



## Summary of Consolidated Financial Results for the Third Quarter ended December 31, 2003

January 30, 2004

Hitachi Maxell, Ltd.

Code No: 6810

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### 1. Changes in Preparation Method for Quarterly Business Results

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|--|---|
| (1) Changes in accounting methods since the last financial year-end                      | A simplified method has been applied in some accounts for appropriating allowance reserves. |
| (2) Changes in consolidation and equity method application scope                         | None  |
| (3) Third quarter financial statements have not been audited by an auditing corporation. |   |

### 2. Business results and financial position for period ended December 31, 2003 (April 1, 2003 through December 31, 2003)

(1) Operating Results (Amounts less than ¥1million, except per share amounts, have been omitted)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2003	164,190	(1.6)	9,240	(29.1)	9,819	(24.9)	5,825	(16.0)
December 31, 2002	166,845	1.1	13,038	65.9	13,080	87.4	6,932	181.6
(Reference) March 31, 2003	219,780		16,655		16,771		5,683	

	Net income per share	Net income per share (Diluted)
	Yen	Yen
December 31, 2003	58.90	-
December 31, 2002	69.71	68.26
(Reference) March 31, 2003	56.18	55.12

Note: Percentage change is the ratio of increase or decrease in each item of business results for the period ended December 31, 2002

### (2) Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2003	296,249	194,917	65.8	1,971.01
December 31, 2002	300,871	193,827	64.4	1,949.33
(Reference) March 31, 2003	289,034	192,461	66.6	1,945.38

### 3. Forecast for business results for the fiscal ending March 31, 2004 (April 1, 2003 through March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
(Reference) March 31, 2004	215,000	11,000	12,000	6,300	63.71

\*With regard to projections set forth above, please refer to the attached materials on page 3.

## **Reference**

### **Summary of Consolidated Results for the Third Quarter**

#### **1. Consolidated Business Results ( April 1, 2003 to December 31, 2003)**

In the 3<sup>rd</sup> Quarter, optical media, centering on recordable DVDs, performed well. However, the fact that the yen was stronger against foreign currencies than in the third quarter of 2002 and the downward trend in the unit price of computer tapes caused sales for the end of the 3<sup>rd</sup> quarter to fall by 1.6% on the same period in 2002 (all comparisons hereafter on same basis) to ¥164,190 million. Operating income was down 29.1% to ¥9,240 million, ordinary income was down 24.9% to ¥9,819 million and net income for the end of the 3<sup>rd</sup> quarter was down 16.0% to ¥5,825 million.

The results for the end of the 3<sup>rd</sup> Quarter by business segment were as follows.

#### **Information Storage Media Division**

In magnetic storage media, LTO Ultrium\* performed well but intensifying competition in the computer tape market means that unit prices are falling overall and sales and operating income for the 3<sup>rd</sup> Quarter both fell. In optical storage media, recordable DVD disks performed well thanks to the increasing popularity of optical drives for personal computers and video recorders, contributing to a significant increase in sales. Among new businesses, camera modules for mobile phones and RFID systems performed steadily. As a result, the sales of the Information Storage Media Division rose by 2.8% to ¥84,840 million, but operating income fell by 41.6% to ¥6,172 million.

#### **Audio-Video Tape Division**

Sales of video tape declined owing to the fall in demand as users continued to move over to DVD disk. Sales of other products also declined due to the contraction of the market. As a result, the sales of the Audio-Video Tape Division as a whole fell by 7.8% to ¥31,900 million, and operating income fell by 7.2% to ¥1,403 million.

#### **Battery and Electric Appliance Division**

In rechargeable batteries, sales of square-type lithium ion batteries for the Asian

mobile phone market declined. In the primary battery business, micro secondary batteries for IT equipment held firm, but sales of alkali batteries (dry batteries) were sluggish as domestic sales during the year-end/New Year sales campaign were lower than in the previous year. As a result, the sales of the Battery and Electric Appliance Division as a whole fell by 4.7% to ¥48,260 million, although operating income rose by 72.4% to ¥1,665 million.

\* LTO Ultrium is a trademark of Hewlett Packard, IBM, and Seagate RSS in the United States of America and other countries.

## 2. Consolidated Forecasts ( April 1, 2003 to March 31, 2004)

As the business climate is growing more difficult, the forecast consolidated results for the year ended March 31, 2004 have been revised downwards (previous forecast issued on October 29, 2003).

Net sales are expected to fall by 2.2% year-on-year (all comparisons hereafter on same basis) to ¥215,000 million, operating income to fall by 34.0% to ¥11,000 million and ordinary income to fall by 28.4% to ¥12,000 million. However, net income for the year is expected to rise by 10.9% to ¥6,300 million.

(Millions of yen; %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Projection (October 29, 2003)	220,000	13,000	14,000	7,400
Revised Projection (January 30, 2004)	215,000	11,000	12,000	6,300
Increase/Decrease	(5,000)	(2,000)	(2,000)	(1,100)
Change (%)	(2.3)	(15.4)	(14.3)	(14.9)
Previous Fiscal Year (Year ended March 31, 2003)	219,780	16,655	16,771	5,683

Note: This document contains forward-looking statements which reflect management's current views and judgements with respect to certain future plans, events and strategies based on currently available information and do not constitute promises, commitments or guarantees. The forward-looking statements involve known and unknown risks and uncertainties that can cause actual results to differ materially from those projected or implied therein. Factor that can cause actual results to differ materially from those projected or implied in the forward looking statements and from historical events include, but are not limited to, future economic trends, competition in the industrial sector in which Maxell operates, market demand, rates of exchange (for the yen and other currencies in which Maxell makes significant sales or in which Maxell's assets and liabilities are denominated), and sociopolitical conditions and circumstances.

**Consolidated Net Sales and Operating Income(Loss) by Segment**

(Millions of yen)

	Three months ended December 31			Nine months ended December 31		
	2003	2002	Change (%)	2003	2002	Change (%)
Net sales	57,155	61,378	(6.9)	164,190	166,845	(1.6)
Information Storage Media	29,880	29,243	2.2	84,840	82,521	2.8
Audio-Video Tape	11,083	13,496	(17.9)	31,090	33,705	(7.8)
Battery and Electric Appliance	16,192	18,639	(13.1)	48,260	50,619	(4.7)
Operating income	3,035	5,468	(44.5)	9,240	13,038	(29.1)
Information Storage Media	1,984	4,174	(52.5)	6,172	10,560	(41.6)
Audio-Video Tape	848	647	31.1	1,403	1,512	(7.2)
Battery and Electric Appliance	203	647	(68.6)	1,665	966	72.4
Ordinary income	3,259	5,561	(41.4)	9,819	13,080	(24.9)
Net income	2,103	3,100	(32.2)	5,825	6,932	(16.0)
Exchange rate of 1\$	¥109	¥123	-	¥115	¥122	-

**Geographic Segments**

(Millions of yen)

	Three months ended December 31			Nine months ended December 31		
	2003	2002	Change (%)	2003	2002	Change (%)
Net sales (Overseas)	36,024	40,050	(10.1)	105,331	110,462	(4.6)
United States	17,914	21,111	(15.1)	52,224	59,054	(11.6)
Europe	11,785	11,702	0.7	33,827	31,353	7.9
Asia and Other areas	6,325	7,237	(12.6)	19,280	20,055	(3.9)
Net sales (Domestic)	21,131	21,328	(0.9)	58,859	56,383	4.4
Net sales	57,155	61,378	(6.9)	164,190	166,845	(1.6)

**Consolidated Balance Sheets**

Description	As of December 31, 2003		As of March 31, 2003		Increase/decrease Millions of yen
	Amount Millions of yen	Composition %	Amount Millions of yen	Composition %	
<b>Current assets</b>	115,721	39.1	117,090	40.5	(1,369)
Cash and time deposits	13,725		16,193		(2,468)
Trade notes and Accounts receivables	44,323		41,112		3,211
Marketable securities	17,161		20,961		(3,800)
Inventories	28,524		27,287		1,237
Other current assets	11,988		11,537		451
<b>Fixed assets</b>	180,528	60.9	171,944	59.5	8,584
Tangible fixed assets	83,366	28.1	84,490	29.2	(1,124)
Intangible fixed assets	1,952	0.7	2,049	0.7	(97)
Investments and other assets	95,210	32.1	85,405	29.6	9,805
<b>Total assets</b>	<b>296,249</b>	<b>100.0</b>	<b>289,034</b>	<b>100.0</b>	<b>7,215</b>
<b>Current liabilities</b>	49,676	16.8	47,475	16.4	2,201
Trade notes and accounts payables	16,574		15,724		850
Short-term bank loans	2,208		2,229		(21)
Other current liabilities	30,894		29,522		1,372
<b>Long-term liabilities</b>	51,569	17.4	49,008	17.0	2,561
Bonds	30,000		30,000		-
Long-term debt	-		328		(328)
Allowance for retirement benefit	16,520		15,760		760
Other fixed liabilities	5,049		2,920		2,129
(Total liabilities)	101,245	34.2	96,483	33.4	4,762
Minority interests	87	0.0	90	0.0	(3)
Common stock	12,203	4.1	12,203	4.2	-
Capital surplus	22,325	7.5	22,325	7.7	0
Retained earnings	167,102	56.4	163,254	56.6	3,848
Net unrealized holding gain on securities	(161)	(0.1)	(568)	(0.2)	407
Foreign currency translation adjustments	(5,489)	(1.8)	(3,672)	(1.3)	(1,817)
Cost of treasury stock	(1,063)	(0.3)	(1,081)	(0.4)	18
(Total stockholders' equity)	194,917	65.8	192,461	66.6	2,456
<b>Total liabilities, minority interests and stockholders' equity</b>	<b>296,249</b>	<b>100.0</b>	<b>289,034</b>	<b>100.0</b>	<b>7,215</b>

**Consolidated Statements of Income**

Description	(April 1, 2003 through December 31, 2003)		(April 1, 2002 through December 31, 2002)		Increase/ decrease	Change
	Amount	Composition	Amount	Composition		
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	164,190	100.0	166,845	100.0	(2,655)	98.4
Cost of sales	106,606	64.9	103,499	62.0	3,107	103.0
Gross profit	57,584	35.1	63,346	38.0	(5,762)	90.9
Selling, general and administrative expenses	48,344	29.5	50,308	30.2	(1,964)	96.1
Operating income	9,240	5.6	13,038	7.8	(3,798)	70.9
<b>Other income</b>	3,024	1.9	2,446	1.5	(578)	123.6
Interest and dividend income	1,723		1,716			
Equity in earnings of non-consolidated subsidiaries and affiliates	227		209			
Miscellaneous income	1,074		521			
<b>Other expenses</b>	2,445	1.5	2,404	1.5	(41)	101.7
Interest expenses	850		822			
Miscellaneous expenses	1,595		1,582			
<b>Ordinary income</b>	9,819	6.0	13,080	7.8	(3,261)	75.1
<b>Extraordinary gains</b>	642	0.4	48	0.0	594	–
Gain on sales of fixed assets	161		48			
Gain on sales of investment securities	481		–			
<b>Extraordinary losses</b>	685	0.4	1,429	0.8	(744)	47.9
Loss on disposal of fixed assets	671		855			
Loss on sales of investment securities	2		–			
Loss on revaluation of investment securities	8		529			
Write-down of golf club membership	4		10			
Allowance for special retirement	–		35			
Income before income taxes and minority interest	9,776	6.0	11,699	7.0	(1,923)	83.6
Income taxes - current	4,517	2.8	5,914	3.5	(1,397)	76.4
Income taxes - deferred	(565)	(0.3)	(1,158)	(0.7)	593	48.8
Minority interests	(1)	(0.0)	11	0.0	(12)	–
<b>Net income</b>	5,825	3.5	6,932	4.2	(1,107)	84.0