

Hitachi Metals, Ltd. (July 30, 2007)

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

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Consolidated Financial Report for the first quarterly ended June 30, 2007

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

1. Performance over the year, April 1, 2007 to June 30, 2007 (Figures are rounded off to the nearest million yen)

(1) Consolidated Operating Results	6/07(quarter)	6/06(quarter)	Change(%)	3/07
Net sales (million yen)	172,371	151,958	13.4%	646,311
Operating income (million yen)	12,538	12,322	1.8%	54,722
Income before income taxes and minority interests (million yen)	17,105	12,362	38.4%	46,562
Net income (million yen)	8,590	5,128	67.5%	22,062
Net income per share (yen)	24.25	14.81		63.81
Diluted net income per share (yen)				

(2) Consolidated Financial Position	6/07(quarter)	6/06(quarter)	3/07
Total assets (million yen)	642,605	560,657	629,590
Net assets (million yen)	231,651	235,297	222,626
Equity ratio (%)	32.9	32.3	31.5
Net assets per share (yen)	597.17	523.53	575.04

(3) Consolidated Cash Flows (million yen)	6/07(quarter)	6/06(quarter)	3/07
Cash flows from operating activities	9,497	6,809	53,011
Cash flows from investing activities	(6,273)	(6,418)	(122,583)
Cash flows from financing activities	(2,746)	(3,912)	50,896
Cash and cash equivalents at end of period	47,955	61,226	47,020

2. Forecasts of results for the term, April 1, 2007 to March 31, 2008

[Consolidated]	Interim period	Year-on-year Change (%)	Full-year	year Change (%)
Net sales (million yen)	342,000	10.3	675,000	4.4
Operating income (million yen)	25,000	(2.8)	55,000	0.5
Income before income taxes and minority interests (million yen)	23,700	4.5	49,000	5.2
Net income (million yen)	11,700	0.2	25,500	15.6
Net income per share (yen)	33.05		72.04	

Hitachi Metals has revised its sales and earnings forecasts for the interim period (April 1, 2007 to September 30, 2007). Sales and earnings forecasts for the fiscal year 2007 (April 1, 2007 to March 31, 2008) remain unchanged.

3. Other

(1) Changes in major subsidiaries during the period under review:

(changes in specified subsidiaries due to changes in the scope of consolidation)

New company : None

Companies removed : None

(2) Use of simplified accounting procedures:

A simplified method has been used in certain cases to determine forecasted amounts presented in the quarterly reports.

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

From the fiscal year ending March 31, 2008, the Company has adopted a revised depreciation method for property, plant and equipment purchased after April 1, 2007 in accordance with revisions to the Corporate Tax Law of Japan.

[Reference]

Non-consolidated Financial Report for the first quarterly ended June 30, 2007

1. Performance over the year, April 1, 2007 to June 30, 2007 (Figures are rounded off to the nearest million yen)

(1) Operating Results	6/07(quarter)	6/06(quarter)	(Change)	3/07
Net Sales (million yen)	97,420	70,641	37.9%	302,896
Operating income (million yen)	4,374	3,220	35.8%	14,789
Income before income taxes (million yen)	12,488	6,754	84.9%	18,010
Net income (million yen)	7,949	4,349	82.8%	11,817
Net income per share (yen)	22.44	12.56		34.18
Diluted net income per share (yen)				

(2) Financial Position	6/07(quarter)	6/06(quarter)	3/07
Total assets (million yen)	439,013	295,443	383,687
Net assets (million yen)	144,840	119,987	124,785
Equity ratio (%)	33.0%	40.6%	32.5%
Net assets per share (yen)	409.15	347.11	361.55

2. Forecasts of results for the term, April 1, 2007 to March 31, 2008

[Non-consolidated]	Interim period	Year-on-year Change (%)	Full-year	Year-on-year Change (%)
Net sales (million yen)	197,500	36.5	400,000	32.1
Operating income (million yen)	8,500	24.7	20,000	35.2
Income before income taxes (million yen)	12,400	39.5	23,000	27.7
Net income (million yen)	7,300	24.7	13,000	10.0
Net income per share (yen)	20.62		36.72	

Hitachi Metals has revised its sales and earnings forecasts for the interim period (April 1, 2007 to September 30, 2007). Sales and earnings forecasts for the fiscal year 2007 (April 1, 2007 to March 31, 2008) remain unchanged.

Note: The forecast figures, 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.

【Qualitative Information and Financial Statements】

1. Qualitative Information Regarding Business Results

During the first quarter of the fiscal year ending March 31, 2008, net sales increased 13.4% compared with the same period of the previous fiscal year to ¥172,371 million. This was primarily due to continued strong demand for products related to automobiles and IT-related devices.

On the earnings front, operating income increased ¥216 million year on year to ¥12,538 million as a result of sales price revisions and further efforts to reduce costs and expenses. These factors offset the worldwide jump in rare metal and other raw material prices, increased depreciation and amortization costs caused by revisions to tax laws, and the impact of amortization of goodwill related to the acquisition of additional NEOMAX Co., Ltd. shares in 2006. In the period under review, income before income taxes and minority interests was ¥17,105 million, an upswing of ¥4,743 million compared with the same period of the previous fiscal year.

Turning to extraordinary items, Hitachi Metals reported a gain on sales of land. This was partly offset by a surcharge on violation of the Antitrust Law. Accounting for these factors, quarterly net income increased ¥3,462 million year on year to ¥8,590 million.

Since November 2006, the Japan Fair Trade Commission has continued to investigate certain sales activities in connection with Hitachi Metals' piping components for possible violations of the Antitrust Law. As a result of these investigations, the Company was served with a cease-and-desist order and a surcharge payment order regarding a portion of its product lineup in June 2007. Investigations are ongoing for other products. Hitachi Metals takes this matter with the utmost seriousness and is redoubling its efforts to ensure strict compliance with laws and regulations.

Operating results by business segment are presented as follows. Sales amounts include intersegment sales and transfers.

High-Grade Metal Products and Materials

Sales of molds and tool materials as well as cutting tools remained mostly unchanged from a year earlier owing to stagnant demand from the automobile industry prior to the next major model change. In high-grade electronic materials, overall sales were up. Despite a significant contraction in CRT display-related materials, as consumers shift to flat panel displays, semiconductor production remained robust with LCD panel-related materials also in strong demand. Demand for rolls remained firm, led by Japan and China. Sales of components for injection molding machines declined year on year due to slumping demand in the automobile and IT-related devices industries.

As a result, overall sales in the High-Grade Metal Products and Materials segment rose 9.8% compared with the previous fiscal year to ¥70,721 million. Operating income was ¥6,065 million, an increase of ¥430 million year on year.

Electronics and IT Devices

Sales of hard magnetic materials climbed overall owing to improved results in rare-earth magnets. This reflected increased demand particularly from the automobile industry. In connection with sales of ferrite magnets and their applications, results were on par with the same period of the previous fiscal year. In mobile phone components, sales of isolators rose on the back of strong demand for use in mobile phones and base stations, and sales of multilayered components also increased year on year. Application of Hitachi Metals' products continued to grow in the IT equipment materials and components category. Sales of soft magnetic materials jumped substantially year on year. Although sales of soft ferrite hovered in the range of a year earlier owing to inventory adjustments by customers, demand remained robust for amorphous metal materials for use in electric power transformers, while sales of FINEMET[®] also increased owing to expanded application.

As a result, sales in the Electronics and IT Devices segment increased 15.5% year on year to ¥46,472 million. Operating income climbed by ¥492 million to finish at ¥4,758 million.

High-Grade Functional Components and Equipment

Sales of high-grade ductile iron castings declined compared with the same period of the previous fiscal year, reflecting a decrease in sales to North America and a slump in sales to principal customers in Japan. Results in heat-resistant metal castings, on the other hand, increased year on year with greater use of Hitachi Metals' products overseas. Sales of aluminum wheels rose sharply owing to strong demand in both Japan and overseas. Sales of pipe fittings were down reflecting the impact of changes in piping materials. Sales of stainless steel and plastic piping components were on par with the same period a year earlier, with an increase in construction by gas companies compensating for a drop in large-scale construction projects. Results in internal systems declined year on year due to the impact of restrained capital investment in the IT household appliances industry. On the other hand, sales of structural systems rose substantially, supported by strong capital investment.

As a result, sales in the High-Grade Functional Components and Equipment segment increased 7.7% year on year to ¥52,628 million. Operating income in the segment rose ¥997 million year on year to ¥3,511 million.

Services and Other

Both domestic and overseas sales in the Services and Other segment were strong.

As a result, overall sales in the Services and Other segment climbed 63.0% year on year to ¥27,268 million. Operating income declined ¥99 million to ¥373 million.

2. Qualitative Information Regarding Changes in Financial Position

During the first quarter of the fiscal year ending March 31, 2008, net cash provided by operating activities totaled ¥9,497 million, an increase of ¥2,688 million compared with the same period of the previous fiscal year. This was attributed to the increase in profits and successful efforts to contain the demand for working capital.

Net cash used in investing activities amounted to ¥6,273 million, a decrease of ¥145 million compared with the same period of the previous fiscal year. While Hitachi Metals undertook additional capital investments throughout the period under review, this result reflects the impact of proceeds from the sale of land.

Net cash used in financing activities declined ¥1,166 million year on year to ¥2,746 million despite the payment of dividends and purchase of treasury stock.

As a result of these activities, cash and cash equivalents stood at ¥47,955 million as of June 30, 2007, an increase of ¥935 million compared with April 1, 2007.

3. Qualitative Information Regarding Forecasts

Hitachi Metals has revised its sales and earnings forecasts for the interim period (April 1, 2007 to September 30, 2007) as outlined in the preceding table in light of steady demand for the automobile-related field, as well as strong demand in electronics-related products. Sales and earnings forecasts for the fiscal year 2007 (April 1, 2007 to March 31, 2008) remain unchanged.

Consolidated Balance Sheets

(Millions of Yen)

	End of 6/07	End of 3/07	(Difference)	End of 6/06
ASSETS				
Current assets:				
Cash and deposits in banks	46,079	45,419	660	38,745
Trade notes and accounts receivable	136,176	133,660	2,516	119,552
Receivable for completed construction work		215	(215)	
Cash pooling deposits				22,481
Marketable securities	1,878	1,603	275	3
Inventories	125,754	121,871	3,883	113,496
Deferred tax assets	10,571	10,604	(33)	10,480
Other	12,649	12,881	(232)	11,355
Total current assets	333,107	326,253	6,854	316,112
Noncurrent assets:				
Net property, plant and equipment	215,096	209,103	5,993	202,071
Intangible assets	56,412	55,502	910	3,156
Other	37,990	38,732	(742)	39,318
Total noncurrent assets	309,498	303,337	6,161	244,545
Total assets	642,605	629,590	13,015	560,657
LIABILITIES				
Current liabilities:				
Trade notes and accounts payable	102,333	97,501	4,832	80,973
Short-term debt	146,953	146,001	952	79,105
Current maturities of bonds	17,869	7,200	10,669	3,461
Accrued operating expenses	20,063	22,647	(2,584)	18,825
Advance payments from customers	1,075	1,561	(486)	668
Deferred tax liabilities	71	65	6	11
Allowance for directors' bonuses	107	353	(246)	
Other	31,112	28,502	2,610	24,391
Total current liabilities	319,583	303,830	15,753	207,434
Long-term debt, less current maturities	53,291	65,515	(12,224)	77,501
Reserve for retirement benefits	27,126	27,244	(118)	29,179
Reserve for directors' retirement bonuses	823	989	(166)	976
Allowance for environmental safety measures	1,516	1,516		1,528
Deferred tax liabilities	2,286	3,131	(845)	3,343
Negative goodwill	2,408	862	1,546	1,243
Other	3,921	3,877	44	4,156
Total liabilities	410,954	406,964	3,990	325,360
NET ASSETS				
Shareholders' equity				
Common stock	26,284	26,284		26,284
Capital surplus	41,239	36,703	4,536	36,702
Retained earnings	146,573	139,720	6,853	124,518
Less treasury stock, at cost	(8,463)	(7,740)	(723)	(7,015)
Total shareholders' equity	205,633	194,967	10,666	180,489
Valuation, translation adjustments and others				
Net unrealized holding gains on securities available-for-sale	2,975	2,674	301	3,097
Loss on deferred hedge transactions	—			(13)
Foreign currency translation adjustments	2,778	814	1,964	(2,618)
Total valuation, translation adjustments and others	5,753	3,488	2,265	466
Minority interests	20,265	24,171	(3,906)	54,342
Total Net Assets	231,651	222,626	9,025	235,297
Total liabilities and net assets	642,605	629,590	13,015	560,657

Consolidated Statements of Income

(Millions of Yen)

	1 st quarter fiscal 2007 (Jun. 30,07)	Ratio to sales (%)	1 st quarter fiscal 2006 (Jun. 30,06)	Ratio to sales (%)	(Difference) (%)	Fiscal 2006 (Mar. 31,07)
Net sales	172,371	100.0	151,958	100.0	113	646,311
Cost of sales	136,605	79.3	118,093	77.7	116	504,089
Gross profit	35,766	20.7	33,865	22.3	106	142,222
Selling, general and administrative expenses	23,228	13.5	21,543	14.2	108	87,500
Operating income	12,538	7.3	12,322	8.1	102	54,722
Other income						
Interest and dividends	325		349		93	1,259
Investment income based on equity method	—		79		—	369
Other	3,065		1,206		254	5,040
Total	3,390	2.0	1,634	1.1	207	6,668
Other expenses						
Interest	1,021		746		137	3,405
Other	1,438		1,092		132	6,355
Total	2,459	1.4	1,838	1.2	134	9,760
Extraordinary income						
Gain on sales of subsidiaries' and affiliates common stock	291		18		1,617	123
Gain on sales of property and equipment	4,161		132		3,152	503
Gain on sale of business	—		94		—	91
Total	4,452	2.6	244	0.2	1,825	717
Extraordinary losses						
Surcharge on violation of the Antitrust Law	(667)		—		—	—
Loss on impairment of property and equipment	—		—		—	809
Environmental safety measure expenses	—		—		—	115
Loss on structural reform	(51)		—		—	3,098
Allowance for doubtful accounts to affiliates	(63)		—		—	1,091
Legal settlement expenses	(35)		—		—	599
Other	—		—		—	73
Total	(816)	(0.5)	—	—	—	5,785
Income before income taxes and minority interests	17,105	9.9	12,362	8.1	138	46,562
Provision for income taxes	7,881	4.6	5,855	3.9	135	19,566
Minority interests	634	0.4	1,379	0.9	46	4,934
Net income	8,590	5.0	5,128	3.4	168	22,062

Consolidated Statements of Changes in Net Assets

1st quarter fiscal 2007 (Apr.1, 2007 - Jun. 30, 2007)

(Millions of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2007	26,284	36,703	139,720	(7,740)	194,967
Changes during the first quarter of fiscal 2007					
Cash dividends	—	—	(1,726)	—	(1,726)
Net income for the first quarter of fiscal 2007	—	—	8,590	—	8,590
Acquisition of treasury stock	—	—	—	(723)	(723)
Increase due to merger	—	4,536	—	—	4,536
Effect of the change in the reporting period of subsidiaries	—	—	(11)	—	(11)
Net increase/decrease during the first quarter of fiscal 2007 of non shareholders' equity items	—	—	—	—	—
Total increase/decrease during the first quarter of fiscal 2007	—	4,536	6,853	(723)	10,666
Balance as of June 30, 2007	26,284	41,239	146,573	(8,463)	205,633

(Millions of Yen)

	Valuation, Translation Adjustments and Others					
	Net Unrealized Holding Gain on Securities Available-for-Sale	Gain (loss) on Deferred Hedge Transactions	Foreign Currency Translation Adjustments	Total Valuation, Translation Adjustments and Others	Minority Interests	Total Net Assets
Balance as of March 31, 2007	2,674	—	814	3,488	24,171	222,626
Changes during the first quarter of fiscal 2007						
Cash dividends	—	—	—	—	—	(1,726)
Net income for the first quarter of fiscal 2007	—	—	—	—	—	8,590
Acquisition of treasury stock	—	—	—	—	—	(723)
Increase due to merger	—	—	—	—	—	4,536
Effect of the change in the reporting period of subsidiaries	—	—	—	—	—	(11)
Net increase/decrease during the first quarter of fiscal 2007 of non shareholders' equity items	301	—	1,964	2,265	(3,906)	(1,641)
Total increase/decrease during the first quarter of fiscal 2007	301	—	1,964	2,265	(3,906)	9,025
Balance as of June 30, 2007	2,975	—	2,778	5,753	20,265	231,651

Consolidated Statements of Cash Flows

(Millions of Yen)

	End of 6/07	End of 6/06	End of 3/07
Cash flows from operating activities			
Income before income taxes and minority interests	17,105	12,362	46,562
Depreciation and amortization	7,346	6,058	24,392
Cost of structural reform	51	—	3,098
Environmental safety measure expenses	—	—	115
Allowance for doubtful accounts to affiliates	63	—	1,091
Legal settlement expenses	35	—	599
Decrease in accrued retirement benefits	(90)	(247)	(2,206)
Gain on sales of property and equipment	(4,308)	(139)	(611)
Loss on disposal of property, plant and equipment	166	114	2,084
Loss on impaired property and equipment	—	—	809
Interest and dividends received	(324)	(349)	(1,259)
Interest charges	1,021	746	3,405
Increase in receivables	(1,510)	(907)	(13,674)
Decrease in receivables for completed construction work	215	272	57
Increase in inventories	(2,969)	(7,488)	(14,870)
Increase in payables	4,747	7,519	23,731
Other	(2,876)	(4,391)	(3,297)
Subtotal	18,672	13,550	70,026
Loss on transfer to defined contribution pension plan	(47)	(1,314)	(1,319)
Amount paid for structural reform	(51)	—	(2,596)
Interest and dividends received	432	376	1,389
Interest paid	(993)	(596)	(3,302)
Income taxes paid	(8,516)	(5,207)	(11,187)
Net cash provided by operating activities	9,497	6,809	53,011
Cash flows from investing activities			
Purchases of investment securities	(14)	(12)	(5,733)
Proceeds from sales of investment securities	—	72	1,526
Purchases of additional shares in consolidated subsidiaries	—	—	(86,647)
Proceeds from sales of subsidiaries' common stock	780	25	199
Expenditures for acquisition of property, plant and equipment	(12,697)	(6,851)	(32,349)
Proceeds from sales of property, plant and equipment	6,273	325	2,234
Expenditures for acquisition of intangible assets	(520)	(169)	(1,545)
Proceeds from sale of business	—	181	181
Other	(95)	11	(449)
Net cash provided by (used in) investing activities	(6,273)	(6,418)	(122,583)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	3,375	(198)	68,648
Proceeds from long-term debt	—	100	1,802
Repayment of long-term debt	(4,533)	(709)	(9,888)
Redemption of bonds	—	—	(3,666)
Proceeds from sale of treasury stock	—	1	4
Purchases of treasury stock	(723)	(956)	(1,682)
Dividends paid to shareholders	(1,726)	(1,732)	(3,460)
Dividends paid to minority shareholders	(309)	(418)	(862)
Capital contribution from minority shareholders	1,170	—	—
Net cash used in financing activities	(2,746)	(3,912)	50,896
Effect of exchange rate changes in cash and cash equivalents	457	(97)	852
Net increase (decrease) in cash and cash equivalents	935	(3,618)	(17,824)
Cash and cash equivalents at beginning of year	47,020	64,844	64,844
Cash and cash equivalents at end of period	47,955	61,226	47,020
Reconciliation of cash and deposits in banks in consolidated balance sheets at end of period to cash and cash equivalents in consolidated statements of cash flows			
Cash and deposits in banks	46,079	38,745	45,419
Securities (Money Market Funds, etc.)	1,876	—	1,601
Cash pooling deposits	—	22,481	—
Cash and cash equivalents at end of period	47,955	61,226	47,020

Business Segment Information

The first quarter of fiscal 2007 (Apr.1, 2007 - Jun. 30, 2007)

(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	Total
Sales:							
Unaffiliated customers	63,584	38,699	46,109	23,979	172,371		172,371
Intersegment	7,137	7,773	6,519	3,289	24,718	(24,718)	
Total	70,721	46,472	52,628	27,268	197,089	(24,718)	172,371
Operating costs and expenses	64,656	41,714	49,117	27,169	182,656	(22,823)	159,833
Operating income	6,065	4,758	3,511	99	14,433	(1,895)	12,538

The first quarter of fiscal 2006 (Apr.1, 2006 - Jun. 30, 2006)

(Millions of Yen)

Sales:							
Unaffiliated customers	59,086	34,883	43,801	14,188	151,958		151,958
Intersegment	5,295	5,351	5,072	2,545	18,263	(18,263)	
Total	64,381	40,234	48,873	16,733	170,221	(18,263)	151,958
Operating costs and expenses	58,746	35,968	46,359	16,261	157,334	(17,698)	139,636
Operating income	5,635	4,266	2,514	472	12,887	(565)	12,322

Fiscal previous year (Apr. 1, 2006 - Mar. 31, 2007)

(Millions of Yen)

Sales:							
Unaffiliated customers	248,419	145,479	186,061	66,352	646,311		646,311
Intersegment	25,148	23,842	24,426	11,920	85,336	(85,336)	
Total	273,567	169,321	210,487	78,272	731,647	(85,336)	646,311
Operating costs and expenses	249,265	151,252	196,414	76,259	673,190	(81,601)	591,589
Operating income	24,302	18,069	14,073	2,013	58,457	(3,735)	54,722

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) Rolls for steel, Nonferrous and non-metal rolling, Injection molding machine parts Structural ceramics, Steel frame joints for construction, Cutting tools, Other
Electronics and IT Devices	Hard magnetic materials (Ferrite, Rare-earth magnets (NEOMAX [®]), Castings, Bonded magnets and their applications), Mobile phone components (Isolators, Multilayered devices) Components and materials for IT equipment Soft magnetic materials (Soft ferrites, Nano-crystalline soft magnetic materials (FINEMET [®]), Amorphous metal materials (METGLAS [®]), 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	Other sales and services, Other

3. Unallocatable operating costs included in "Eliminations and Corporate" for the first quarterly ended June 30, 2007 and 2006 amounted to ¥1,728 million and ¥294 million, respectively. Most of these costs were incurred at the corporate head office of the Company.

Geographical Segment Information

The first quarter of fiscal 2007 (Apr.1, 2007 - Jun. 30, 2007)

(Millions of Yen)

	Japan	North America	Asia	Other areas	Subtotal	Eliminations and Corporate	Total
Sales:							
Unaffiliated customers	121,173	21,055	22,723	7,420	172,371		172,371
Intersegment	22,066	3,194	10,962	304	36,526	(36,526)	
Total sales	143,239	24,249	33,685	7,724	208,897	(36,526)	172,371
Operating costs and expenses	132,046	22,751	32,344	7,415	194,556	(34,723)	159,833
Operating income	11,193	1,498	1,341	309	14,341	(1,803)	12,538

The first quarter of fiscal 2006 (Apr.1, 2006 - Jun. 30, 2006)

(Millions of Yen)

Sales:							
Unaffiliated customers	108,838	19,819	17,277	6,024	151,958		151,958
Intersegment	18,662	3,365	9,926	100	32,053	(32,053)	
Total sales	127,500	23,184	27,203	6,124	184,011	(32,053)	151,958
Operating costs and expenses	117,711	21,550	25,949	6,044	171,254	(31,618)	139,636
Operating income	9,789	1,634	1,254	80	12,757	(435)	12,322

Fiscal previous year (Apr. 1, 2006 - Mar. 31, 2007)

(Millions of Yen)

Sales:							
Unaffiliated customers	465,996	78,486	74,467	27,362	646,311		646,311
Intersegment	82,090	13,899	40,645	736	137,370	(137,370)	
Total sales	548,086	92,385	115,112	28,098	783,681	(137,370)	646,311
Operating costs and expenses	502,455	85,609	110,119	27,195	725,378	(133,789)	591,589
Operating income	45,631	6,776	4,993	903	58,303	(3,581)	54,722

Note: Unallocatable operating costs included in "Eliminations and Corporate" for the first quarterly ended June 30, 2007 and 2006 amounted to ¥ 1,728 million and ¥ 294 million, respectively. Most of these costs were incurred at the corporate head office of the Company.

Overseas Sales

The first quarter of fiscal 2007 (Apr.1, 2007 - Jun. 30, 2007)

(Millions of Yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	18,585	39,282	9,036	2,009	68,912
Consolidated sales	-	-	-	-	172,371
Overseas sales as a share of consolidated sales	10.8%	22.8%	5.2%	1.2%	40.0%

The first quarter of fiscal 2006 (Apr.1, 2006 - Jun. 30, 2006)

(Millions of Yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	18,009	32,598	7,883	2,068	60,558
Consolidated sales	-	-	-	-	151,958
Overseas sales as a share of consolidated sales	11.9%	21.5%	5.2%	1.3%	39.9%

Fiscal previous year (Apr. 1, 2006 - Mar. 31, 2007)

(Millions of Yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	70,565	145,541	34,697	8,593	259,396
Consolidated sales					646,311
Overseas sales as a share of consolidated sales	10.9%	22.5%	5.4%	1.3%	40.1%

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