



Summary of Consolidated Financial Results for the First Quarter ended June 30, 2006

July 28, 2006

Hitachi Maxell, Ltd.

Code No: 6810

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1. Changes in Preparation Method for Quarterly Business Results

Application of simplified accounting methods: A simplified method has been applied in some accounts for appropriating reserves.

Changes in accounting methods from the previous term: Change in segments

Changes in scope of consolidation and application of equity methods: None

2. Business results and financial position for period ended June 30, 2006

(April 1, 2006 through June 30, 2006)

(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	%
June 30, 2006	48,867	(0.6)	1,386	90.4	1,554	54.3	847	59.8
June 30, 2005	49,169	(3.4)	728	(67.3)	1,007	(61.9)	530	(65.5)
(Reference)March 31,2006	204,131	-	5,592	-	7,264	-	3,235	-

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2006	8.82	-
June 30, 2005	5.52	-
(Reference)March 31,2006	33.34	-

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

Qualitative Information Relating to Progress in Consolidated Business Results

(Unless otherwise stated, all comparisons are with business results in the quarter from April 1 to June 30, 2005.)

In the quarter under review, from April 1 to June 30, 2006, net sales edged down 0.6% year-on-year, to ¥48,867 million, because a favorable performance by the Battery segment did not fully offset lackluster performances in other segments. Meanwhile, due to the capacity utilization effect and comprehensive cost reductions, the Company posted increases of 90.4% in operating income, to ¥1,386 million; 54.3% in ordinary income, to ¥1,554 million; and 59.8% in net income, to ¥847 million. The average foreign exchange rate over the quarter was US\$1 = ¥114. The following are business results by segment. From the current fiscal year, ending March 31, 2007, the Company changed its business segment classification. Therefore, in year-on-year comparisons the business results of the quarter ended June 30, 2005, have been adjusted to reflect the new segment classification. For further details regarding the changes in business segments, please refer to the supplemental information on page 6.

Information Storage Media

In recordable DVD discs, sales volumes grew steadily on brisk demand. In computer tapes, sales volumes were stagnant overall, despite solid sales of high-storage-capacity products. As a result, net sales decreased 7.4%, to ¥28,614 million. However, operating income remained at approximately the same level, at ¥1,375 million, thanks to comprehensive cost reductions.

Battery

In secondary batteries, prismatic lithium ion rechargeable batteries for cellular phones sold briskly. In primary batteries, micro batteries and alkaline dry batteries performed steadily. As a result, net sales rose 22.6%, to ¥10,715 million. Operating income improved ¥765 million, to ¥439 million, as the capacity utilization effect accompanying higher sales offset the influence of hikes in raw material costs.

Material-Device-Electric Appliance

Optical components performed steadily, centered on pickup lenses for optical disks as well as mini camera lens units with high-resolution picture quality and advanced functionality. Other strong performers were RFID systems, mainly for the amusement industry, and functional materials for flat panel displays. Meanwhile, electric appliance-related sales slumped. As a result, net sales were flat, at ¥9,538 million. Due to reduced earnings from electric appliance-related lineups, operating loss increased ¥108 million, to ¥428 million.

(2)Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2006	262,449	191,913	73.1	1,999.08
June 30, 2005	279,900	190,891	68.2	1,988.61
(Reference)March 31,2006	286,208	193,208	67.5	2,012.22

(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
June 30, 2006	(84)	(2,313)	(21,068)	21,056
June 30, 2005	510	154	(859)	22,586
(Reference)March 31,2006	19,230	3,859	(1,677)	44,676

Qualitative Information Relating to Changes in Consolidated Financial Position

Cash and cash equivalents at the end of the quarter totaled ¥21,056 million, down ¥23,620 million from the end of the previous fiscal year. That decrease stemmed from net cash used in operating activities of ¥84 million, net cash used in investing activities of ¥2,313 million, and net cash used in financing activities of ¥21,068 million. Respective cash flows were as follows.

Cash flows from operating activities

Net cash used in operating activities amounted to ¥84 million, which was primarily the result of increase in inventories of ¥3,720 million and payments of income taxes that counteracted income before income taxes and minority interests of ¥1,450 million and depreciation and amortization of ¥2,543 million.

Cash flows from investing activities

Net cash used in investing activities totaled ¥2,313 million, which was mainly attributable to net proceeds from sales and purchase of investment securities of ¥1,039 million and purchase of tangible fixed assets of ¥3,214 million.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥21,068 million, which primarily comprised redemption of bonds of ¥20,000 million, dividends paid to shareholders of ¥912 million, and decrease in debt of ¥156 million.

3. Forecast for business results for the fiscal ending March 31, 2007 (April 1,2006 through March 31, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim	100,000	2,600	1,000
Full Year	206,000	6,600	3,300

Note: Projected net income per share (consolidated) ¥34.37

Qualitative Information Relating to Business Results Outlook

There is no change to the outlook for consolidated business results that the Company issued on April 26, 2006, for the fiscal year ending March 31, 2007.

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.

Consolidated Balance Sheets

Description	As of June 30, 2006		As of March 31, 2006		Increase/decrease		As of June 30, 2005	
	Amount	Composition	Amount	Composition	Amount	Rate	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current assets	109,584	41.8	133,724	46.7	(24,140)	(18.1)	113,780	40.7
Cash and time deposits	9,721		15,735		(6,014)		10,940	
Trade notes and Accounts receivables	38,894		39,882		(988)		39,712	
Marketable securities	15,139		18,635		(3,496)		20,714	
Inventories	29,615		25,913		3,702		27,274	
Cash pooling deposits	4,116		22,100		(17,984)		-	
Other current assets	12,099		11,459		640		15,140	
Fixed assets	152,865	58.2	152,484	53.3	381	0.2	166,120	59.3
Tangible fixed assets	79,374	30.2	80,216	28.0	(842)	(1.0)	82,035	29.3
Intangible fixed assets	1,748	0.7	1,746	0.6	2	0.1	1,725	0.6
Investments and other assets	71,743	27.3	70,522	24.7	1,221	1.7	82,360	29.4
Total assets	262,449	100.0	286,208	100.0	(23,759)	(8.3)	279,900	100.0
Current liabilities	49,402	18.8	70,716	24.7	(21,314)	(30.1)	66,505	23.8
Trade notes and accounts payables	19,784		17,697		2,087		17,966	
Short-term bank loans	1,727		1,896		(169)		1,445	
Current portion of bonds	-		20,000		(20,000)		20,000	
Other current liabilities	27,891		31,123		(3,232)		27,094	
Long-term liabilities	21,134	8.1	22,284	7.8	(1,150)	(5.2)	22,399	8.0
Bonds	10,000		10,000		-		10,000	
Allowance for retirement benefit	9,219		9,197		22		8,989	
Other long-term liabilities	1,915		3,087		(1,172)		3,410	
(Total liabilities)	70,536	26.9	93,000	32.5	(22,464)	(24.2)	88,904	31.8
Minority interests	-	-	-	-	-	-	105	0.0
Common stock	-	-	12,203	4.3	-	-	12,203	4.4
Capital surplus	-	-	22,325	7.8	-	-	22,325	8.0
Retained earnings	-	-	168,726	59.0	-	-	166,933	59.6
Net unrealized holding gain on securities	-	-	(1,661)	(0.6)	-	-	(961)	(0.4)
Foreign currency translation adjustments	-	-	(3,361)	(1.2)	-	-	(4,573)	(1.6)
Cost of treasury stock	-	-	(5,024)	(1.8)	-	-	(5,036)	(1.8)
(Total shareholders' equity)	-	-	193,208	67.5	-	-	190,891	68.2
Total liabilities, minority interests and stockholders' equity	-	-	286,208	100.0	-	-	279,900	100.0
Net assets	198,131	75.5	-	-	-	-	-	-
Common stock	12,203	4.6	-	-	-	-	-	-
Capital surplus	22,325	8.5	-	-	-	-	-	-
Retained earnings	168,627	64.3	-	-	-	-	-	-
Cost of treasury stock	(5,024)	(1.9)	-	-	-	-	-	-
Total valuation and translation adjustments	(6,218)	(2.4)	-	-	-	-	-	-
Net unrealized holding gain on securities	(2,681)	(1.0)	-	-	-	-	-	-
Gain (loss) on deferred hedge transactions	(444)	(0.2)	-	-	-	-	-	-
Foreign currency translation adjustments	(3,093)	(1.2)	-	-	-	-	-	-
Total net assets	191,913	73.1	-	-	-	-	-	-
Total liabilities and total net assets	262,449	100.0	-	-	-	-	-	-

Consolidated Statements of Income

Description	April 1, 2006 through June 30, 2006		April 1, 2005 through June 30, 2005		Increase/ decrease		April 1, 2005 through March 31, 2006	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Rate	Amount	Ratio to net sales
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	48,867	100.0	49,169	100.0	(302)	(0.6)	204,131	100.0
Cost of sales	33,057	67.6	34,484	70.1	(1,427)	(4.1)	140,888	69.0
Gross profit	15,810	32.4	14,685	29.9	1,125	7.7	63,243	31.0
Selling, general and administrative expenses	14,424	29.6	13,957	28.4	467	3.3	57,651	28.3
Operating income	1,386	2.8	728	1.5	658	90.4	5,592	2.7
Other income	862	1.8	826	1.6	36	4.4	4,190	2.1
Interest and dividend income	467		445		22		2,425	
Equity in earnings of non- consolidated subsidiaries and affiliates	27		30		(3)		130	
Miscellaneous income	368		351		17		1,635	
Other expenses	694	1.4	547	1.1	147	26.9	2,518	1.2
Interest expenses	238		241		(3)		998	
Miscellaneous expenses	456		306		150		1,520	
Ordinary income	1,554	3.2	1,007	2.0	547	54.3	7,264	3.6
Extraordinary gains	1	0.0	3	0.0	(2)	(66.7)	888	0.4
Gain on sales of fixed assets	1		3		(2)		269	
Gain on sales of investment securities	-		-		-		289	
Gain on liquidations of investments in subsidiaries	-		-		-		7	
Gain from reversal of accrued expenses	-		-		-		323	
Extraordinary losses	105	0.2	95	0.1	10	10.5	2,292	1.1
Loss on disposal of fixed assets	105		95		10		1,134	
Impairment loss of long-lived assets	-		-		-		554	
Loss on sales of investment securities	-		-		-		297	
Loss on revaluation of investment securities	-		-		-		307	
Income before income taxes and minority interest	1,450	3.0	915	1.9	535	58.5	5,860	2.9
Income taxes - current	598	1.3	415	0.9	183	44.1	2,543	1.3
Income taxes - deferred	5	0.0	(35)	(0.1)	40	-	77	0.0
Minority interests	-	-	5	0.0	(5)	-	5	0.0
Net income	847	1.7	530	1.1	317	59.8	3,235	1.6

Consolidated Statements of Cash Flows

Description	April 1, 2006 through June 30, 2006	April 1, 2005 through June 30, 2005	April 1, 2005 through March 31, 2006
	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	1,450	915	5,860
Depreciation	2,543	2,706	10,382
Decrease (increase) in trade notes and accounts receivables	995	(2,468)	(1,067)
Decrease (increase) in inventories	(3,720)	276	2,723
Increase (decrease) in trade notes and accounts payables	2,107	(366)	(1,743)
Other	(3,459)	(553)	3,075
Net cash provided by (used in) operating activities	(84)	510	19,230
II Cash flows from investing activities			
Purchase of tangible fixed assets	(3,214)	(3,161)	(8,483)
Net proceeds from sales and purchase of investment securities	1,039	3,061	12,049
Other	(138)	254	293
Net cash provided by (used in) investing activities	(2,313)	154	3,859
III Cash flows from financing activities			
Increase (decrease) in debt	(156)	53	135
Dividends paid to stockholders	(912)	(912)	(1,824)
Expenditures for redemption of bonds	(20,000)	-	-
Other	0	0	12
Net cash used in financing activities	(21,068)	(859)	(1,677)
IV Effect of exchange rate changes on cash and cash equivalents	(155)	312	724
V Net increase (decrease) in cash and cash equivalents	(23,620)	117	22,136
VI Cash and cash equivalents at beginning of year	44,676	22,469	22,469
VII Increase in cash and cash equivalents in merger of consolidated subsidiary and non-consolidated subsidiary	-	-	71
VIII Cash and cash equivalents at end of year	21,056	22,586	44,676

Consolidated Results and Forecast

Millions of yen

	FY ended March 2007 First Quarter	Change (%)	FY ended March 2006 First Quarter	FY ended March 2007 Forecast
Net Sales	48,867	(0.6)	49,169	206,000
Operating income	1,386	90.4	728	5,700
Ordinary income	1,554	54.3	1,007	6,600
Net income	847	59.8	530	3,300
Exchange rate(\$1=)	¥114		¥108	¥110

Sales and Operating Income by Segment

	FY ended March 2007 First Quarter		Change (%)	FY ended March 2006 First Quarter		FY ended March 2007 Forecast	
	Millions of yen	Composition		Millions of yen	Composition	Millions of yen	Composition
Net Sales	48,867	100	(0.6)	49,169	100	206,000	100
Information Storage Media	28,614	59	(7.4)	30,884	63	121,800	59
Battery	10,715	22	22.6	8,738	18	44,500	22
Material-Device-Electric Appliance	9,538	19	(0.1)	9,547	19	39,700	19
Operating income	1,386	100	90.4	728	100	5,700	100
Information Storage Media	1,375	99	±0.0	1,374	189	4,300	75
Battery	439	32	-	(326)	-	1,400	25
Material-Device-Electric Appliance	(428)	-	-	(320)	-	0	-

* From the fiscal year ending March 31, 2007, the Company changed its business segments and their names. The principal changes were: 1. The Audio-Video Tape segment was absorbed into the Information Storage Media segment; 2. Electric-appliance related operations were separated from the previous Battery and Electric Appliance segment to establish a Battery segment; 3. The Material-Device-Electric Appliance segment was newly created by integrating the "Next Keystone" businesses that were included in the Information Storage Media segment, and the electric appliance operations of the former Battery and Electric Appliance segment. Further, figures for the quarter ended June 30, 2005, have been adjusted to reflect these new segment classifications.

Overseas sales

	FY ended March 2007 First Quarter		Change (%)	FY ended March 2006 First Quarter	
	Millions of yen	Composition		Millions of yen	Composition
Overseas sales	31,314	64	2.3	30,624	62
America	15,011	31	(3.0)	15,469	31
Europe	8,217	17	(3.0)	8,472	17
Asia and other	8,086	16	21.0	6,683	14
Domestic sales	17,553	36	(5.3)	18,545	38
Total	48,867	100	(0.6)	49,169	100

Capital expenditure, Depreciation, R&D costs

Millions of yen

	FY ended March 2007 First Quarter	Change (%)	FY ended March 2006 First Quarter	FY ended March 2007 Forecast
Capital expenditure	1,925	(0.7)	1,939	15,600
Depreciation	2,543	(6.0)	2,706	11,200
R&D costs	2,092	(5.1)	2,204	9,100