

Hitachi Metals, Ltd. (Jan. 29, 2008)

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Consolidated Financial Report for the 9-month period ended December 31, 2007

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

1. Performance over the year, April 1, 2007 to December 31, 2007 (Figures are rounded off to the nearest million yen)

(1) Consolidated Operating Results	12/07(quarter)	12/06(quarter)	Change(%)	3/07
Net sales (million yen)	527,389	475,357	10.9	646,311
Operating income (million yen)	44,190	39,449	12.0	54,722
Income before income taxes and minority interests (million yen)	42,002	36,193	16.1	46,562
Net income (million yen)	22,360	18,245	22.6	22,062
Net income per share (yen)	63.20	52.76	—	63.81
Diluted net income per share (yen)	—	—	—	—
(2) Consolidated Financial Position	12/07(quarter)	12/06(quarter)	3/07	
Total assets (million yen)	638,845	620,755	629,590	
Net assets (million yen)	237,333	217,458	222,626	
Equity ratio (%)	33.7	31.4	31.5	
Net assets per share (yen)	610.84	563.93	575.04	
(3) Consolidated Cash Flows (million yen)	12/07(quarter)	12/06(quarter)	3/07	
Cash flows from operating activities	49,201	36,740	53,011	
Cash flows from investing activities	(30,322)	(112,868)	(122,583)	
Cash flows from financing activities	(15,014)	56,194	50,896	
Cash and cash equivalents at end of period	50,712	44,215	47,020	

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

	Full-year	Year-on-year Change (%)
Net sales (million yen)	691,000	6.9
Operating income (million yen)	57,000	4.2
Income before income taxes and minority interests (million yen)	50,300	8.0
Net income (million yen)	25,900	17.4
Net income per share (yen)	73.46	—

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.

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:

①From 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.

②From the interim period of the fiscal year ending March 31, 2008, Hitachi Metals adopted Accounting Standards Board of Japan Statement No. 9, "Accounting Standard for the Measurement of Inventories," issued on July 5, 2006, which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. As a result, inventories that are not held in the ordinary course of Hitachi Metals' business, previously recorded under other expenses, are recorded under cost of sales from the fiscal period under review.

[Reference]

Non-consolidated Financial Report for the 9-month period ended December 31, 2007

1. Performance over the year, April 1, 2007 to December 31, 2007 (Figures are rounded off to the nearest million yen)

(1) Operating Results	12/07(quarter)	12/06(quarter)	Change(%)	3/07
Net sales (million yen)	306,003	222,714	37.4	302,896
Operating income (million yen)	16,973	10,031	69.2	14,789
Income before income taxes and minority interests (million yen)	22,113	13,655	61.9	18,010
Net income (million yen)	13,823	9,251	49.4	11,817
Net income per share (yen)	39.07	26.75	—	34.18
Diluted net income per share (yen)	—	—	—	—

(2) Financial Position	12/07(quarter)	12/06(quarter)	3/07
Total assets (million yen)	432,404	375,355	383,687
Net assets (million yen)	145,938	122,924	124,785
Equity ratio (%)	33.8	32.7	32.5
Net assets per share (yen)	413.89	355.64	361.55

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

	Full-year	Year-on-year Change (%)
Net sales (million yen)	405,000	33.7
Operating income (million yen)	21,700	46.7
Income before income taxes and minority interests (million yen)	22,900	27.2
Net income (million yen)	13,000	10.0
Net income per share (yen)	36.87	—

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 Consolidated Business Results

Net sales for the first-third quarter of fiscal 2007 (nine-month period) rose 10.9% from the corresponding period of the previous fiscal year to ¥527,389 million. The increase was mainly attributable to continued strong demand from Hitachi Metal's primary customers in the automobile and IT-related devices industries.

In terms of earnings, operating income increased ¥4,741 million year on year to ¥44,190 million, and income before income taxes and minority interests rose ¥5,809 million to ¥42,002 million. The improvement in income is attributed to revisions to selling prices and further efforts to reduce costs and expenses, despite the rise in raw material prices globally including rare metals, increased depreciation and amortization expenses resulting from revisions to the tax law, and the impact from the amortization of goodwill concerning the additional acquisition of NEOMAX Co., Ltd. in 2006.

With respect to extraordinary items, Hitachi Metals recorded a gain on sale of land, against certain losses including the loss on structural reform of overseas businesses. As a result of these items, net income rose ¥4,115 million year on year to ¥22,360 million.

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

High-Grade Metal Products and Materials

Sales in this segment totaled ¥218,475 million, an increase of 8.0% compared with the corresponding period of the previous fiscal year. Operating income was ¥21,087 million, up ¥3,948 million year on year.

Sales of molds and tool materials increased substantially owing to a recovery in demand mainly for automobile-related products and growth in exports. Against the backdrop of expanding exports mainly to Europe and China, sales of cutting tools also increased. In high-grade electronic materials, sales of CRT display materials decreased drastically due to the impact of the transition to flat-panel displays. However, sales of semiconductor and other packaging materials rose significantly, reflecting steadier production of semiconductors. Sales of LCD panel-related materials were in line with the corresponding period of the previous fiscal year. Taken together, sales of high-grade electronic materials increased significantly. Sales of rolls were also up owing to strong demand mainly from China. Sales of the injection molding machines decreased, impacted by adjustments by customers market.

Electronics and IT Devices

Sales in this segment totaled ¥146,095 million, an increase of 16.1% compared with the corresponding period of the previous fiscal year. Operating income totaled ¥15,668 million, an increase of ¥2,569 million year on year.

In hard magnetic materials, sales results increased substantially for rare-earth magnets used in hybrid automobiles and automotive equipment mainly related to electric power steering systems,

while sales of ferrite magnets remained on par with the corresponding period of the previous fiscal year. As a result, overall sales of hard magnetic materials increased. Turning to soft magnetic materials, sales of soft ferrites declined, reflecting the impact of inventory adjustments by primary customers and careful selection of products. Sales of FINEMET[®] were also down year on year. Nevertheless, sales of amorphous metal materials rose significantly owing to robust demand mainly from China for transformer-related applications. As a result, overall sales of soft magnetic materials increased. Sales of mobile phone components rose significantly on the back of substantial sales of isolators particularly to base stations, as well as positive sales of multilayered devices, reflecting strong demand for mobile phone-related components. Sales of IT equipment materials and components decreased, impacted by inventory adjustments by primary customers.

High-Grade Functional Components and Equipment

Sales in this segment increased 7.9% year on year to ¥166,868 million. On the earnings front, operating income climbed ¥2,215 million to ¥12,425 million.

In high-grade ductile iron casting products, domestic demand remained on par with the corresponding period of the previous fiscal year, while overseas demand was up due to greater adoption of Hitachi Metal's products, resulting in increased sales overall. Sales of heat-resistant metal castings rose substantially, reflecting evaluations of the Company's products in light of trends toward stricter environmental regulations and ambitious low-mileage targets, as well as continuously strong demand mainly from Europe. Demand for aluminum wheels also continued to be favorable domestically and overseas, resulting in significantly higher sales year on year. Sales of pipe fittings declined owing to the impact of changes to the material composition of piping components. Sales of stainless steel and plastic piping components remained in line with the corresponding period of the previous fiscal year, reflecting flat demand from large-scale construction projects despite strong demand for gas pipes. Turning to internal systems and structural systems, demand for IT-related systems was at a cyclical low, resulting in decreased sales of internal systems. However, robust private-sector capital investment fueled higher sales of structural systems.

Services and Other

Domestic and overseas sales were strong in this segment. As a result, overall sales totaled ¥80,862 million, an increase of 51.4% over the corresponding period of the previous fiscal year. Operating income decreased ¥677 million year on year to ¥519 million.

2. Qualitative Information Regarding Changes in Consolidated Financial Position

As of the December 31, 2007, cash and cash equivalents totaled ¥50,712 million, an increase of ¥6,497 million from the corresponding period of the previous fiscal year. Higher earnings and a decrease in financial requirements for the purchases of additional shares in consolidated subsidiaries were primary factors for the increase, despite repayment of interest-bearing debt.

Net cash provided by operating activities totaled ¥49,201 million, an increase of ¥12,461

million from the same period of the previous fiscal year. This was mainly attributable to income before income taxes and minority interests of ¥42,002million, a year-on-year increase of ¥5,809 million, and the contribution of improvements in working capital, mainly through decreases in receivables and inventories.

Net cash used in investing activities amounted to ¥30,322 million, down ¥82,546 million year on year. The primary factor for this result was the major impact of the acquisition of NEOMAX Co., Ltd. shares through a tender offer executed in the corresponding period of the previous fiscal year, despite expenditures for the acquisition of property, plant and equipment totaling ¥33,920 million, up ¥10,623 million year on year.

Net cash used in financing activities increased ¥71,208 million year on year to ¥15,014 million. The company issued convertible bonds totaling ¥40,000 million in September 2007 with the aim of refinancing funds previously procured in connection with the aforementioned tender offer, while repaying short-term debt.

3. Qualitative Information Regarding Forecasts

During the first three quarters of the fiscal year ending March 31, 2008, Hitachi Metals enjoyed favorable consolidated performance results in line with forecasts. However, with fluctuating raw material prices and current trends in the global economy, business conditions appear uncertain. Forecasts of consolidated performance results for the full fiscal year under review (April 1, 2007 to March 31, 2008), announced on October 30, 2007, remain unchanged.

Consolidated Balance Sheets

(Millions of Yen)

	End of 12/07	End of 3/07	(Difference)	End of 12/06
ASSETS				
Current assets:				
Cash and deposits in banks	38,627	45,419	(6,792)	43,916
Trade notes and accounts receivable	131,022	133,660	(2,638)	126,309
Cash pooling deposits	9,967	—	9,967	—
Marketable securities	2,118	1,603	515	300
Inventories	126,609	121,871	4,738	121,532
Deferred tax assets	10,722	10,604	118	11,516
Other	14,914	13,096	1,818	12,622
Total current assets	333,979	326,253	7,726	316,195
Noncurrent assets:				
Net property, plant and equipment	213,527	209,103	4,424	209,005
Intangible assets	56,247	55,502	745	55,601
Other	35,092	38,732	(3,640)	39,954
Total noncurrent assets	304,866	303,337	1,529	304,560
Total assets	638,845	629,590	9,255	620,755
LIABILITIES				
Current liabilities:				
Trade notes and accounts payable	102,776	97,501	5,275	92,359
Short-term debt	76,808	146,001	(69,193)	144,040
Current maturities of bonds	12,900	7,200	5,700	8,510
Accrued operating expenses	21,011	22,647	(1,636)	20,188
Advance payments from customers	974	1,561	(587)	906
Deferred tax liabilities	99	65	34	8
Allowance for directors' bonuses	225	353	(128)	274
Other	30,317	28,502	1,815	27,610
Total current liabilities	245,110	303,830	(58,720)	293,895
Long-term debt, less current maturities	79,136	65,515	13,621	70,535
Convertible bonds	40,000	—	40,000	—
Reserve for retirement benefits	26,856	27,244	(388)	27,978
Reserve for directors' retirement bonuses	884	989	(105)	1,011
Allowance for loss on guarantees	988	—	988	—
Allowance for environmental safety measures	1,503	1,516	(13)	1,528
Deferred tax liabilities	1,164	3,131	(1,967)	3,147
Negative goodwill	1,814	862	952	1,016
Other	4,057	3,877	180	4,187
Total liabilities	401,512	406,964	(5,452)	403,297
NET ASSETS				
Shareholders' equity				
Common stock	26,284	26,284	—	26,284
Capital surplus	41,241	36,703	4,538	36,703
Retained earnings	156,969	139,720	17,249	135,903
Less treasury stock, at cost	(10,531)	(7,740)	(2,791)	(7,050)
Total shareholders' equity	213,963	194,967	18,996	191,840
Valuation, translation adjustments and others				
Net unrealized holding gains on securities available-for-sale	1,765	2,674	(909)	2,819
Foreign currency translation adjustments	(361)	814	(1,175)	246
Total valuation, translation adjustments and others	1,404	3,488	(2,084)	3,065
Minority interests	21,966	24,171	(2,205)	22,553
Total Net Assets	237,333	222,626	14,707	217,458
Total liabilities and net assets	638,845	629,590	9,255	620,755

Consolidated Statements of Income

(Millions of Yen)

	3rd quarter fiscal 2007 (Dec.31,07)	Ratio to sales (%)	3rd quarter fiscal 2006 (Dec.31,06)	Ratio to sales (%)	(Difference) (%)	Fiscal 2006 (Mar. 31,07)
Net sales	527,389	100.0	475,357	100.0	111	646,311
Cost of sales	415,306	78.7	370,385	77.9	112	504,089
Gross profit	112,083	21.3	104,972	22.1	107	142,222
Selling, general and administrative expenses	67,893	12.9	65,523	13.8	104	87,500
Operating income	44,190	8.4	39,449	8.3	112	54,722
Other income						
Interest and dividends	1,061		881		120	1,259
Equity in earnings of affiliated companies	20		360		6	369
Other	4,483		4,257		105	5,040
Total	5,564	1.0	5,498	1.2	101	6,668
Other expenses						
Interest	2,964		2,426		122	3,405
Other	4,145		3,641		114	6,355
Total	7,109	1.3	6,067	1.3	117	9,760
Extraordinary gains						
Gain on sales of property and equipment	4,239		488		869	503
Gain on sales of subsidiaries' and affiliates' common stock	268		20		1,340	123
Gain on sale of business	—		91		—	91
Gain on transfer to defined contribution pension plan	115		—		—	—
Total	4,622	0.9	599	0.1	772	717
Extraordinary losses						
Loss on sales of property and equipment	—		(132)		—	(73)
Loss on disposal of fixed assets	(661)		—		—	—
Loss on impairment of property and equipment	(11)		(270)		4	(809)
Loss on structural reform	(2,304)		(1,306)		176	(3,098)
Allowance for doubtful accounts to affiliates	(284)		(1,064)		27	(1,091)
Allowance for loss on guarantees of affiliates' debt	(988)		—		—	—
Environmental safety measure expenses	—		(107)		—	(115)
Loss on transfer to defined contribution pension plan	(236)		—		—	—
Legal settlement expenses	(114)		(407)		28	(599)
Surcharge on violation of the Antitrust Law	(667)		—		—	—
Total	(5,265)	(1.0)	(3,286)	(0.7)	160	(5,785)
Income before income taxes and minority interests	42,002	8.0	36,193	7.6	116	46,562
Income taxes -current	17,514		13,883		126	19,566
Minority interests	2,128	0.4	4,065	0.9	52	4,934
Net income	22,360	4.2	18,245	3.8	123	22,062

Consolidated Statements of Changes in Net Assets

The first-third quarter of fiscal 2007 (Apr.1, 2007 - Dec. 31, 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-third quarter of fiscal 2007					
Cash dividends	—	—	(3,849)	—	(3,849)
Net income for the first-third quarter of fiscal 2007	—	—	22,360	—	22,360
Acquisition of treasury stock	—	—	—	(2,793)	(2,793)
Retirement of treasury stock	—	2	—	2	4
Increase due to merger	—	4,536	—	—	4,536
Effect of the change in the reporting period of subsidiaries	—	—	(11)	—	(11)
Pension liability adjustments, net of tax	—	—	(1,251)	—	(1,251)
Net increase/decrease during the first-third quarter of fiscal 2007 of non shareholders' equity items	—	—	—	—	—
Total increase/decrease during the first-third quarter of fiscal 2007	—	4,538	17,249	(2,791)	18,996
Balance as of December 31, 2007	26,284	41,241	156,969	(10,531)	213,963

	Valuation, Translation Adjustments and others					Minority Interests	Total Net Assets
	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			
Balance as of March 31, 2007	2,674	—	814	3,488	24,171	222,626	
Changes during the first-third quarter of fiscal 2007							
Cash dividends	—	—	—	—	—	(3,849)	
Net income for the first-third quarter of fiscal 2007	—	—	—	—	—	22,360	
Acquisition of treasury stock	—	—	—	—	—	(2,793)	
Retirement of treasury stock	—	—	—	—	—	4	
Increase due to merger	—	—	—	—	—	4,536	
Effect of the change in the reporting period of subsidiaries	—	—	—	—	—	(11)	
Pension liability adjustments, net of tax	—	—	—	—	—	(1,251)	
Net increase/decrease during the first-third quarter of fiscal 2007 of non shareholders' equity items	(909)	—	(1,175)	(2,084)	(2,205)	(4,289)	
Total increase/decrease during the first-third quarter of fiscal 2007	(909)	—	(1,175)	(2,084)	(2,205)	14,707	
Balance as of December 31, 2007	1,765	—	(361)	1,404	21,966	237,333	

Consolidated Statements of Changes in Net Assets

The first-third quarter of fiscal 2006 (Apr.1, 2006 - Dec.31, 2006)

(Millions of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2006	26,284	36,701	121,348	(6,060)	178,273
Changes during the first-third quarter of fiscal 2006					
Cash dividends	—	—	(3,460)	—	(3,460)
Bonuses to directors and corporate auditors	—	—	(177)	—	(177)
Net income for the first-third quarter of fiscal 2006	—	—	18,245	—	18,245
Acquisition of treasury stock	—	—	—	(992)	(992)
Retirement of treasury stock	—	2	—	2	4
Decrease due to changes in functional currencies of certain overseas subsidiaries	—	—	(53)	—	(53)
Net increase/decrease during the first-third quarter of 2006 of non shareholders' equity items	—	—	—	—	—
Total increase/decrease during the first-third quarter of fiscal 2006	—	2	14,555	(990)	13,567
Balance as of December 31, 2006	26,284	36,703	135,903	(7,050)	191,840

(Millions of Yen)

	Valuation, Translation Adjustments and others					
	Unrealized Net Gain on Available-for-Sale Securities	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, 2006	4,045	—	(2,358)	1,687	53,497	233,457
Changes during the first-third quarter of fiscal 2006						
Cash dividends	—	—	—	—	—	(3,460)
Bonuses to directors and corporate auditors	—	—	—	—	—	(177)
Net income for the first-third quarter of fiscal 2006	—	—	—	—	—	18,245
Acquisition of treasury stock	—	—	—	—	—	(992)
Retirement of treasury stock	—	—	—	—	—	4
Decrease due to changes in functional currencies of certain overseas subsidiaries	—	—	—	—	—	(53)
Net increase/decrease during the first-third quarter of 2006 of non shareholders' equity items	(1,226)	—	2,604	1,378	(30,944)	(29,566)
Total increase/decrease during the first-third quarter of fiscal 2006	(1,226)	—	2,604	1,378	(30,944)	(15,999)
Balance as of December 31, 2006	2,819	—	246	3,065	22,553	217,458

Consolidated Statements of Changes in Net Assets

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

(Millions of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2006	26,284	36,701	121,348	(6,060)	178,273
Changes during the fiscal 2006					
Cash dividends	—	—	(3,460)	—	(3,460)
Bonuses to directors and corporate auditors	—	—	(177)	—	(177)
Net income for the fiscal 2006	—	—	22,062	—	22,062
Acquisition of treasury stock	—	—	—	(1,682)	(1,682)
Retirement of treasury stock	—	2	—	2	4
Decrease due to changes in functional currencies of certain overseas subsidiaries	—	—	(53)	—	(53)
Net increase/decrease during the fiscal 2006 of non shareholders' equity items	—	—	—	—	—
Total increase/decrease during the fiscal 2006	—	2	18,372	(1,680)	16,694
Balance as of March 31, 2007	26,284	36,703	139,720	(7,740)	194,967

(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, 2006	4,045	—	(2,358)	1,687	53,497	233,457
Changes during the fiscal 2006						
Cash dividends	—	—	—	—	—	(3,460)
Bonuses to directors and corporate auditors	—	—	—	—	—	(177)
Net income for the fiscal 2006	—	—	—	—	—	22,062
Acquisition of treasury stock	—	—	—	—	—	(1,682)
Retirement of treasury stock	—	—	—	—	—	4
Decrease due to changes in functional currencies of certain overseas subsidiaries	—	—	—	—	—	(53)
Net increase/decrease during the fiscal 2006 of non shareholders' equity items	(1,371)	—	3,172	1,801	(29,326)	(27,525)
Total increase/decrease during the fiscal 2006	(1,371)	—	3,172	1,801	(29,326)	(10,831)
Balance as of March 31, 2007	2,674	—	814	3,488	24,171	222,626

Consolidated Statements of Cash Flows

(Millions of Yen)

	End of 12/07	End of 12/06	End of 3/07
Cash flows from operating activities			
Income before income taxes and minority interests	42,002	36,193	46,562
Depreciation and amortization	21,864	18,343	24,392
Goodwill and negative goodwill amortization	1,460	—	—
Cost of structural reform	2,304	1,306	3,098
Environmental safety measure expenses	—	107	115
Allowance for doubtful accounts to affiliates	284	1,064	1,091
Allowance for loss on guarantees of affiliates' debt	988	—	—
Legal settlement expenses	114	407	599
Decrease in accrued retirement benefits	(383)	(1,461)	(2,206)
Gain on sales of property and equipment	(4,607)	(546)	(611)
Loss on disposal of property, plant and equipment	1,428	938	2,084
Loss on impaired property and equipment	11	270	809
Interest and dividends received	(1,061)	(881)	(1,259)
Interest charges	2,964	2,426	3,405
Decrease (increase) in receivables	2,106	(6,513)	(13,674)
Increase in inventories	(5,171)	(14,550)	(14,870)
Increase in payables	5,633	18,660	23,731
Other	(3,313)	(4,850)	(3,240)
Subtotal	66,623	50,913	70,026
Loss on transfer to defined contribution pension plan	(47)	(1,316)	(1,319)
Amount paid for structural reform	(283)	(1,306)	(2,596)
Interest and dividends received	1,167	1,004	1,389
Interest paid	(2,970)	(2,310)	(3,302)
Income taxes paid	(15,289)	(10,245)	(11,187)
Net cash provided by operating activities	49,201	36,740	53,011
Cash flows from investing activities			
Proceeds from redemption of securities	—	1	—
Purchase of investment securities	(1,311)	(3,917)	(5,733)
Proceeds from sales of investment securities	388	220	1,526
Purchases of additional shares in consolidated subsidiaries	(406)	(86,584)	(86,647)
Proceeds from sales of subsidiaries' common stock	778	25	199
Expenditures for acquisition of property, plant and equipment	(33,920)	(23,297)	(32,349)
Proceeds from sales of property, plant and equipment	7,092	1,504	2,234
Expenditures for acquisition of intangible assets	(2,501)	(733)	(1,545)
Proceeds from sale of business	—	181	181
Other	(442)	(268)	(449)
Net cash used in investing activities	(30,322)	(112,868)	(122,583)
Cash flows from financing activities			
Decrease (increase) in short-term borrowings	(66,700)	67,385	68,648
Proceeds from long-term debt	10,000	1,802	1,802
Repayment of long-term debt	(8,113)	(7,683)	(9,888)
Proceeds from issue of bonds	60,000	—	—
Redemption of bonds	(5,000)	—	(3,666)
Proceeds from sale of treasury stock	4	4	4
Purchases of treasury stock	(2,793)	(992)	(1,682)
Dividends paid to shareholders	(3,849)	(3,460)	(3,460)
Dividends paid to minority shareholders	(566)	(862)	(862)
Capital contribution from minority shareholders	2,003	—	—
Net cash used in financing activities	(15,014)	56,194	50,896
Effect of exchange rate changes on cash and cash equivalents	(173)	(695)	852
Net increase (decrease) in cash and cash equivalents	3,692	(20,629)	(17,824)
Cash and cash equivalents at beginning of year	47,020	64,844	64,844
Cash and cash equivalents at end of period	50,712	44,215	47,020
Reconciliation of cash and deposits in banks in consolidated balance sheets at end of period cash and cash equivalents in consolidated statements of cash flows			
Cash and deposits in banks	38,627	43,916	45,419
Securities (Money Market Funds, etc.)	2,118	299	1,601
Cash pooling deposits	9,967	—	—
Cash and cash equivalents at end of period	50,712	44,215	47,020

Business Segment Information

The first-third quarter of fiscal 2007 (Apr. 1, 2007 - Dec. 31, 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	194,204	118,252	145,961	68,972	527,389	—	527,389
Intersegment	24,271	27,843	20,907	11,890	84,911	(84,911)	—
Total sales	218,475	146,095	166,868	80,862	612,300	(84,911)	527,389
Operating costs and expenses	197,388	130,427	154,443	80,343	562,601	(79,402)	483,199
Operating income	21,087	15,668	12,425	519	49,699	(5,509)	44,190

The first-third quarter of fiscal 2006 (Apr. 1, 2006 - Dec. 31, 2006) (Millions of Yen)

Sales:							
Unaffiliated customers	184,510	108,174	137,127	45,546	475,357	—	475,357
Intersegment	17,746	17,697	17,542	7,880	60,865	(60,865)	—
Total sales	202,256	125,871	154,669	53,426	536,222	(60,865)	475,357
Operating costs and expenses	185,117	112,772	144,459	52,230	494,578	(58,670)	435,908
Operating income	17,139	13,099	10,210	1,196	41,644	(2,195)	39,449

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 sales	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" at December 31, 2007, 2006 amounted to ¥5,091million, ¥1,431million respectively. Most of these costs were incurred at the corporate head office of the Company.

Geographical Segment Information

The first-third quarter of fiscal 2007 (Apr.1, 2007 - Dec. 31, 2007)

(Millions of Yen)

	Japan	North America	Asia	Other	Subtotal	Eliminations and Corporate	Total
Sales:							
Unaffiliated customers	371,202	63,755	68,903	23,529	527,389	—	527,389
Intersegment	71,367	11,342	33,165	499	116,373	(116,373)	—
Total sales	442,569	75,097	102,068	24,028	643,762	(116,373)	527,389
Operating costs and expenses	403,985	70,051	97,210	22,995	594,241	(111,042)	483,199
Operating income	38,584	5,046	4,858	1,033	49,521	(5,331)	44,190

The first-third quarter of fiscal 2006 (Apr.1, 2006 - Dec. 31, 2006)

(Millions of Yen)

Sales:							
Unaffiliated customers	343,452	58,708	54,480	18,717	475,357	—	475,357
Intersegment	60,432	9,882	30,465	510	101,289	(101,289)	—
Total sales	403,884	68,590	84,945	19,227	576,646	(101,289)	475,357
Operating costs and expenses	371,509	63,324	81,347	18,800	534,980	(99,072)	435,908
Operating income	32,375	5,266	3,598	427	41,666	(2,217)	39,449

Fiscal previous year 2006 (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

Overseas Sales

The first-third quarter of fiscal 2007 (Apr. 1, 2007 - Dec. 31, 2007)

(Millions of Yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	55,656	119,744	30,557	7,172	213,129
Consolidated sales	—	—	—	—	527,389
Overseas sales as a share of consolidated sales	10.5%	22.7%	5.8%	1.4%	40.4%

The first-third quarter of fiscal 2006 (Apr.1, 2006 - Dec. 31, 2006)

(Millions of Yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	53,012	107,050	23,730	6,503	190,295
Consolidated sales	—	—	—	—	475,357
Overseas sales as a share of consolidated sales	11.2%	22.5%	5.0%	1.3%	40.0%

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%