

Hitachi Maxell Consolidated Results for the 1st quarter of FY March 2006

(April 1,2005-June 30,2005)

July 28, 2005

The Maxell logo is displayed in a bold, orange, sans-serif font. The letters are thick and blocky, with a slight shadow effect. The 'm' and 'a' are connected, and the 'x' is formed by two overlapping 'l' shapes. The 'e' is a simple, rounded shape, and the 'l' is a vertical bar with a small gap at the top.

Consolidated Result for Q1 of FY March 2006

Millions of yen

	Q1/FY05	Q1/FY06	Change
Net sales	50,887	49,169	△3.4%
Operating income	2,223	728	△67.3%
Ordinary income	2,643	1,007	△61.9%
Net income	1,537	530	△65.5%
Capital Expenditure	3,587	1,939	△45.9%
Depreciation	2,868	2,706	△5.6%
R&D Costs	2,544	2,204	△13.4%
Exchange rate	\$1=¥110 1Euro=¥132	\$1=¥108 1Euro=¥135	

Factor Analysis

billions of yen

Change

(Q1 of FY05 → Q1 of FY06)

Factor Analysis

■ Sales

$\Delta 1.7$
(50.9→49.2)

Unit price	$\Delta 1.6$
Exchange rate	$\Delta 0.1$

■ Operating income

$\Delta 1.5$
(2.2→0.7)

Unit price	$\Delta 1.6$
Exchange rate	$\Delta 0.1$
Cost-cutting and others	+0.2

Segment Information Q1 of FY 3/2006

Q1 of FY 3/2006

Millions of yen

	Sales (y on y change)		Operating Income (y on y change)	
Information Storage Media	26,287	(Δ 1.1%)	494	(Δ 62.7%)
Audio Video Tape	6,589	(Δ 21.3%)	127	(Δ 49.6%)
Battery and Electric Appliance	16,293	(Δ 2.3%)	107	(Δ 83.5%)
Total	49,169	(Δ3.4%)	728	(Δ67.3%)

Consolidated Result for Q1 of FY March 2006

Millions of yen

	Q1/FY06 (A)	Q1/FY05 (B)	Q4/FY05 (C)
Sales	49,169	50,887	45,814
	(A)/(C) +7.3%		
	(A)/(B) Δ 3.4%		
Operating income	728	2,223	62
	(A)-(C) +666		
	(A)-(B) Δ 1,495		

Segment Information Q1 of FY 3/2006

	Sales		Operating Income	
	Q4/FY05	Q1/FY06 (Change)	Q4/FY05	Q1/FY06 (Change)
Information Storage Media	24,419	26,287 (+7.6%)	△305	494 (+799)
Audio Video Tape	6,069	6,589 (+8.6%)	△99	127 (+226)
Battery and Electric Appliance	15,326	16,293 (+6.3%)	466	107 (△359)
Total	45,814	49,169 (+7.3%)	62	728 (+666)

Management Policies

- **Strengthen management essentials**
- **Re-invigoration of core business**
- **Early results through increased competitiveness in our Next Keystone Business**

Re-invigoration of Core Business

– Advanced development of next generation products

Computer tape

- Start of IBM3590 format type sales
- 1TB trial product development used spherical magnetic "NanoCap" was successful



Maxell 3590 Extended
Tape Cartridge

Optical media

- Establishment of HD DVD-R mass production technology
- Hologram disk under development

Battery

- System established for increasing production of heat-resistant CRs
- Production of zero-mercury, zero-lead added silver-oxide cell

Re-invigoration of Core Business

- Integration of development and production technologies

- Newly established R&D Division, Production Department, and Intellectual Property Department consolidated under Development & Technology Group on April 1st

- Strengthen global procurement

- New Global Products Procurement Department established on April 1st
- The volume zone of DVD is procured from overseas

- Increase orders through maneuverability and speed

- China sales organization strengthened (Chengdu office Established)

Early results through increased competitiveness in our Next Keystone Business

- Focus: Optical Components, Network Devices, Functional Materials
- Differentiate with leading and unique technologies

Optical Components

- Development of 3 mega pixel mobile camera phone with auto-focus and 3X zoom completed
- Mass production of pickup-lens (10% improvement in optical efficiency) and load lens (small and super-wide angle)
- Development of surveillance camera lens (high magnification zoom) completed

- Consolidate internal/external resources, increase competitiveness

Projections of FY 3/2006

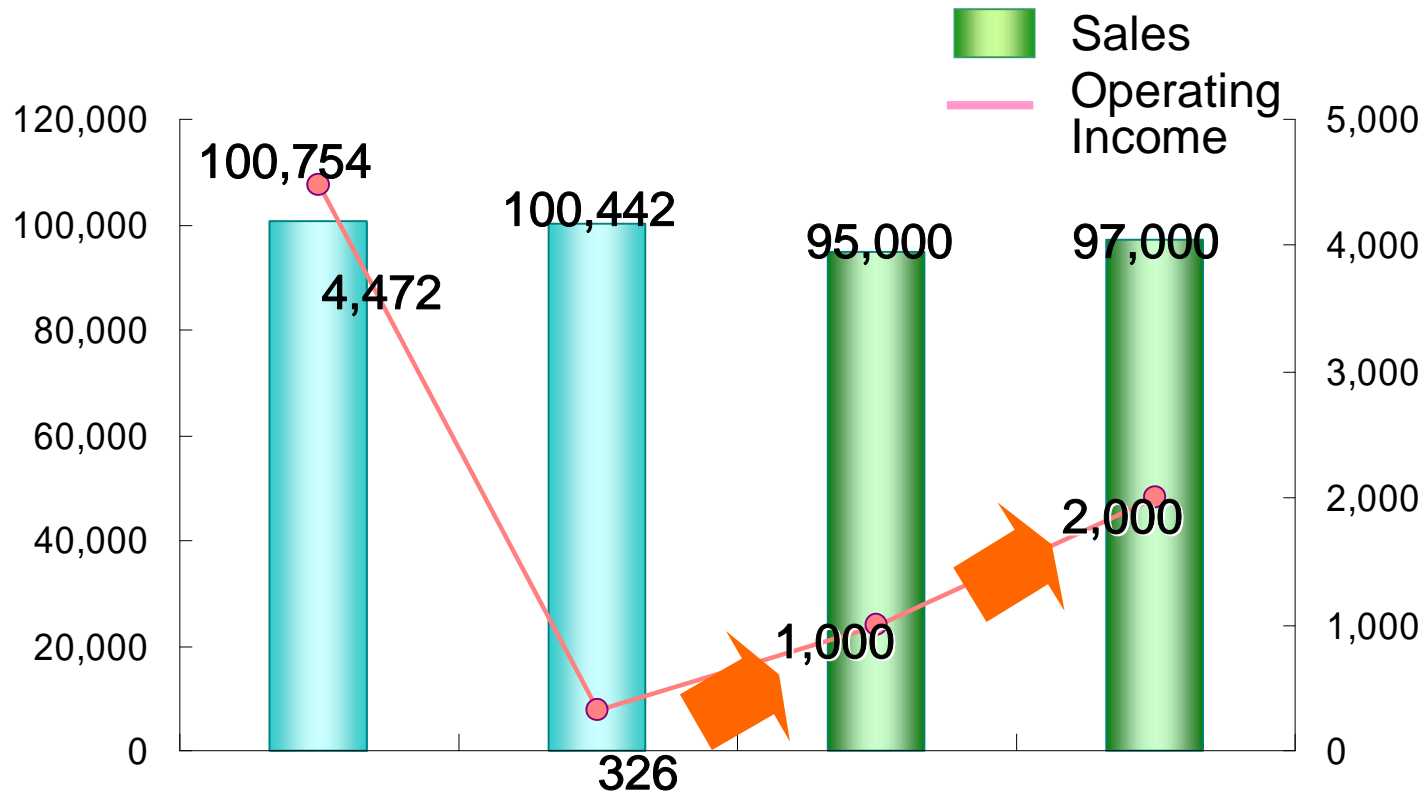
Millions of yen

Projections of FY 3/2006		
	First Half	Full Year
Net sales	95,000	192,000
Operating income	1,000	3,000
Ordinary income	1,500	4,000
Net income	700	2,000

There are no revisions to the consolidated forecasts of fiscal year ending March 31, 2006 that we announced on April 27, 2005

Projections of FY 3/2006

Millions of yen



1H
2H
FY 3/2005

1H
2H
FY 3/2006
(Projection)

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 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.

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Appendix : Major Business Lines

Information Storage Media

DVDs, CDs, Computer Tapes, Broadcasting Video Tapes, Floppy Disks, MO Disks, Memory Cards, Coil-on Chip RFID System, Optical Components, Function Material, etc.

Audio-Video Tape

Video Tapes, MDs, Audio Cassettes, etc.

Battery and Electric Appliance

Lithium Ion Rechargeable Batteries, Dry Cell Batteries, Coin-Type Lithium Manganese Dioxide rechargeable Batteries, Silver Oxide Batteries, Manganese Lithium Batteries, Small Electric Appliances, etc.