

Hitachi Maxell
Consolidated Results
1ST Half of Fiscal Year March 2006

October 28, 2005

maxell

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1. 1st Half Consolidated Results

Consolidated Results

(millions of yen)

	1 st H of FY 3/05	1 st H of FY3/06			
	(A)	Projection on April (B)	Actual (C)	(C)/(B)	(C)/(A)
Net sales	100,754	95,000	97,943	+3.1%	△2.8%
Operating income	4,472	1,000	1,585	+58.5%	△64.6%
Ordinary income	5,738	1,500	2,668	+77.9%	△53.5%
Net income	3,482	700	1,169	+67.0%	△66.4%
Capital Expenditure	8,113		3,467		△57.3%
Depreciation	5,352		4,988		△6.8%
R&D Costs	4,999		4,114		△17.7%
Exchange rate	\$1=¥110		\$1=¥110		

Factor Analysis

Change

(1st H of FY3/05
→ 1st H of FY3/06)

Factor Analysis

(billions of yen)

■ Sales

Δ 2.8
(100.7→97.9)

Volume	+1.2
Unit Price	Δ4.0

■ Operating income

Δ 2.9
(4.4→1.5)

Volume	+0.4
Unit Price	Δ4.0
Cost reduction and others	+0.7

Segment Information (year-on-year)

1ST Half of FY 3/2006

(millions of yen)

	Sales (year-on-year)		Operating income (year-on-year)	
Information Storage Media	52,945	(+0.2%)	1,121	(Δ55.4%)
Audio Video Tape	12,905	(Δ21.2%)	Δ102	(-)
Battery and Electric Appliance	32,093	(+1.7%)	566	(Δ56.3%)
Total	97,943	(Δ2.8%)	1,585	(Δ64.6%)

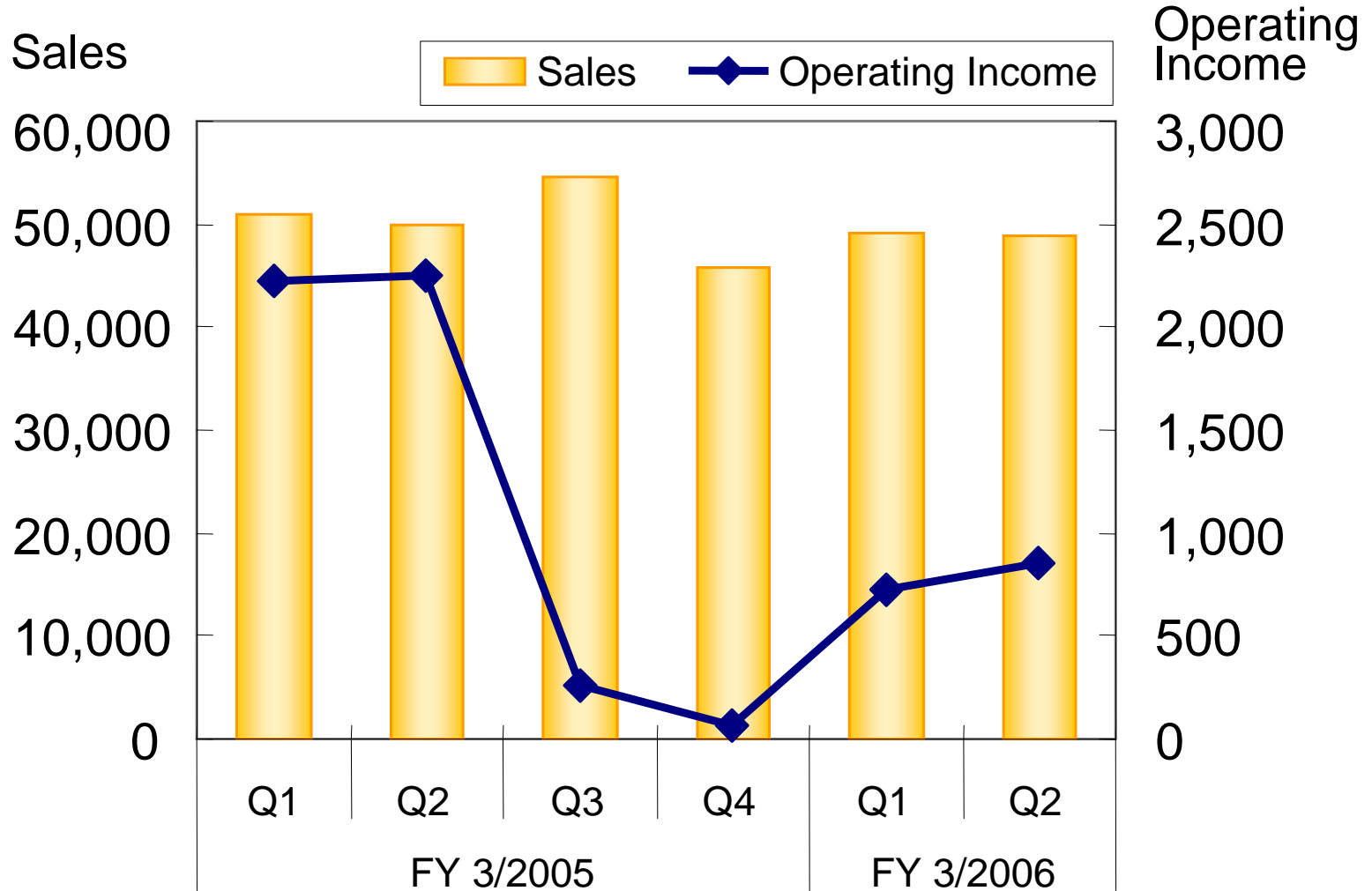
Segment Information (quarter-on-quarter)

(millions of yen)

	Sales		Operating Income	
	Q1 FY3/2006	Q2 FY3/2006 (quarter-on-quarter)	Q1 FY3/2006	Q2 FY3/2006 (quarter-on-quarter)
Information Storage Media	26,287	26,658 (+1.4%)	494	627 (+133)
Audio Video Tape	6,589	6,316 (Δ 4.1%)	127	Δ 229 (Δ 356)
Battery and Electric Appliance	16,293	15,800 (Δ 3.0%)	107	459 (+352)
Total	49,169	48,774 (Δ 0.8%)	728	857 (+129)

Trends in Quarterly Results

(millions of yen)



2. Projections of FY 3/2006

Projections of FY 3/2006

Projections of FY 3/2006

(millions of yen)

	Projection on April (A)	Projection on October (B)	(year-on-year)	(B) - (A)
Net sales	192,000	196,000	(Δ2.6%)	(+4,000)
Operating income	3,000	3,500	(Δ27.1%)	(+500)
Ordinary income	4,000	5,100	(Δ18.6%)	(+1,100)
Net income	2,000	2,400	(+59.9%)	(+400)
Capital Expenditure	11,000	11,000	(Δ27.6%)	(—)
Depreciation	12,000	12,000	(+4.3%)	(—)
R&D Costs	9,500	9,500	(Δ2.0%)	(—)
Exchange rate	\$1=¥103	\$1=¥107		

Segment Information

(comparison with the previous projection)

(millions of yen)

Projections of FY 3/2006

	Sales (year-on-year)	Operating Income (year-on-year)	Comparison with the previous projection	
			Sales	Operating Income
Information Storage Media	108,000 (+2.4%)	2,200 (+66.2%)	+3,000	+1,200
Audio Video Tape	24,000 (Δ 24.9%)	Δ 100 (-)	0	Δ 400
Battery and Electric Appliance	64,000 (+0.4%)	1,400 (Δ 38.8%)	+1,000	Δ 300
Total	196,000 (Δ 2.6%)	3,500 (Δ 27.1%)	+4,000	+500

3. Progress of Management Policies

Management Policies for FY 3/2006

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

Strengthening Management Essentials

Strengthening Management Essentials

Early retirement

**Accelerated payout
of impaired assets**

**Selection and
narrowing of
development areas**

**Global integration
of IT systems,
promotion of SCM**

**Maxell Group
reorganization**

**Results of 600 million yen
in operating income for the
first half**

**Rebuilding the managing
system for R&D themes**

**Quick delivery system
established in shift to
lightweight**

**Transfer of control and
merger carried out**

Re-invigoration of Core Business

- *Advanced development of next generation products*
- *Integration of development and production technologies*
- *Strengthen global procurement*
- *Increase orders through maneuverability and speed*

Re-invigoration of Core Business

Computer Tape

Measures to increase sales

Taking lead in development

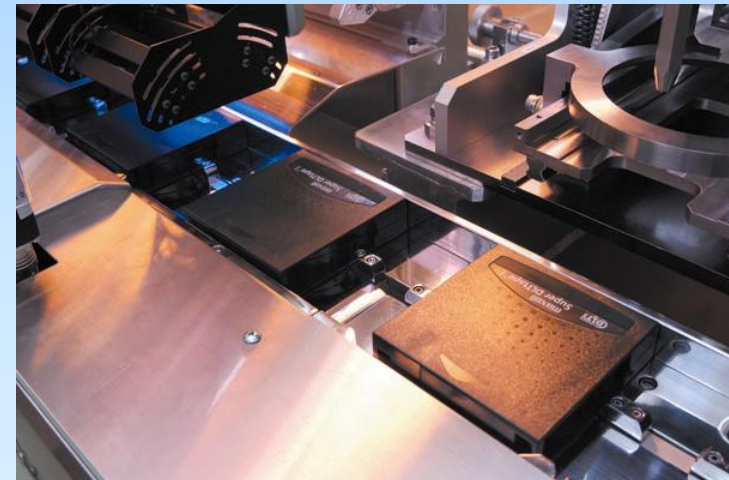
Quick delivery

Measures to improve profits

Super creative
manufacturing system

High efficiency production

- Expanding the Maxell brand share
- Expansion into the enterprise-tape market
(IBM3590E commercialized)



Production line for computer tape

Re-invigoration of Core Business

DVD

Measures to increase sales

Expansion of
global market share

SCM

Measures to improve profits

Expansion of
external procurement

Developing attractive products

- Developing high quality, attractive products
- Strengthen use of concepts such as universality and user friendliness



“Easy Select” Series



Printable “Extremely white” Series

Re-invigoration of Core Business

Lithium-ion batteries

Measures to increase sales

**Take the lead
in development**

Quick delivery

Measures to improve profits

Rapid production increases

Flexible production system

- **Top in the industry for high capacity and high energy concentration**
- **Increase monthly production capability by 2 million units to total of 10.5 million units by next spring**



Production line for lithium-ion batteries¹⁷

Early Results through Increased Competitiveness in our Next Keystone Business

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

1. Micro cameras differentiated by small size, thinness, and high pixels

Meet customer needs in the cell phone (3X zoom with auto focus, 3M pixels), automotive (small, thin, super wide angle), and surveillance camera (high power zoom) markets

2. Aiming for top market share with next generation pick up lens (three wavelength)

Use original high index aspheric lens to develop high performance lens to read CD, DVD, and Blue laser media



Early Results through Increased Competitiveness in our Next Keystone Business

3. Digital pen market rapidly expanding

Used in transportation, education, medical, and public sector industries

- Examples of use :
Maintenance inspections,
estimates for a moving plan,
grading in a prep school,
making medical records on a hospital, etc.



4. RFID expanding for amusement

Coil on chip reliability wins high praise



Early Results through Increased Competitiveness in our Next Keystone Business

1. Making card related business operations stronger

Transfer control of RFID division to
Maxell Seiki, Ltd

Integrating contact and non-contact
IC card technology



Maxell

Maxell Seiki, Ltd

1H FY3/06

RFID

IC Card, Magnetic card

Integration

After 2H FY3/06

Card related business

**Consolidate R&D planning and sales power, expand
business operations in the card segment**

Early Results through Increased Competitiveness in our Next Keystone Business

2. Making optical components business operations stronger

**Merger of Maxell Electronics (Malaysia)
and Tohshin Precision (Malaysia)**

Maxell Malaysia Sdn.Bhd

**(Mass assembly production
technology)**

**Tohshin Precision
(Malaysia) Sdn.Bhd**

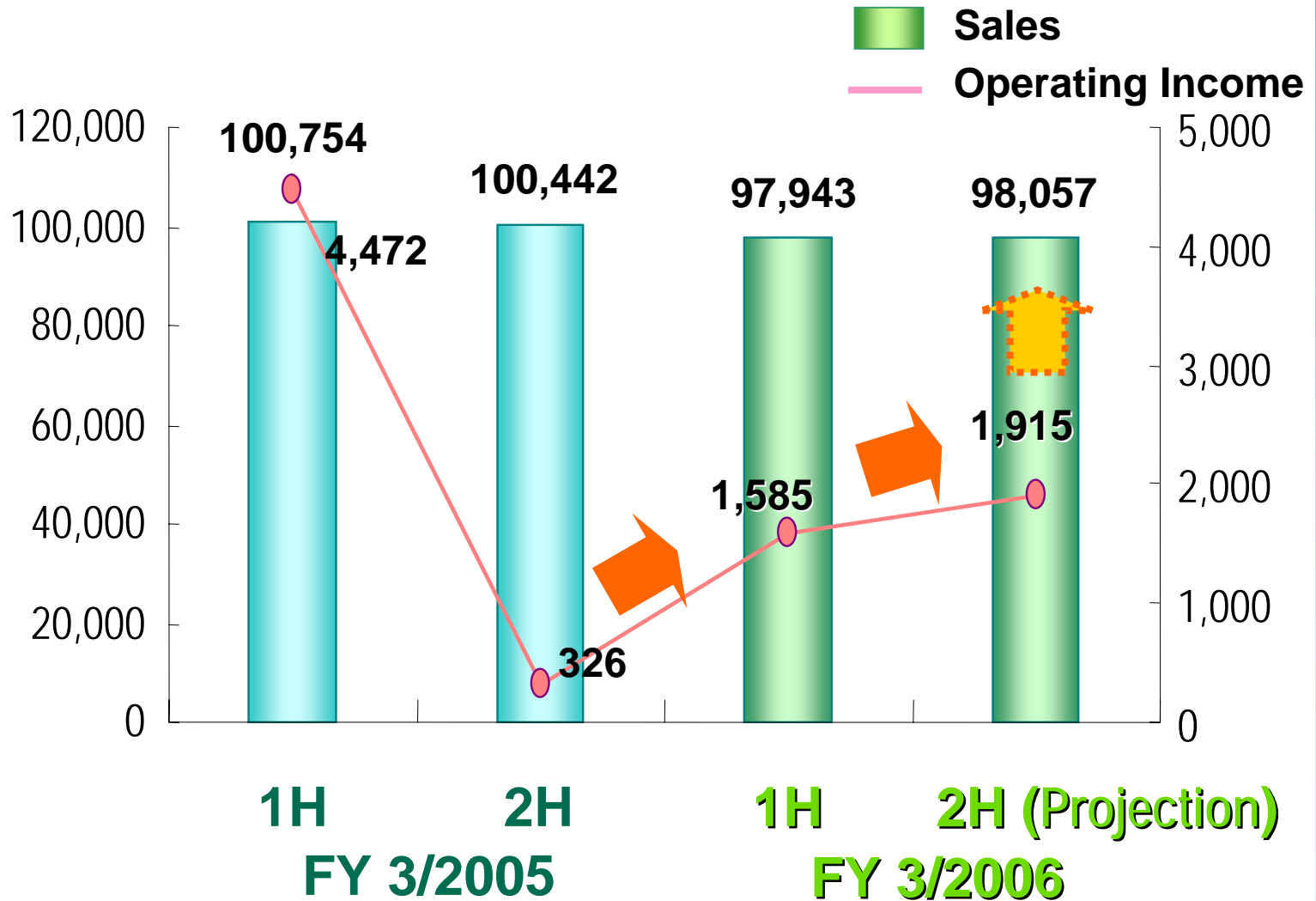
(Molding and die technology)

Maxell Toshin Malaysia Sdn.Bhd

**Molding and die technology &
Mass assembly production technology**

Projection for FY 3/2006

(millions of yen)



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.

The Maxell logo is displayed in a bold, red, sans-serif font. The letters are thick and blocky, with a distinctive design for the 'x' and 'e' characters. The 'x' has a diagonal stroke that is slightly offset, and the 'e' has a rounded, open bottom. The logo is centered at the bottom of the page.

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.