

Hitachi Maxell, Ltd.

Summary of Consolidated Interim Financial Statements for the Period Ended September 30, 2002

Shares Listed: Tokyo, Osaka, First Section

Headquarter: Tokyo, Japan

Code No: 6810

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

Representative: Mr. Norio Akai (President)

Contact person: Mr. Masaki Kuno (Assistant director of Business Strategy Office)

Telephone: 81-3-3515-8283

Date of the Board of Directors' Meeting for the semiannual operation results: October 25, 2002

Parent company: Hitachi, Ltd. (Code Number: 6501) Equity ratio in parent company: 52.1%

Whether US GAAP is applied: No

1. Business results and financial position for the period ended September 30, 2002

(April 1, 2002 through September 30, 2002)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2002	105,467	1.1	7,570	72.9	7,519	122.0
September 30, 2001	104,341	4.3	4,379	(24.6)	3,387	(37.8)
March 31, 2002	220,067		14,557		13,089	

	Net income		Net income per share	Net income per share (Diluted)
	Millions of yen	%	Yen	Yen
September 30, 2002	3,832	1,595.6	38.54	37.72
September 30, 2001	226	(90.9)	2.27	-
March 31, 2002	1,513		15.21	15.00

Note: ① Equity in earnings of affiliates: September 30, 2002 ¥164 million; September 30, 2001 ¥(14)million; March 31, 2002 ¥(546)million

Average number of shares outstanding during the period (Consolidated): September 30, 2002 99,440,572 shares;

② September 30, 2001 99,449,123 shares; March 31, 2002 99,448,504 shares

③ Change in accounting policies: No

④ Percentage change is the ratio of increase or decrease in each item of business results for the period ended September 30, 2001.

(2) Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2002	297,631	191,985	64.5	1,930.71
September 30, 2001	297,105	189,670	63.8	1,907.17
March 31, 2002	294,413	190,463	64.7	1,915.28

Note: Number of shares issued and outstanding:

September 30, 2002 99,437,489 shares; September 30, 2001 99,451,203 shares; March 31, 2002 99,444,050 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
September 30, 2002	13,442	(16,634)	(2,989)	25,816
September 30, 2001	9,723	(9,391)	(4,297)	29,132
March 31, 2002	30,877	(20,396)	(11,823)	32,210

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

Consolidated subsidiaries: 18; Subsidiaries under equity method: 14; Affiliates under equity method: 2

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

New consolidated companies: -; Consolidated companies removed: -;

New companies accounted for by the equity method: -; Companies accounted for by the equity method removed: -

2. Projections for Business Results for the Fiscal Year Ending March 31, 2003 (April 1, 2002-March 31, 2003)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2003	220,000	15,000	15,000	7,500

Note: Projected net income per share (Consolidated): ¥75.42

*With regard to projections set forth above, please refer to the attached materials on page 4.

3. Business Results

1.) Overview

During the interim fiscal period under review, amid an overall sluggish global economy, a recovery in consumer spending in Asian economies was offset by a delayed recovery in the U.S. economy stemming from a flagging stock market following the Enron scandal. At the same time, while the performance regarding exports to Asian markets was favorable, the Japanese economy has yet to enter a broadbased recovery in the absence of forecasts of a rebound in domestic demand through such drivers as investment in plant and equipment.

Despite such conditions, the Maxell Group was able to boost consolidated net sales 1.1% to ¥105,467 million through further inroads in capturing new customers and the release of new products ahead of competitors in the industry. In terms of earnings, as a result of measures to improve profitability, particularly with regard to rechargeable batteries, together with the effects of cost reductions, consolidated operating income increased 72.9% to ¥7,570 million compared to the previous interim period, and consolidated ordinary income soared 122.0% jump to ¥7,519 million. Consolidated net income rose ¥3,606 million to ¥3,832 million.

Interim dividends per share were ¥9.50 in line with core policies regarding the distribution of profits.

The business performance for respective business segments is summarized as follows.

Information Storage Media

In magnetic storage media, demand was strong for computer tapes, namely Super DLTtape™ I and LTO Ultrium 1 products with a storage capacity in the 100GB class. Broadcasting videotapes also displayed brisk growth in overseas markets. Despite waning demand for MO disks, sales in optical media rose as a result of expanded demand for recordable DVD disks due to the proliferation of DVD recorders and increased installation on PC drives, along with steady demand for write-once CD-R disks. In electronic devices, sales rose for contactless radio frequency identification (RFID) systems for amusement games. Floppy disks experienced falling sales amid an ongoing contraction in this market.

In aggregate, the Information Storage Media segment recorded a 1.0% rise in net sales to ¥53,278 million, as well as a ¥924 million increase in operating income to ¥6,386 million due to higher sales of high-value-added products and greater profitability of existing product lines.

Audio-Video Tape

Along with a lackluster demand for MiniDiscs owing to their longer useful life and more widespread use of CD-R optical disks for music, sales further declined on the back of falling unit prices. Audio tape sales also decreased as a result of a contraction in the market. Despite stable domestic growth in VHS tapes on account of 2002 FIFA World Cup demand and steady expansion in small-format cassettes for video cameras overseas, overall global demand for video tapes diminished.

In aggregate, sales in the Audio-Video Tape segment declined 13.1% to ¥20,209 million, while operating income increased ¥473 million compared with the same period last year to ¥865 million as a result of efforts to increase productivity and reduce costs.

Battery and Electric Appliances

In rechargeable batteries, mobile phone batteries experienced growth in sales as the transition from nickel-metal hydride batteries to lithium ion batteries accelerated and the sales volume of lithium ion batteries overseas expanded. In primary batteries, as opposed to lackluster sales for manganese dry batteries, strong sales of alkaline dry batteries were recorded in overseas markets. Sales also expanded in micro batteries, as lithium primary batteries realized positive growth following a recovery in demand for IT equipment. Electric appliances recorded higher sales corresponding to a solid performance in small electric appliances of the Company's subsidiary.

In aggregate, sales of the Battery and Electric Appliance segment climbed 12.8% year-on-year to ¥31,980 million. Operating income was ¥319 million compared with an operating loss of ¥1,475 million recorded in the previous interim period, partially as a result of greater profitability following increased sales of rechargeable batteries as well as the significant sales contributions of small electric appliances managed by the Company's subsidiary.

Consolidated Net Sales and Operating Income (Loss) by Segment

	September 30, 2002 (April 1, 2002 through September 30, 2002)		September 30, 2001 (April 1, 2001 through September 30, 2001)		Increase/ decrease (Millions of yen)	Change (%)
	Millions of yen	% to net sales	Millions of yen	% to net sales		
Net sales	105,467	100.0	104,341	100.0	1,126	1.1
Information Storage Media	53,278	50.5	52,731	50.5	547	1.0
Audio-Video Tape	20,209	19.2	23,257	22.3	(3,048)	(13.1)
Battery and Electric Appliance	31,980	30.3	28,353	27.2	3,627	12.8
Net sales (Overseas)	70,412	66.8	71,907	68.9	(1,495)	(2.1)
Net sales (Domestic)	35,055	33.2	32,434	31.1	2,621	8.1
Operating income	7,570	-	4,379	-	3,191	72.9
Information Storage Media	6,386	-	5,462	-	924	16.9
Audio-Video Tape	865	-	392	-	473	120.7
Battery and Electric Appliance	319	-	(1,475)	-	1,794	-

2.) Outlook for the fiscal year ending March 31, 2003

A slowdown in consumer spending and suspended investment in plant and equipment are expected to hamper any full-scale recovery in the U.S. economy. This will likely delay sustainable growth in Europe, Asia and Japan and cast a cloud of uncertainty over the future direction of the global economy.

Projected consolidated net sales for the fiscal year ending March 31, 2003 have been slightly adjusted downward to ¥220,000 million in light of the economy's current course and market conditions. Projections for consolidated ordinary income have been upwardly adjusted ¥1,911 million to ¥15,000 million owing to progress made in reducing interest-bearing debt through promotion of operational reforms. Consolidated operating income is projected to rise 3.0% to ¥15,000 million and consolidated net income is projected to jump 395.7% to ¥7,500 million in line with an expansion in sales of high-value-added products and the pursuit of broad-based cost reduction measures.

By segment, forecasts call for a 1.8% decline in net sales to ¥112,000 million and a ¥2,906 million fall in operating income to ¥13,600 million for the Information Storage Media segment, while a 7.6% decrease in net sales to ¥43,800 million and a ¥457 million increase in

operating income to ¥1,300 million is projected for the Audio-Video Tape segment. With regard to the Battery and Electric Appliance segment, net sales are forecast to increase 9.5% to ¥64,200 million, while operating income is projected to show a year-on-year improvement of ¥2,892 million to ¥100 million compared with the previous fiscal year.

All figures are calculated using an exchange rate of US\$1/¥125 versus \$1/¥126 for the previous fiscal year.

Outlook for Consolidated Net Sales and Operating Income (loss) by Segment
(April 1, 2002 through March 31, 2003)

	New forecast for year ending March 31, 2003, as of October 25, 2002 (April 1, 2002 through March 31, 2003)				Previous forecast for year ending March 31, 2003, as of April 26, 2002 (April 1, 2002 through March 31, 2003)			
	Millions of yen	% to net sales	Increase/ Decrease (Millions of yen)	Change (%)	Millions of yen	% to net sales	Increase/ Decrease (Millions of yen)	Change (%)
Net Sales	220,000	100.0	(67)	(0.0)	229,000	100.0	8,933	4.1
Information Storage Media	112,000	50.9	(2,034)	(1.8)	122,700	53.6	8,666	7.6
Audio-Video Tape	43,800	19.9	(3,610)	(7.6)	44,800	19.6	(2,610)	(5.5)
Battery and Electric Appliance	64,200	29.2	5,577	9.5	61,500	26.8	2,877	4.9
Operating income	15,000	-	443	3.0	15,000	-	443	3.0
Information Storage Media	13,600	-	(2,906)	(17.6)	15,300	-	(1,206)	(7.3)
Audio-Video Tape	1,300	-	457	54.2	1,000	-	157	18.6
Battery and Electric Appliance	100	-	2,892	-	(1,300)	-	1,492	-
Ordinary income	15,000	-	1,911	14.6	14,500	-	1,411	10.8
Net income	7,500	-	5,987	395.7	7,500	-	5,987	395.7

*Super DLTtape and DLTtape are trademarks of Quantum Corporation in the United States.

*LTO and Ultrium are trademarks of Hewlett-Packard Company, IBM Corporation, and Seagate Technology, Inc. in the United States.

Note: This document contains forward-looking statements which reflect management's current views with respect to certain future events and financial performance. Such statements are provided solely for the reference of the reader. Actual results may differ materially from those projected or implied in the forward-looking statements, which are not promises, commitments or guarantees to attain such results.

4. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheets

Description	As of September 30, 2002		As of September 30, 2001		As of March 31, 2002	
	Amount	Composition	Amount	Composition	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current assets	117,380	39.4	126,748	42.7	122,369	41.6
Cash and time deposits	14,710		15,786		14,710	
Trade notes and Accounts receivables	41,636		41,909		40,827	
Marketable securities	20,915		22,673		23,588	
Inventories	29,128		37,080		32,714	
Deferred tax assets	6,954		7,677		7,068	
Other current assets	5,371		2,886		4,906	
Allowance for doubtful Accounts	(1,334)		(1,263)		(1,444)	
Fixed assets	180,251	60.6	170,357	57.3	172,044	58.4
Tangible fixed assets	85,273	28.7	87,755	29.5	84,708	28.8
Buildings and structures	21,739		21,034		21,983	
Machinery and equipment	18,552		24,549		20,233	
Land	34,017		34,130		34,084	
Construction in progress	7,072		4,081		4,599	
Other fixed assets	3,893		3,961		3,809	
Intangible fixed assets	2,040	0.7	2,074	0.7	2,162	0.7
Investments and other assets	92,938	31.2	80,528	27.1	85,174	28.9
Investment securities	77,940		68,032		71,705	
Deferred tax assets	11,692		8,185		10,317	
Other investments	3,316		4,313		3,154	
Allowance for doubtful accounts	(10)		(2)		(2)	
Total assets	297,631	100.0	297,105	100.0	294,413	100.0

Description	As of September 30, 2002		As of September 30, 2001		As of March 31, 2002	
	Amount	Compositio n	Amount	Compositio n	Amount	Compositio n
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current liabilities	55,587	18.6	52,891	17.8	53,093	18.0
Trade notes and accounts payables	16,725		15,483		15,396	
Short-term bank loans	2,218		9,338		4,069	
A convertible bond redeemable within one year	4,640		-		4,640	
Accounts payable	6,231		4,961		5,090	
Accrued expenses	19,583		19,409		17,836	
Accrued income taxes	3,835		1,851		3,479	
Other current liabilities	2,355		1,849		2,583	
Long-term liabilities	49,914	16.8	54,101	18.2	50,407	17.1
Bonds	30,000		30,000		30,000	
Convertible bonds	-		4,640		-	
Long-term debt	1,299		2,224		1,771	
Allowance for retirement benefit	16,144		15,936		16,005	
Allowance for directors' retirement bonuses	411		406		448	
Other fixed liabilities	2,060		895		2,183	
(Total liabilities)	105,501	35.4	106,992	36.0	103,500	35.1
Minority interests	145	0.1	443	0.2	450	0.2
Common stock	-	-	12,203	4.1	12,203	4.2
Capital reserve	-	-	22,325	7.5	22,325	7.6
Consolidated surplus	-	-	159,226	53.6	159,569	54.2
Net unrealized holding gain on securities	-	-	(325)	(0.1)	(1,398)	(0.5)
Foreign currency translation adjustments	-	-	(3,559)	(1.2)	(2,025)	(0.7)
Cost of treasury stock	-	-	(200)	(0.1)	(211)	(0.1)
(Total Stockholders' equity)	-	-	189,670	63.8	190,463	64.7
Common stock	12,203	4.1	-	-	-	-
Capital surplus	22,325	7.5	-	-	-	-
Retained earnings	162,348	54.6	-	-	-	-
Net unrealized holding gain on securities	(1,210)	(0.4)	-	-	-	-
Foreign currency translation adjustments	(3,458)	(1.2)	-	-	-	-
Cost of treasury stock	(223)	(0.1)	-	-	-	-
(Total stockholders' equity)	191,985	64.5	-	-	-	-
Total liabilities, minority interests and stockholders' equity	297,631	100.0	297,105	100.0	294,413	100.0

(2) Consolidated Interim Statements of Income

Description	(April 1, 2002 through September 30, 2002)		(April 1, 2001 through September 30, 2001)		(April 1, 2001 through March 31, 2002)	
	Amount	Composition	Amount	Composition	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	105,467	100.0	104,341	100.0	220,067	100.0
Cost of sales	65,042	61.7	66,199	63.4	138,365	62.9
Gross profit	40,425	38.3	38,142	36.6	81,702	37.1
Selling, general and administrative expenses	32,855	31.1	33,763	32.4	67,145	30.5
Operating income	7,570	7.2	4,379	4.2	14,557	6.6
Other income	1,662	1.5	1,567	1.5	3,083	1.4
Interest and dividend income	1,142		1,008		2,060	
Investment profit on equity method	164		-		-	
Miscellaneous income	356		559		1,023	
Other expenses	1,713	1.6	2,559	2.4	4,551	2.1
Interest expenses	509		845		1,540	
Equity in losses of non-consolidated subsidiaries and affiliates	-		14		546	
Miscellaneous expenses	1,204		1,700		2,465	
Ordinary income	7,519	7.1	3,387	3.3	13,089	5.9
Extraordinary gains	12	0.0	126	0.1	278	0.2
Gain on sales of fixed assets	12		43		195	
Gain on sales of investment securities	-		83		83	
Extraordinary losses	1,209	1.1	2,828	2.7	8,962	4.1
Loss on disposal of fixed assets	636		1,833		5,157	
Loss on revaluation of investment securities	528		138		681	
Loss on sales of investments in affiliates	-		12		12	
Loss on devaluation of investments in affiliates	-		-		1,545	
Bad debt expenses	-		-		280	
Write-down of golf club membership	10		94		141	
Allowance for special retirement	35		48		330	
Closing expenses for overseas plants	-		703		816	
Income before income taxes and minority interest	6,322	6.0	685	0.7	4,405	2.0
Income taxes - current	3,939	3.8	1,628	1.6	4,786	2.2
Income taxes - deferred	(1,458)	(1.4)	(1,167)	(1.1)	(1,898)	(0.9)
Minority interests	9	0.0	(2)	(0.0)	4	0.0
Net income	3,832	3.6	226	0.2	1,513	0.7

(3) Consolidated Interim Statements of Shareholders' Equity

Description	(April 1, 2002 through September 30, 2002)	(April, 2001 through September 30, 2001)	(April 1, 2001 through March 31, 2002)
	Millions of yen	Millions of yen	Millions of yen
Consolidated surplus at beginning of period	-	160,054	160,054
Decrease in consolidated surplus	-	1,054	1,998
Cash dividend	-	946	1,890
Directors' bonuses	-	108	108
Net income	-	226	1,513
Consolidated surplus at end of period	-	159,226	159,569
(Capital surplus)			
Capital surplus at beginning of period	22,325	-	-
Capital reserve at beginning of period	22,325	-	-
Capital surplus at end of period	22,325	-	-
(Retained earnings)			
Retained earnings at beginning of period	159,569	-	-
Consolidated surplus at beginning of period	159,569	-	-
Increase in retained earnings	3,832	-	-
Net income	3,832	-	-
Decrease in retained earnings	1,053	-	-
Cash dividend	945	-	-
Directors' bonuses	108	-	-
Retained earnings at end of period	162,348	-	-

(4) Consolidated Interim Statements of Cash Flows

Description	Previous First Half (April 1, 2002 through September 30, 2002)	Previous First Half (April 1, 2001 through September 30, 2001)	Previous First Half (April, 2001 through March 31, 2002)
	Amount	Amount	Amount
I Cash flows from operating activities	Millions of yen	Millions of yen	Millions of yen
Net profit before income taxes and minority interests	6,322	685	4,405
Depreciation	5,029	6,189	13,402
Increase in retirement and severance benefits	137	48	114
(Decrease) in allowance for directors' retirement bonuses	(37)	(330)	(288)
Interest and dividend income	(1,142)	(1,008)	(2,060)
Interest expenses	509	845	1,540
Investment profit on equity method	(164)	-	-
Investment loss on equity method	-	14	546
Gain on sales of investment securities	-	(83)	(83)
Loss on disposal of fixed assets	636	1,833	5,157
Decrease (increase) in trade notes and accounts receivables	(1,883)	2,540	6,307
Decrease (increase) in inventories	2,515	(380)	6,308
Increase (decrease) in trade notes and accounts payables	2,414	847	(1,427)
Increase in accrued expenses	1,691	1,481	180
Directors' bonuses	(108)	(111)	(111)
Other	389	93	1,168
Subtotal	16,308	12,663	35,158
Proceeds from interest and dividend income	1,103	843	1,786
Payments of interest	(410)	(876)	(1,588)
Payments of income taxes	(3,559)	(2,907)	(4,479)
Net cash provided by operating activities	13,442	9,723	30,877
II Cash flows from investing activities			
Payments to time deposits	-	(164)	(171)
Proceeds from time deposits	1	3,008	3,192
Purchase of marketable securities	(1,999)	(2,002)	(8,101)
Proceeds from sales of marketable securities	3,999	8,971	16,198
Purchase of tangible fixed assets	(6,474)	(6,128)	(10,845)
Proceeds from sales of tangible fixed assets	816	268	704
Purchase of investment securities	(19,389)	(18,776)	(29,781)
Proceeds from sales of investment securities	7,149	6,151	8,651
Purchase of stock of affiliated companies	(270)	(89)	(89)
Payment of loan receivables	(18)	(325)	(528)
Collection on loan receivables	34	18	632
Other	(483)	(323)	(258)
Net cash used in investing activities	(16,634)	(9,391)	(20,396)
III Cash flows from financing activities			
Increase (decrease) in short-term debt	(1,367)	(2,718)	(6,708)
Payments on long-term debt	(661)	(631)	(3,214)
Dividends paid to stockholders	(945)	(946)	(1,890)
Dividends paid to minority stockholders of subsidiaries	(4)	(4)	(4)
Other	(12)	2	(7)
Net cash used in financing activities	(2,989)	(4,297)	(11,823)
IV Effect of exchange rate changes on cash and cash equivalents	(213)	(127)	328
V Net increase (decrease) in cash and cash equivalents	(6,394)	(4,092)	(1,014)
VI Cash and cash equivalents at beginning of year	32,210	33,224	33,224
VII Cash and cash equivalents at end of year	25,816	29,132	32,210