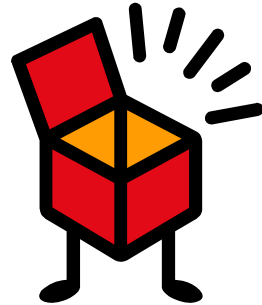


# Financial Highlights

the 6-month period ended Sep.30,2008  
(Fiscal 2008)



Materials Mag!c

Oct. 29, 2008

**Hitachi Metals, Ltd.**

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

# Highlights



¥ 100 million, ( ):year-on-year

	Fiscal 2007			Fiscal 2008		
	FY07 1Q (Actual)	FY07 1H (Actual)	FY07 (Actual)	FY08 1Q (Actual)	FY08 1H (Actual)	FY08 (Est.)
Net Sales	1,724	3,463	7,011	1,756 (102%)	3,537 (102%)	7,100 (101%)
Operating Income	125	266	597	154 (+29)	297 (+31)	610 (+13)
Income before income taxes	171	244	514	174 (+3)	297 (+53)	566 (+52)
Net Income	86	126	270	87 (+1)	153 (+27)	297 (+27)
ROE (%)	16.8%	12.2%	13.1%	16.1%	14.0%	13.1%
Capital investment	156	258	493	82 (Δ74)	197 (Δ61)	430 (Δ63)
Depreciation costs	73	140	294	75 (+2)	153 (+13)	340 (+46)
Research & Development Expenses	31	67	133	33 (+2)	67 ( ±0)	146 (+13)

# FY08 1H Consolidated Net Sales - Operating Income (By Segment)



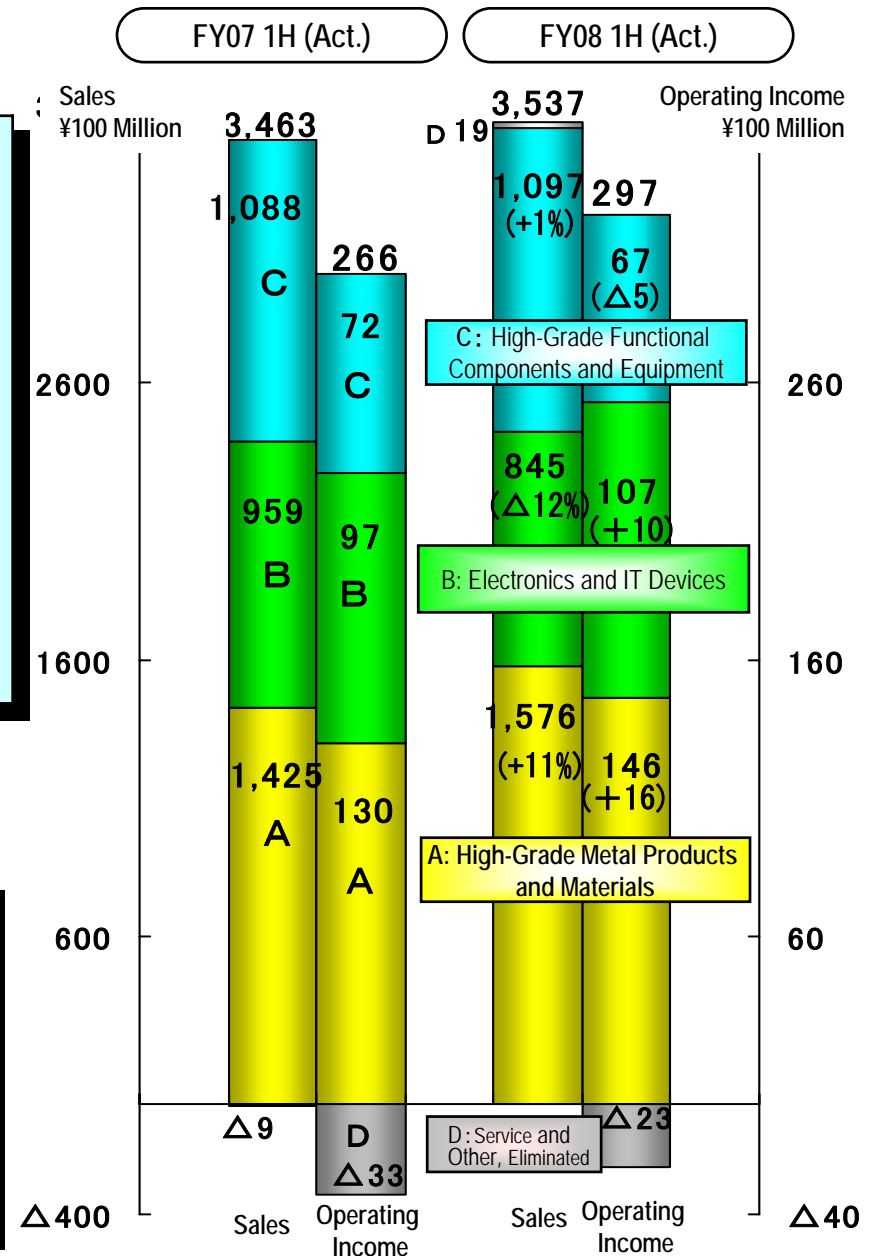
**Net sales: ¥353.7 billion**  
**2% (+¥7.4 billion) YoY Increase**  
 High-Grade Metal Products and Materials: up 11%  
 Electronics and IT Devices: down 12%  
 High-Grade Functional Components and Equipment: up 1%

- High-Grade Metal Products and Materials**  
 Despite a strong showing in the first quarter, sales of electronics-related products slowed, entering into an adjustment phase in the second quarter. In contrast, such products as rolls and tool steels experienced steady sales.
- Electronics and IT Devices**  
 Compounding the impact of the transfer of a portion of products to the High-Grade Metal Products and Materials segment, sales of ferrite magnets declined, reflecting the downturn in automobile production in North America. However, sales of rare-earth magnets remained favorable. Soft magnetic materials experienced a significant rise in sales, and sales of information communication components also grew, primarily in China and India.
- High-Grade Functional Components and Equipment**  
 Although sales of piping components fell as a result of ongoing market sluggishness, overall performance remained stable due to consistently strong showings for eco-friendly automobile exhaust components and aluminum wheels.

Ratio of overseas sales to net sales: 40%; ratio of new product sales to net sales: 28%

**Operating income: ¥29.7 billion**  
**12% (+¥3.1 billion) YoY Increase**  
 High-Grade Metal Products and Materials: +¥1.6 billion  
 Electronics and IT Devices: +¥1.0 billion  
 High-Grade Functional Components and Equipment: Δ¥0.5 billion

- Downward pressure on earnings resulting from steep rises in raw material prices was offset by increased sales and cost reductions, contributing to a rise in profits.
- Despite the impact of material prices on the High-Grade Metal Products and Materials segment, profits increased due to sales growth and cost reduction measures. In addition, expanded sales of magnetic materials contributed to a rise in earnings in the Electronics and IT Devices segment. The High-Grade Functional Components and Equipment segment saw a dip in profits due to a slump in the market for piping components.

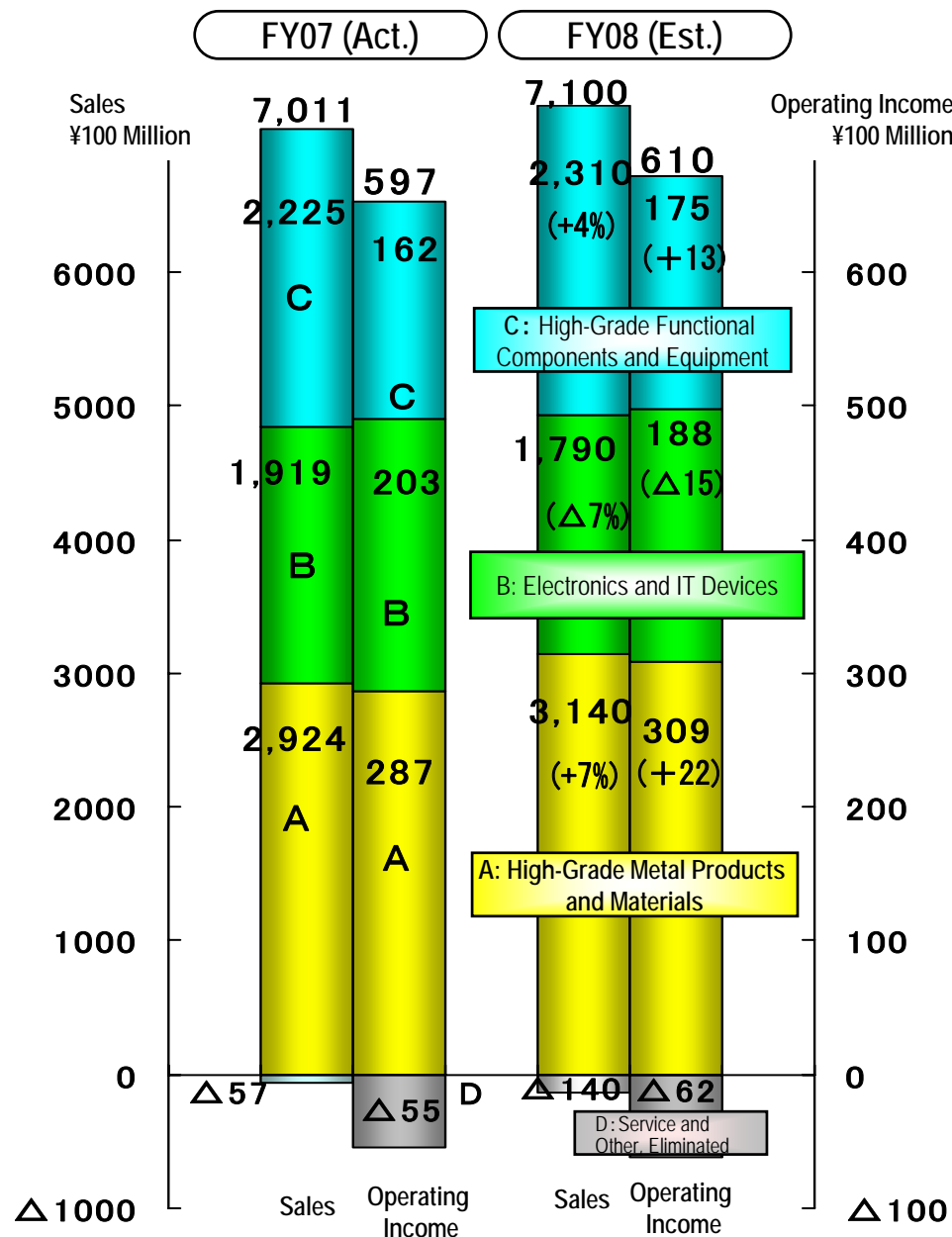


# Forecast of Results for the FY08

## Forecast Results for the Full FY08

Although sales of eco-friendly products, centering on magnetic materials, remain steady, it is difficult to gauge the impact of drastic changes in the economic environment from September onward.

Until recently, Hitachi Metals has been undertaking structural reforms aimed at strengthening its overall structure and standing. At the same time, sales of eco-friendly products remain steady. Despite these factors, given the significant number of variables in the current situation, initial forecasts are being left unchanged.



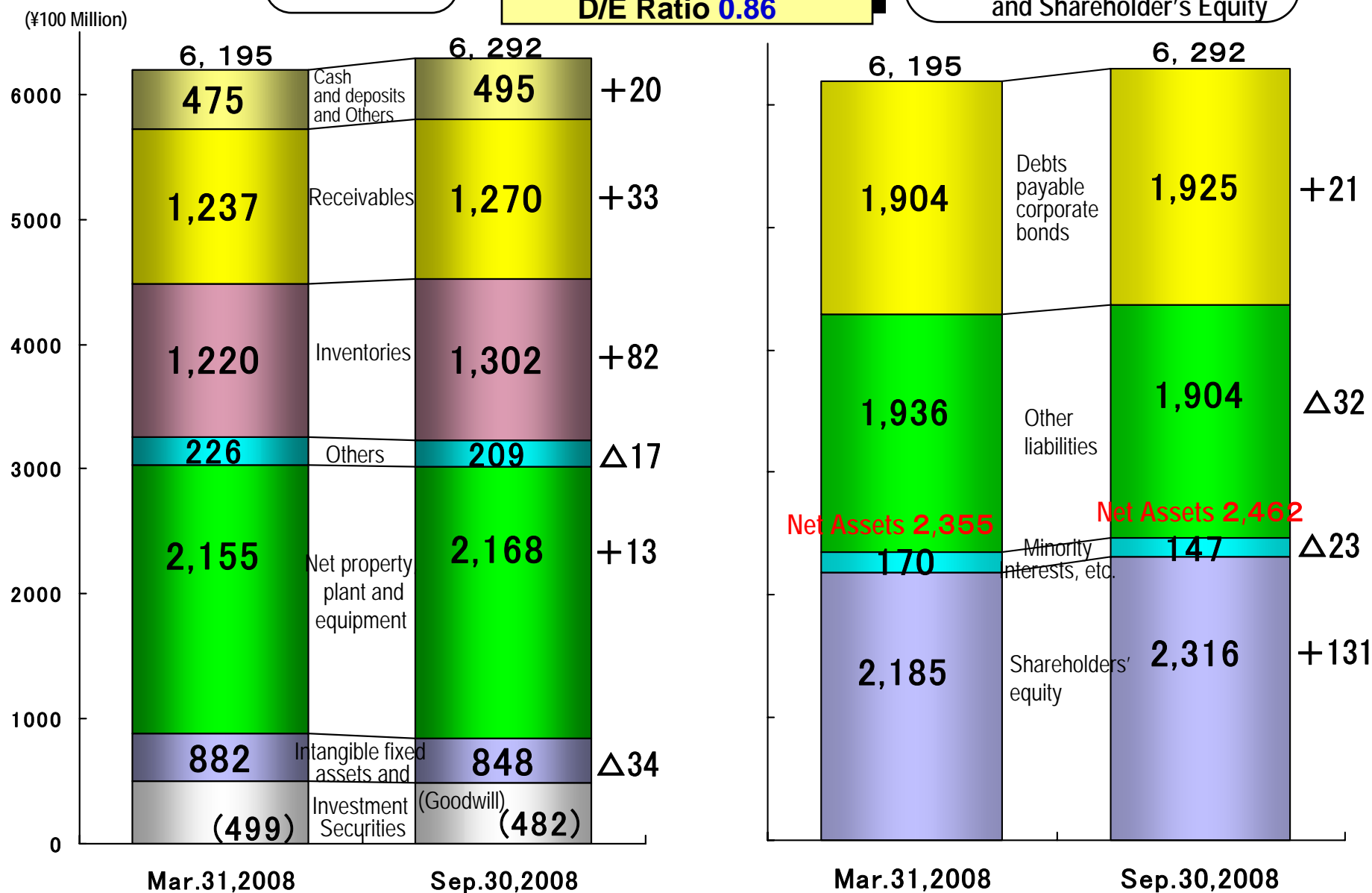
# Consolidated Balance Sheet



## Assets

**Change +9.7 billion**  
**D/E Ratio 0.86**

## Liabilities, Minority Interests and Shareholder's Equity



## Consolidated Cash Flows



¥ 100 million

Item	FY07 1H
Net income before tax adjustments	297
Depreciation costs	153
Capital investment	△197
Others	△210
<b>Free cash flow</b>	<b>43</b>
Reducing borrowings	25
Dividend payments, others	△42
Effect of exchange rate changes	△9
<b>Net increase in cash during Current Period</b>	<b>17</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 Company

## High-Grade Functional Components and Equipment

Automotive Components Company

Piping Components Company

Hitachi Metals Techno Group

## Service and Others

Sales, Services 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**