

Summary of Consolidated Financial Results for the Year ended March 31, 2005

April 27, 2005

Hitachi Maxell, Ltd.

Stock Code: 6810

(URL <http://www.maxell.com/>)

Representative:

Norio Akai (President and Chief Executive Officer)

Contact person:

Masaki Kuno (Director of Business Strategy Office)

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Meeting of the Board of Directors

for Approval Results:

April 26, 2005

Parent Company:

Hitachi Ltd. (Stock Code: 6501)

Shareholder voting rights

(including subsidiaries of Hitachi, Ltd.): 53.7 %

U.S.GAAP:

Not Applicable

1. Business Results and Financial Position for the period ended March 31, 2005 (April 1, 2004 through March 31, 2005)

(1) Operating Results (Amounts less than ¥1million have been rounded down)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2005	201,196	(5.4)	4,798	(56.9)	6,263	(51.1)	1,501	(78.9)
March 31, 2004	212,698	(3.2)	11,134	(33.1)	12,810	(23.6)	7,106	25.0

	Net income per share	Net income per share (Diluted)	ROE	Ordinary income to total assets	Ordinary income to net sales
	Yen	Yen	%	%	%
March 31, 2005	14.98	-	0.8	2.2	3.1
March 31, 2004	71.52	-	3.7	4.3	6.0

Note: 1. Equity in earnings of affiliates: March 31, 2005 ¥ 183 million; March 31, 2004 ¥ 257million

2. Average number of shares outstanding during the period (Consolidated): March 31, 2005 98,336,948shares; March 31, 2004 98,889,196 shares

3. Change in accounting policies: Yes

4. Percentage change is the ratio of increase or decrease in each item of business results compared with prior period .

(2) Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2005	280,718	190,511	67.9	1,984.37
March 31, 2004	300,054	195,438	65.1	1,975.94

Note: Number of shares issued and outstanding: March 31, 2005 95,992,140 shares; March 31, 2004 98,891,767 shares

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2005	8,879	(6,322)	(6,007)	22,469
March 31, 2004	24,255	(21,984)	(2,696)	25,713

(4) Scope of Consolidation and Application of Equity Method:

Consolidated subsidiaries:21; Subsidiaries under equity method:11; Affiliates under equity method: 2

(5) Changes in Scope of Consolidation and Application of Equity Method:

Consolidation: Increase - company; Decrease - company Equity method: Increase - company; Decrease 1 company

2. Forecast for business results for the fiscal ending March 31, 2006 (April 1, 2005 through March 31, 2006)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim	95,000	1,000	1,500	700
Full year	192,000	3,000	4,000	2,000

Note: Projected net income per share(consolidated)¥20.84

*With regard to projections set forth above, please refer to the attached materials on page 11.

1. Management Policies

(1) Basic Management Policy

The Hitachi Maxell Group is committed to its formative philosophy advocating harmony and concord and calling on employees to work with heart and soul, and to be of service to society. We encourage our employees to be proud members of the Hitachi Maxell Group and to contribute to society through the development of outstanding and unique technology and products. At the same time, the Group is aware that a corporation is itself a member of society and, besides ensuring that its conduct is fair and transparent, seeks, as a good corporate citizen, to contribute to the creation of a truly rich society by working in harmony with the environment and by engaging in corporate citizenship activities. In addition, the Group strives to increase corporate value by implementing management strategies from the standpoint of the stockholders, investors, customers, employees and all the other stakeholders in the Hitachi Maxell Group.

(2) Basic Profit Distribution Policy

Our core policy is to return profits to our shareholders on an ongoing basis and in a stable and appropriate fashion. Dividends on income are paid on the basis of a comprehensive consideration of various factors including our financial status, profit level and dividend payout ratio. Internal reserves will be appropriated for research and development, investment in new business areas, investment in areas such as mergers and acquisitions, facilities and equipment to increase production and improve operational efficiency, and aggressive improvement of information technology, as well as in our commitment to management that emphasizes cash flow, thereby improving corporate value.

(3) Medium- and Long-term Management Strategies and Benchmarks

Hitachi Maxell's management strategies are based on a Group vision of maximizing returns to stakeholders by increasing corporate value. The Group's existence is founded on good relations with all of our stakeholders, and return to those stakeholders means providing high performance and high quality goods and services to customers, distributing dividends and increasing stock prices for shareholders and investors, creating a fair compensations system and comfortable working environment for employees, as well as fulfilling our corporate responsibility to society. The Hitachi Maxell vision goes beyond this, as we carry out management practices in the realization that increasing corporate value is created in the synergistic interrelationship of these returns, rather than in isolation.

Our medium term target under this vision is to achieve sales of 250 billion yen, operating profit margin of 7% and a return on assets (ROA) of 7%. In order to achieve these goals we are implementing the core strategies of aggressive pursuit of profitability, strengthening our core businesses, early commercialization of our Next Keystone businesses (New Business), strengthening global operations, and corporate management that values our corporate social responsibility (CSR).

■ Aggressive pursuit of improving business efficiency

We are aggressively pursuing efficiencies in all areas of corporate activity with an objective of improving our operating capabilities within a business environment that is constantly changing. Specific steps include enhancement of management capabilities through reorganizing our head office functions and our business center functions, implementing appropriate assignment and efficient reassignments of staffing, improving business efficiency through implementing information technology, integrating our design and development capabilities as well as our production technologies in order to achieve high productivity and improve efficiency in capital investments, improving our development speed and efficiency of our investment in research and development by selecting and focusing on research and development, and also enhancement of group management and operating efficiencies.

■ Strengthening Our Core Businesses

Recording media as well as Batteries constitute the core business areas of our group. We intend to invest resources in achieving even more efficient management of these resources, and to further strengthen these core businesses through initiatives such as rapid development of new projects and deployment into new markets. In addition we are pursuing a fundamental reform in all areas from development through production and sale, and are emphasizing improvements to our ability to generate profits.

■ Early commercialization of our Next Keystone businesses

Until now our group has taken initiative in expanding into new businesses, by exploiting the core technologies of the Maxell Group in peripheral areas of Memory and Mobility which are the two core business areas of our group. We are now committed to early commercialization of our Next Keystone businesses, which are new business sectors, thereby incubating a new source of earnings.

Our Next Keystone businesses are defined as businesses that will provide innovative and advanced new products which will create value. These businesses consist of the three categories of optical components, network devices and functional materials. Going forward we will take initiative in investing management resources, and will incubate businesses that target the fields of mobile IT equipment, automobiles, medicine, security, as well as the public sector and education, in which further growth can be expected towards a society of ubiquitous computing.

■ Strengthening global operations

Market globalization is advancing rapidly in consumer markets. The past few years have experienced particularly significant development in the markets of Central and Eastern Europe, as well as China and other parts of Asia. The Hitachi Maxell Group is proud that 60% of total sales volume is generated in the world market outside of Japan, fruit of our efforts to build a global Maxell. We will continue to enhance and build sales offices in Central and Eastern Europe, and in the China and Asia regions where market growth can be anticipated, as well as strengthening advertising and promotion and increasing operational

efficiency worldwide, including Japan, Europe, and the US. We will also strengthen our global procurement in the area of procuring materials and products.

■ **Corporate management that values our corporate social responsibility (CSR)**

We are well aware that initiatives which fulfill our responsibility to society constitute one of the most important keystones of corporate management, and include business activities which address environmental protection as well as activities to contribute to society. Every year we prepare an environmental action plan within our business activities that address environmental protection. We implement environmental protection activities with targeted goals, and particularly in the area of environmental considerations for products as well as environmental considerations for manufacturing. We take initiative in environment management with an objective of building a sustainable society that recycles its resources. We also continue to engage in corporate management with an awareness of our social responsibility as a company, by implementing compliance management through enhancing corporate governance, and by engaging in activities to promote a harmonious coexistence with the local community.

(4) Basic Approach and Implementation of Corporate Governance

1) Basic Approach to Corporate Governance

Hitachi Maxell believes that accelerating our corporate decision making capability, enhancing our management oversight and implementing compliance management constitute the basics of corporate governance and will contribute to improving corporate value. In implementing compliance management we have enacted the Hitachi Maxell Group Code of Conduct, and the Hitachi Maxell Group Code of Ethics. The substance of these documents has been summarized in pamphlets, and we are committed to making all of our officers and employees thoroughly aware of compliance, including those of each company in our group. We have also introduced the Maxell Compliance Help Line, in order to detect problems at an early stage and to prevent problems from occurring.

2) Implementation of Corporate Governance

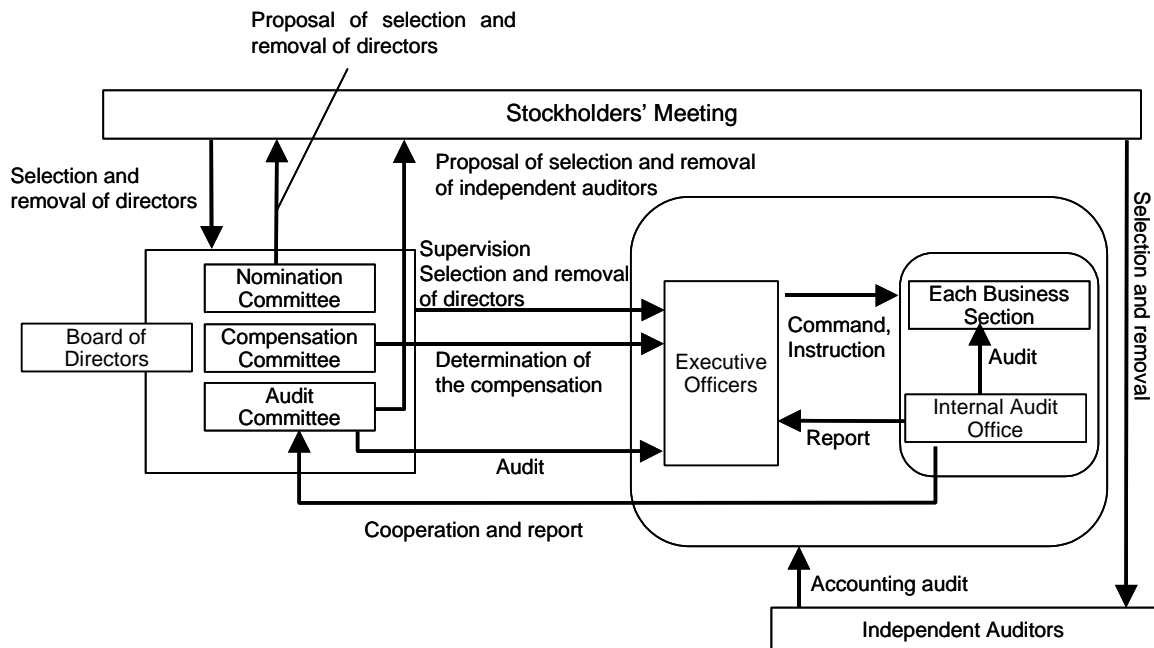
Management organizations in connection with decision-making, implementation and oversight of corporate management, and other corporate governance organizations

a. Corporate institutions

To speed decision-making and enhance oversight, the Group adopted the new committee system in June 2003. The new system clarifies the division between operational and oversight functions, enables faster decision-making by granting significantly broader authority to executive officers, and will ensure highly transparent management with oversight of executive actions through an enhanced audit function for outside directors on the Board of Directors. Of the 8 members of the Board of Directors on March 31, 2005, 3 are outside directors. Also, there are 12 executive officers responsible for business operations.

Within the Board of Directors our company has created a Nomination Committee to decide on candidates for the Board of Directors, a Compensation Committee to determine the compensation of directors and executive officers, and an Audit Committee which decides on matters such as proposals to appoint or dismiss an accounting auditor to be put before the General Meeting of Shareholders. As of March 31, 2005, the Nomination Committee consists of five directors, while the Compensation Committee consists of three directors and the Audit Committee consists of four directors. Outside directors make up the majority of each of these committees. The Audit Committee Office has also been created as an organization that is dedicated to assisting the Audit Committee in its duties, and has one employee who does not serve instructions from any executive officer, in order to ensure the independence of this assistance to conduct of the duties of the Audit Committee.

Overview of Compliance System



b. Implementation of internal controls

Hitachi Maxell put in place an internal control system in which organizations such as the Management Committee conduct careful deliberation of important matters of business, and which ensures that the implementation of business by the executive officers is in compliance with law and regulation, and can be implemented in an efficient manner. We have also assured unimpeded implementation of internal control through steps such as having the Audit Office conduct internal audits, and having the Audit Committee monitor the entire system for internal control. In addition we have implemented improvements in our internal control system in connection with financial reporting in order to address the demands for corporate control under the US Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act), and are working to ensure the reliability of our financial reporting, as well as to improve and enhance our system of internal controls.

c. Risk management

Risk management is handled by each of the relevant sections in connection with risks such as compliance, environment, quality and export control, and as necessary we prepare regulations and guidelines, hold training sessions and prepare and distribute manuals and the like. When necessary to address a new risk the CEO notifies the entire company, and determines an executive officer to be responsible for prompt handling of the same. Moreover, executive officers make prompt reports to the Board of Directors if a risk materializes which can be anticipated to cause a significant loss.

d. Internal auditing, audits by the Audit Committee, and Accounting audits

Hitachi Maxell has established an Audit Office that reports directly to the President to handle internal

audits, and we carry out these internal audits in order to identify the situation of conduct of operations in order to ensure efficient implementation in the conduct of business, and with respect to the suitability and appropriateness of operations on the part of each corporate unit and the group as a whole, in order to work towards improvements. The results of internal audits are reported to the CEO as well as the Audit Committee, and the state of correction is confirmed for the categories mentioned.

The Audit Committee implements audits by being present at important meetings such as periodic meetings to report on business as well as meetings of the Board of Directors, and by inspection of business centers of the company and group companies. The status of improvement on material matters mentioned by the Audit Committee is confirmed by the Audit Office and the Audit Committee Office.

The Audit Committee supervises the accounting auditor in order to ensure the reliability of financial report. In order to protect the independence of the accounting auditor, the Audit Committee receives a report on the audit plan in advance from the accounting auditor, and is present at the time of audits by the accounting auditor. The Audit Committee also receives detailed reports and explanations on a periodic basis concerning the method and results of audits. Advance approval by the Audit Committee is also required in connection with the compensation and non-audit activities of the accounting auditor. Moreover the Audit Committee implements its own audits that it believes to be necessary, by means such as receiving explanations from executive officers and the like concerning monthly settlements and other areas of accounting, and reviewing documents.

Norio Watanabe and Naomitsu Hirayama are the two certified public accounts who carry out the accounting auditing for our company. Both of them are with the accounting firm of Ernst & Young ShinNihon.

2. Business Performance and Financial Status

(1) Business Performance

1) Overview

Economic trends for the period included favorable growth in the American economy with steady increases in capital investment and personal consumption, as well as healthy exports and domestic demand in the economies of Asia. The economies of Europe, however, performed poorly overall as a result of weak demand. Japan's economy was assisted by comparatively healthy exports, but growth in capital investment stagnated in the latter part of the year, while personal consumption was not strong, so that the economic recovery remained gradual.

The operating environment for our corporate group experienced a growing market in household digital electronics products, but prices fell as a result of severe competition in sales prices for products. Moreover, materials costs such as crude oil prices rose, contributing to a severe operating environment.

Under these circumstances sales for our group declined 5.4% against the previous period to 201,196 million yen. Although we made efforts to reduce costs by improving productivity and reducing our cost of production, our operating income fell by 56.9% to 4,798 million yen, and ordinary profits fell by 51.1% to 6,263 million yen. The group had 5,510 million yen in extraordinary gains that included the gain from the returns of welfare pension fund, but net income unfortunately fell 78.9% to 1,501 million yen as a result of a total of 9,323 million yen in extraordinary losses that the group took for the purpose of implementing a comprehensive management reorganization and reformulation of business for next term, including 1.8 billion yen in extraordinary losses from a disposal of fixed assets as well as 2.3 billion yen in the impairment loss of long-lived assets, 2.7 billion yen in additions to the bad debt reserve and 2.0 billion yen in restructuring charges including additions to severance pay of approximately 1.4 billion yen in association with encouraging of early retirement. As a consequence net income per share amounted to 14.98 yen. The exchange rate for the period was 108 yen to the dollar.

Performance for each segment is described below.

Information Storage Media

In optical media we experienced growth in sales of recordable DVDs, which was supported by the growing popularity of PC drives and video recorders that use recordable DVDs, and total sales increased even though unit prices fell. In our Next Keystone businesses, our miniaturized RFID systems featuring rewritability continued to experience growth for use in the amusement industry, and increased sales. In computer tape we experienced a decline in sales, as a result of falling unit prices as a consequence of competition over formats, as well as delays in the progress of the market for a new format. Consequently overall sales in Information Storage Media declined by 5.5% to 105,454 million yen. Although we worked to improve productivity and reduce costs, the rapid decline in unit prices for recordable DVDs and

computer tape, besides the sudden steep rise in materials costs resulted in a decline in an 82.8% decline in operating income, to 1,324 million yen.

Audio-Video Tape

We worked to shift towards higher value added products such as tape for camcorders, to develop products that match customer needs, and to build sales on a global basis using our brand value. Nevertheless the overall market contracted, and sales in the audio-video tape division overall declined 18.3% to 31,973 million yen, while operating profits declined 13.9% to 1,188 million yen.

Battery and Electric Appliance

In rechargeable batteries, the shift towards multifunctionality in cellular phones sparked a growth in sales of high capacity prismatic lithium ion batteries, which are a specialty of our company. In non-rechargeable batteries we began selling high added value alkaline dry-cell batteries as well as heat resistant coin shaped lithium batteries, which contributed to increased sales in the second half of the period. Nevertheless sales for non-rechargeable batteries declined overall, as a result of severe price competition. Consequently overall sales in the Battery and Electrical Appliance Division increased 3.0% to 63,769 million yen, while operating profits increased 11.0% to 2,286 million yen.

2) Outlook

In light of the current economic trends, we anticipate that our group will continue to face a severe environment for operations, given the slowdown in growth of the American economy as well as weak growth in personal consumption within Japan.

Under these circumstances our group is working to improve our operations through thorough seeking of efficiencies, in reflection of the significant deterioration in performance that we experienced for the period ended in March 2005. We are also working to reduce costs and enhance our competitiveness to achieve a rapid improvement in our earnings position. We are making particular efforts to improve profitability through optimizing our product mix and thorough cost cutting in computer tape and recordable DVDs within the Information Storage Media division.

Projected performance for the fiscal year ending in March 2006 is sales of 192 billion yen, operating profits of 3 billion yen, ordinary profits of 4 billion yen and net profit for the period of 2 billion yen. An exchange rate of 103 yen to the dollar has been assumed (compared with 108 yen to the dollar in the fiscal year under review).

(2) Financial Status

Overview

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled 22,469 million yen, a decrease of 3,244 million yen from the previous year. This occurred because of a net cash outflow of 6,322 million yen from investment activities and 6,007 million yen from financial activities, despite a cash inflow of 8,879 million yen from business operations.

Cash Flows from Operating Activities

Cash flow from operating activities increased by 8,879 million yen as of the end of this fiscal year. This consisted of income before income taxes and minority interest of 2,450 million yen, as well as an increase in cash of 11,505 million yen as a result of depreciation, a reduction in cash of 4,805 million yen from paying corporation and other taxes, an increase in cash of 2,784 million yen from reductions in inventory, and a reduction in cash of 7,830 million yen as a result of a decrease in retirement and severance benefits.

Cash Flows from Investing Activities

Cash flow from investing activities resulted in a net cash outflow of 6,322 million yen as of the end of this fiscal year. This was mainly a result of 15,939 million yen which was spent to purchase tangible fixed assets and an inflow of 8,255 million yen from acquisition and sale of securities as well as investment securities.

Cash Flows from Financing Activities

Cash flow from financial activities resulted in a net cash outflow of 6,007 million yen as of the end of the fiscal year. This was mainly the result of payment of 3,976 million yen to repurchase treasury stocks, and 1,879 million yen to dividends paid to stockholders.

Trends in the Group’s cash flow indices are as follows:

	FY 3/2002	FY 3/2003	FY 3/2004	FY 3/2005
Shareholders' equity rate (%)	64.7	66.6	65.1	67.9
Shareholders' equity rate at market value (%)	57.1	61.0	53.3	49.2
Years to debt redemption (year)	1.4	1.2	1.3	3.6
Interest coverage ratio	19.4	25.3	22.1	9.0

Shareholders' equity rate: shareholders' equity/total assets

Shareholders' equity rate at market value: market capitalization/total assets

Years to debt redemption: interest-bearing debt/operating cash flow

Interest coverage ratio: operating cash flow/interest payments

Note:

* All indices are calculated on a consolidated basis.

* Market capitalization is final share price times number of shares outstanding as of the end of the period.

* Cash flows from operating activities uses data from the Consolidated Statements of Cash Flows cash flows from operating activities section. Interest-bearing debt is all debt on the Consolidated Balance Sheet

that is interest bearing. Interest payments are the payments of interest on the Consolidated Statement of Cash Flows.

(3) Risk

Impact of Fluctuations in Foreign Exchange Markets

Our group has business activities throughout the world in addition to Japan, and at 60%, foreign sales make up a large portion of our overall sales. Sales to the United States amount to 30% of total sales. Although we do hedge our currency risks with steps such as adjusting the balance of our export and import transactions denominated in a foreign currency, it is possible that performance could be affected by a rapid change in currency rates.

Impact of Market Competition

Our group mainly engages in the businesses of information media, audio-video tape, batteries and applied electronics equipment. The conditions of competition change from day to day in the markets of the goods that we handle, and present the possibility of an impact on performance including price declines as a result of increased competition.

Impact of Changes in Materials Costs

Many of our products in turn use petrochemical products as raw materials, and some of our products use scarce materials for their raw materials. Although we are taking steps such as development products for which we can assure stable supplies, an increase in materials costs as a result of a cause such as a sharp rise in crude oil prices or speculative transactions could have an impact on performance.

Note: This document contains forward-looking statements which reflect management's current views and judgments 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, market demand, rates of exchange, and sociopolitical conditions and circumstances.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Description	As of March 31, 2005		As of March 31, 2004		Increase/decrease Millions of yen
	Amount Millions of yen	Composition %	Amount Millions of yen	Composition %	
Current assets	109,888	39.1	119,474	39.8	(9,586)
Cash and time deposits	11,225		13,641		(2,416)
Trade notes and accounts receivables	37,040		37,845		(805)
Marketable securities	19,688		25,588		(5,900)
Inventories	27,541		29,761		(2,220)
Deferred tax assets	8,202		8,144		58
Other current assets	6,810		5,644		1,166
Allowance for doubtful accounts	(618)		(1,149)		531
Fixed assets	170,830	60.9	180,580	60.2	(9,750)
Tangible fixed assets	82,744	29.5	84,385	28.1	(1,641)
Buildings and structures	24,914		26,023		(1,109)
Machinery and equipment	19,399		18,251		1,148
Land	32,133		33,569		(1,436)
Construction in progress	2,354		2,633		(279)
Other fixed assets	3,944		3,909		35
Intangible fixed assets	1,771	0.6	2,182	0.7	(411)
Investments and other assets	86,315	30.8	94,013	31.4	(7,698)
Investment securities	76,190		80,430		(4,240)
Deferred tax assets	9,410		9,643		(233)
Deferred hedge losses	–		3,023		(3,023)
Other investments	5,051		2,590		2,461
Allowance for doubtful accounts	(4,336)		(1,673)		(2,663)
Total assets	280,718	100.0	300,054	100.0	(19,336)

Description	As of March 31, 2005		As of March 31, 2004		Increase/decrease Millions of yen
	Amount	Composition	Amount	Composition	
	Millions of yen	%	Millions of yen	%	
Current liabilities	46,628	16.6	52,917	17.7	(6,289)
Trade notes and accounts payables	17,918		19,225		(1,307)
Short-term bank loans	1,357		1,486		(129)
Accounts payable	5,012		5,982		(970)
Accrued expenses	19,447		18,887		560
Accrued income taxes	408		5,008		(4,600)
Other current liabilities	2,486		2,329		157
Long-term liabilities	43,479	15.5	51,612	17.2	(8,133)
Bonds	30,000		30,000		–
Allowance for retirement benefit	8,910		16,735		(7,825)
Allowance for directors' retirement bonuses	556		488		68
Other fixed liabilities	4,013		4,389		(376)
(Total liabilities)	90,107	32.1	104,529	34.9	(14,422)
Minority interests	100	0.0	87	0.0	13
Common stock	12,203	4.3	12,203	4.1	–
Capital surplus	22,325	8.0	22,325	7.4	0
Retained earnings	167,969	59.8	168,383	56.1	(414)
Net unrealized holding gain on securities	(1,844)	(0.6)	(880)	(0.3)	(964)
Foreign currency translation adjustments	(5,106)	(1.8)	(5,529)	(1.8)	423
Cost of treasury stock	(5,036)	(1.8)	(1,064)	(0.4)	(3,972)
(Total stockholders' equity)	190,511	67.9	195,438	65.1	(4,927)
Total liabilities, minority interests and stockholders' equity	280,718	100.0	300,054	100.0	(19,336)

(2) Consolidated Statements of Income

Description	April 1, 2004 through March 31, 2005		April 1, 2003 through March 31, 2004		Increase/ decrease	Change
	Amount	Composition	Amount	Composition		
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	201,196	100.0	212,698	100.0	(11,502)	94.6
Cost of sales	137,391	68.3	138,151	65.0	(760)	99.4
Gross profit	63,805	31.7	74,547	35.0	(10,742)	85.6
Selling, general and administrative expenses	59,007	29.3	63,413	29.8	(4,406)	93.1
Operating income	4,798	2.4	11,134	5.2	(6,336)	43.1
Non-operating income	4,243	2.1	4,707	2.2	(464)	90.1
Interest and dividend income	2,332		2,614		(282)	
Equity in earnings of non-consolidated subsidiaries and affiliates	183		257		(74)	
Miscellaneous income	1,728		1,836		(108)	
Non-operating expenses	2,778	1.4	3,031	1.4	(253)	91.7
Interest expenses	991		1,094		(103)	
Miscellaneous expenses	1,787		1,937		(150)	
Ordinary income	6,263	3.1	12,810	6.0	(6,547)	48.9
Extraordinary gains	5,510	2.7	1,705	0.8	3,805	323.2
Gain on sales of fixed assets	22		166		(144)	
Gain on sales of Investments securities	540		1,131		(591)	
Gain on liquidations of investments in subsidiaries	–		2		(2)	
Gain on sales of golf club membership	1		–		1	
Gain from reversals of accrued expenses	–		406		(406)	
Gain from the returns of substituted portion of welfare pension fund	4,947		–		4,947	
Extraordinary losses	9,323	4.6	2,891	1.3	6,432	322.5
Loss on disposal of fixed assets	1,772		1,216		556	
Impairment loss of long-lived assets	2,313		–		2,313	
Loss on sales of investment securities	12		2		10	
Loss on revaluation of investment securities	528		8		520	
Provision for allowance for doubtful accounts	2,661		1,661		1,000	
Loss on sales of golf club membership	1		–		1	
Write-down of golf club membership	2		4		(2)	
Restructuring charges	2,034		–		2,034	
Income before income taxes and minority interest	2,450	1.2	11,624	5.5	(9,174)	21.1
Income taxes - current	31	0.0	5,850	2.8	(5,819)	0.5
Income taxes - deferred	903	0.5	(1,331)	(0.6)	2,234	–
Minority interests	15	0.0	(1)	0.0	16	–
Net income	1,501	0.7	7,106	3.3	(5,605)	21.1

(3) Consolidated Statements of Shareholders' Equity

Description	April 1, 2004 through March 31, 2005	April 1, 2003 through March 31, 2004	Increase/decrease
	Millions of yen	Millions of yen	Millions of yen
(Capital surplus)			
Capital surplus at beginning of period	22,325	22,325	0
Increase in capital surplus	0	0	0
Gains on sales of treasury stock	0	0	0
Capital surplus at end of period	22,325	22,325	0
(Retained earnings)			
Consolidated retained earnings at beginning of period	168,383	163,254	5,129
Increase in retained earnings	1,501	7,106	(5,605)
Net income	1,501	7,106	(5,605)
Decrease in retained earnings	1,915	1,977	(62)
Cash dividend	1,879	1,878	1
Directors' bonuses	36	99	(63)
Retained earnings at end of period	167,969	168,383	(414)

(4) Consolidated Statements of Cash Flows

Description	April 1, 2004 through March 31, 2005	April 1, 2003 through March 31, 2004
	Amount	Amount
I Cash flows from operating activities	Millions of yen	Millions of yen
Net profit before income taxes and minority interests	2,450	11,624
Depreciation	11,505	10,901
Increase (decrease) in retirement and severance benefits	(7,830)	984
Interest and dividend income	(2,332)	(2,614)
Interest expenses	991	1,094
Gain on sales of investment securities	(540)	(1,131)
Loss on disposal of fixed assets	1,772	1,216
Impairment loss of long-lived assets	2,313	-
Decrease (increase) in trade notes and accounts receivables	1,772	2,472
Decrease (increase) in inventories	2,784	(3,546)
Increase (decrease) in trade notes and accounts payables	(2,221)	4,045
Increase (decrease) in accrued expenses	781	(424)
Other	982	368
Subtotal	12,427	24,989
Proceeds from interest and dividend income	2,246	2,678
Payments of interest	(989)	(1,098)
Payments of income taxes	(4,805)	(2,314)
Net cash provided by operating activities	8,879	24,255
II Cash flows from investing activities		
Payments to time deposits	(440)	(2)
Proceeds from time deposits	142	2
Purchase of marketable securities	(12,000)	(24,496)
Proceeds from sales of marketable securities	22,600	23,800
Purchase of tangible fixed assets	(15,939)	(11,904)
Purchase of investment securities	(11,596)	(32,135)
Proceeds from sales of investment securities	9,251	23,051
Proceeds from liquidation of non-consolidated subsidiary	88	-
Collections (payments) of loan receivables	4	(16)
Other	1,568	(284)
Net cash used in investing activities	(6,322)	(21,984)
III Cash flows from financing activities		
Increase (decrease) in short-term debt	138	421
Payments on long-term debt	(294)	(1,256)
Dividends paid to stockholders	(1,879)	(1,878)
Repurchase of treasury stock	(3,976)	(2)
Proceeds from sales of treasury stock	4	19
Net cash used in financing activities	(6,007)	(2,696)
IV Effect of exchange rate changes on cash and cash equivalents	206	(621)
V Net increase (decrease) in cash and cash equivalents	(3,244)	(1,046)
VI Cash and cash equivalents at beginning of year	25,713	26,151
VII Cash and cash equivalents of initially consolidated subsidiaries at beginning of year	-	608
VIII Cash and cash equivalents at end of year	22,469	25,713

4. Geographic Segment Information

April 1, 2004 through March 31, 2005

	Japan	America	Europe	Asia and other	Total	Corporate (Elimination)	Consolidated total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
1. Sales and operating expenses							
Sales							
(1) Sales to third parties	86,462	61,171	36,842	16,721	201,196	–	201,196
(2) Intersegment sales	56,650	76	170	8,212	65,108	(65,108)	–
Total sales	143,112	61,247	37,012	24,933	266,304	(65,108)	201,196
Operating expenses	140,348	60,855	36,775	24,443	262,421	(66,023)	196,398
Operating income	2,764	392	237	490	3,883	915	4,798
2. Total assets	122,904	19,360	17,623	10,967	170,854	109,864	280,718

April 1, 2003 through March 31, 2004

	Japan	America	Europe	Asia and other	Total	Corporate (Elimination)	Consolidated total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
1. Sales and operating expenses							
Sales							
(1) Sales to third parties	83,072	66,682	43,835	19,109	212,698	–	212,698
(2) Intersegment sales	64,293	107	445	6,951	71,796	(71,796)	–
Total sales	147,365	66,789	44,280	26,060	284,494	(71,796)	212,698
Operating expenses	140,034	65,555	43,139	25,216	273,944	(72,380)	201,564
Operating income	7,331	1,234	1,141	844	10,550	584	11,134
2. Total assets	129,951	20,555	20,037	10,586	181,129	118,925	300,054

Overseas sales

	America		Europe		Asia and other		Total		Consolidated total
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
April 1, 2004 through March 31, 2005	61,397	30.5	37,348	18.6	25,794	12.8	124,539	61.9	201,196
April 1, 2003 through March 31, 2004	66,747	31.4	44,697	21.0	25,845	12.1	137,289	64.5	212,698

Note: Overseas sales are the consolidated sales to other than Japan.