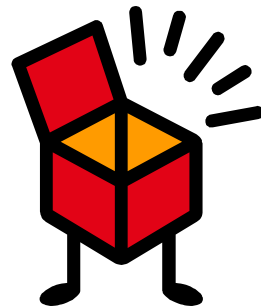


# Financial Highlights

the first three quarters of fiscal 2006  
(nine-month period)



Materials Mag!c

Jan. 31, 2007

 **Hitachi Metals, Ltd.**

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Notes: "△" signs ahead of figures mean "minus".

# Highlights

¥ 100 million

	Fiscal 2005			Fiscal 2006		
	FY05 1H (Actual)	FY05 3Q (Actual)	FY05 (Actual)	FY06 1H (Actual)	FY06 3Q (Actual)	FY06 (Est.)
Net Sales	2,842	4,351	5,907	3,101 (+9%)	4,754 (+9%)	6,300 (+7%)
Operating Income	209	336	475	257 (+48)	394 (+58)	503 (+28)
Ordinary Income	203	328	453	250 (+47)	389 (+61)	478 (+25)
Income before income taxes	155	280	395	227 (+72)	362 (+82)	438 (+43)
Net Income	62	117	172	117 (+55)	182 (+65)	220 (+48)
ROE (%)	7.5%	9.3%	10.0%	12.7%	13.0%	11.6%
Capital investment	126	193	296	195 (+69)	281 (+88)	430 (+134)
Depreciation costs	104	166	226	116 (+12)	183 (+17)	252 (+26)
Research & Development Expenses	59	88	121	64 (+5)	95 (+7)	136 (+15)

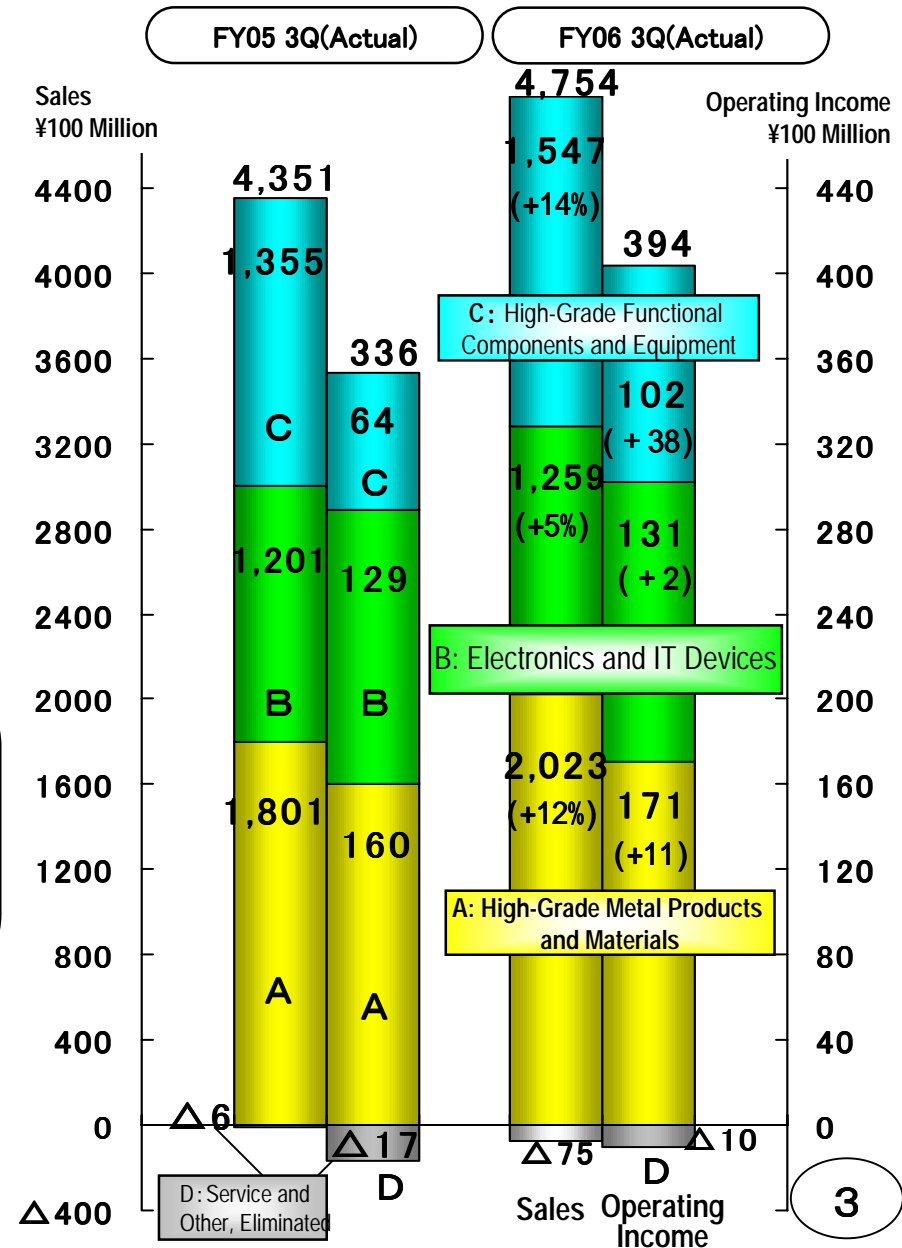
( ) contain initial forecast comparisons

# FY06 3Q Consolidated Net Sales - Operating Income (By Segment)



**Net Sales**  
**9% YoY Increase +40.3 billion**  
 High-Grade Metal Products and Materials: up 12%  
 Electronics and IT Devices: up 5%  
 High-Grade Functional Components and Equipment: up 14%

**Operating Income**  
**18% YoY Increase +5.8 billion**  
 High-Grade Metal Products and Materials: +¥1.1 bn  
 Electronics and IT Devices: +¥0.2 bn  
 High-Grade Functional Components and Equipment: +¥3.8bn

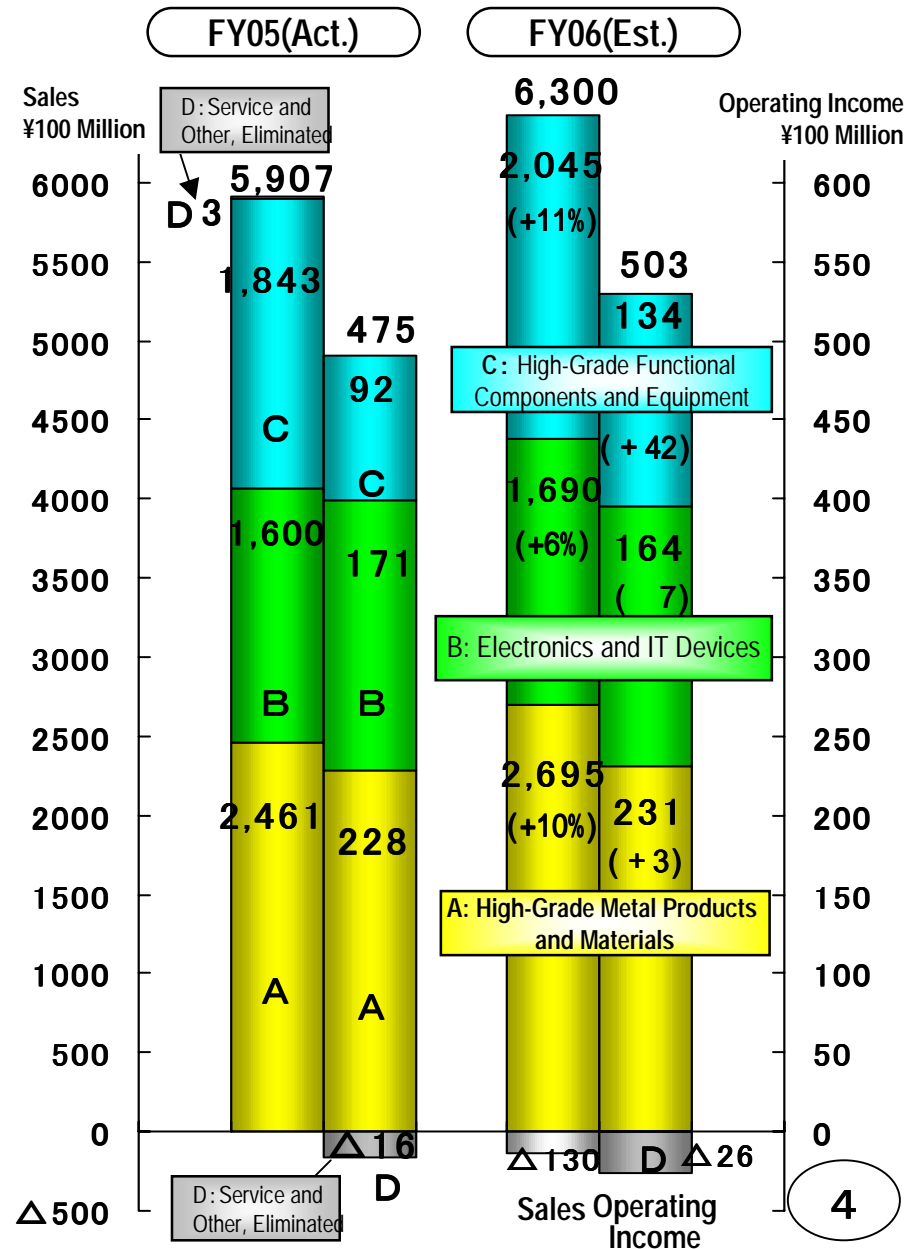


# FY06 Consolidated Net Sales - Operating Income (By Segment)

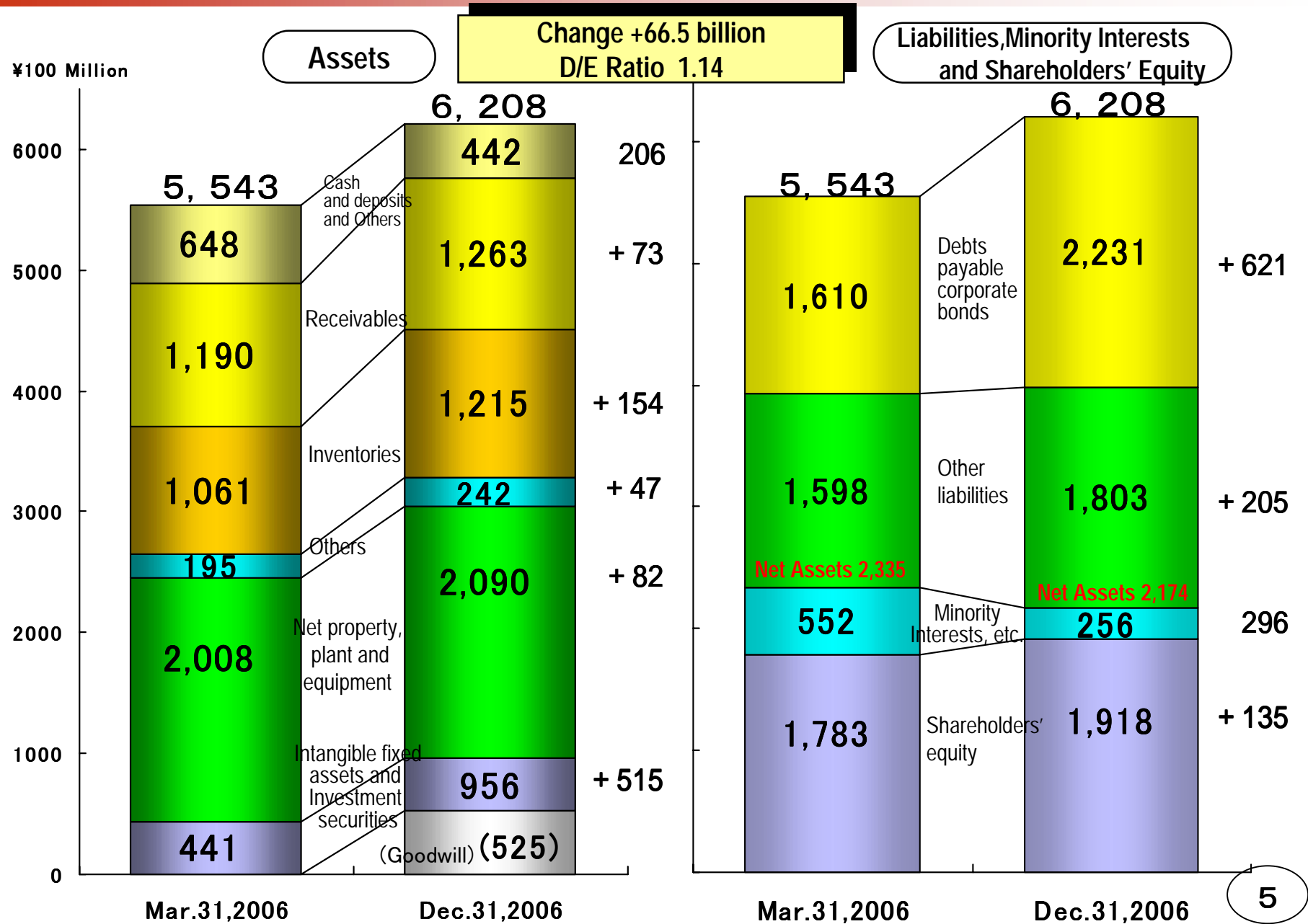


**Net Sales**  
**7% YoY Increase +39.3 billion**  
 High-Grade Metal Products and Materials: up 10%  
 Electronics and IT Devices: up 6%  
 High-Grade Functional Components and Equipment: up 11%

**Operating Income**  
**6% YoY Increase +2.8 billion**  
 High-Grade Metal Products and Materials: +¥0.3 bn  
 Electronics and IT Devices: +¥0.7 bn  
 High-Grade Functional Components and Equipment: +¥4.2bn



# Consolidated Balance Sheet



# Consolidated Cash Flows



Item	FY05 3H	FY06 3H	¥ 100 million
			(Reference) FY2005
Net income before tax adjustments	280	362	395
Depreciation costs	166	183	226
Capital investment	△196	△240	△301
Purchase of shares in consolidated subsidiary companies	—	△866	—
Others	△167	△200	△44
<b>Free cash flow</b>	<b>83</b>	<b>△761</b>	<b>276</b>
Reducing borrowings	△46	615	△122
Dividend payments, others	△58	△53	△59
Effect of exchange rate changes	15	△7	18
<b>Net increase in cash during Current Period</b>	<b>△6</b>	<b>△206</b>	<b>113</b>

# (Reference) Business Segments

## High-Grade Metal Products and Materials

Specialty Steel Company

Roll Company

Hitachi Tool Engineering Group

## Electronics and IT Devices

Information Systems  
Components Company

Soft Magnetic Materials Company

NEOMAX Group

## High-Grade Functional Components and Equipment

Automotive Components Company

Piping Components Company

Hitachi Metals Techno Group

## Service and Others

Environmental Systems Division

Other Manufacturing Company



**This document contains forward-looking statements, such as results forecasts and management plans, which are not historical facts. All such forward-looking statements were based upon all available information and upon assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to the underlying assumptions or circumstances could cause actual results to differ substantially. Factors for causing such differences include, but are not limited to, the following:**

- **Changes in economic conditions and regulations in main markets where the Company operates, particularly Japan, the United States, Asia and Europe**
- **Sudden changes in technological trends**
- **Changes in competitive advantage and the capabilities of the Company and its subsidiaries and affiliates to develop and commercialize new products and businesses**
- **Fluctuation in status and conditions of product markets, exchange rates or international commodity markets**
- **Changes in financing environments**
- **Capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand, status and conditions of product markets, exchange rates or international commodity markets**
- **Protection of the Company's intellectual property, and securing of licenses to use intellectual property of other parties**
- **Changes in status of alliances with other parties for product development, etc.**
- **Fluctuation of Japanese stock markets**