31, 2005)**

(Millions of Yen)

	North America	Asia	Europe	Other	Total
Overseas sales	50,239	92,650	21,324	6,171	170,384
Consolidated sales	—	—	—	—	435,069
Overseas sales as a share of consolidated sales	11.6%	21.3%	4.9%	1.4%	39.2%

3rd quarter fiscal 2004 (Apr.1, 2004 - Dec. 31, 2004)

(Millions of Yen)

	North America	Asia	Europe	Other	Total
Overseas sales	46,729	81,344	17,265	6,721	152,059
Consolidated sales	—	—	—	—	414,594
Overseas sales as a share of consolidated sales	11.3%	19.6%	4.2%	1.6%	36.7%

Fiscal previous year (Apr.1, 2004 - Mar. 31, 2005)

(Millions of Yen)

	North America	Asia	Europe	Other	Total
Overseas sales	63,297	107,601	23,746	8,803	203,447
Consolidated sales	—	—	—	—	559,540
Overseas sales as a share of consolidated sales	11.3%	19.2%	4.3%	1.6%	36.4%

Note:

Overseas sales represent sales made by the parent company and its consolidated subsidiaries in countries or regions other than Japan.

Hitachi Metals, Ltd. (Jan. 31, 2006)

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URL <http://www.hitachi-metals.co.jp>
2-1 Shibaura 1 chome, Minato-ku, Tokyo

Non-consolidated Financial Report for the first three quarters of fiscal 2005 (nine-month period)

Contact: Sig Ishigay, Officer and General Manager
Corporate Communications Tel: +81-3-5765-4073

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

1. Items pertaining to the preparation of quarterly results:

(1) Use of simplified accounting procedures:

A simplified method has been used in certain cases to determine forecasted amounts presented in the quarterly reports for depreciation of property, plant and equipment.

(2) Changes in accounting principles in the most recent fiscal year:

Evaluation standards and methods for securities have changed from a cost basis using the gross average method to a cost basis using the moving average method.

In accounting for its derivative transactions, Hitachi Metals has applied deferred hedge accounting.

From the fiscal year ending March 31, 2006, Hitachi Metals has adopted accounting standards and application guidelines related to the impairment of fixed assets.

2. Performance over the year, April 1, 2005 to December 31, 2005

(Figures are rounded off to the nearest million yen)

(1) Operating results	12/05(quarter)	12/04(quarter)	Change(%)	3/05
Net Sales (million yen)	198,548	184,787	7.4	249,733
Operating income (million yen)	7,561	8,369	(9.7)	10,735
Ordinary income (million yen)	9,960	10,261	(2.9)	12,622
Net income (million yen)	5,392	4,315	25.0	4,539
Net income per share (yen)	15.53	12.24	—	12.90
Diluted net income per share (yen)	—	—	—	—

(2) Financial standing	12/05(quarter)	12/04(quarter)	3/05
Total assets (million yen)	280,981	278,427	278,551
Total shareholders' equity (million yen)	117,480	117,672	117,202
Shareholders' equity ratio (%)	41.8	42.3	42.1
Shareholders' equity per share (yen)	339.05	336.51	336.15

3. Forecasts of results for the term, April 1, 2005 to March 31, 2006

	At year end
Net sales (million yen)	265,700
Ordinary income (million yen)	11,800
Net income (million yen)	6,200

Reference: Expected net income per share (full-year basis) 17.89 yen

Qualitative information regarding forecasts

On top of robust demand for electronics-related products such as personal computers, mobile phones and semiconductors, automobile-related demand also remained at high levels. Projected performance results for the entire fiscal year ending March 31, 2006 (April 1, 2005 - March 31, 2006), however, are revised as above, due to production adjustments in some products.

Note: The forecast figures presented in the preceding sections, with the exception of actual results, are based on certain assumptions and predictions of the management at the time of preparation. Changes in business conditions or underlying assumptions may cause actual results may differ from those projected.