



## Summary of Consolidated Financial Results for the First Quarter ended June 30, 2007

July 30, 2007

Hitachi Maxell, Ltd.

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(Figures are rounded off to the nearest 1 million yen)

### 1. Business Results for the First Quarter ended June 30, 2007

(April 1, 2007 through June 30, 2007)

#### (1) Operating Results

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2007	50,766	3.9	554	(60.0)	1,068	(31.3)	167	(80.3)
June 30, 2006	48,867	(0.6)	1,386	90.4	1,554	54.3	847	59.8
March 31, 2006	202,240		7,940		9,062		2,896	

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2007	1.74	-
June 30, 2006	8.82	-
March 31, 2006	30.16	-

#### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2007	265,714	196,501	74.0	2,045.84
June 30, 2006	262,449	191,913	73.1	1,999.08
March 31, 2006	262,640	195,862	74.6	2,039.77

#### (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, 2007	1,479	1,981	(910)	39,718
June 30, 2006	(84)	(2,313)	(21,068)	21,056
March 31, 2006	12,854	2,273	(23,346)	36,683

### 2. Dividend

The Company has omitted inclusion because it did not pay a dividend with a record date at the end of the quarter under review.

### 3. Business Forecast for the year ending March 31, 2008 (April 1, 2007 through March 31, 2008)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	100,500	1.4	1,000	(75.5)	1,300	(70.6)	250	(81.8)	2.60
Full year	208,000	2.8	4,000	(49.6)	4,500	(50.3)	1,300	(55.1)	13.54

There is no change in projections of interim and full-year business results for the year ending March 31, 2008, which were announced on April 26, 2007.

#### 4. Other

- |   |      |
|---|------|
| (1) Transfer of significant subsidiary during the period (transfer of a certain subsidiary resulting in a change in the scope of consolidation) : | None |
| (2) Adoption of simplified accounting method :  | Yes  |
| (3) Changes in accounting method :  | None |

Note: For detailed information, please refer to “4. Other “of [Qualitative Information /Financial Statements.]

#### **\* Explanation regarding the appropriate use of forecasts of business results and other special instructions**

Forecasts of business results and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable. Actual business results may differ significantly due to a variety of factors. For further information on the abovementioned forecast preconditions and other related matters, please see page 4, “3. Qualitative Information relating to Projections of Consolidated Business Results.”

## [Qualitative Information / Financial Statements]

### 1. Qualitative Information relating to Consolidated Business Results

(Unless otherwise stated, all comparisons are with business results in the quarter from April 1 to June 30, 2006.)

In the first quarter under review, from April 1 to June 30, 2007, net sales increased 3.9%, to ¥50,766 million, due to an increase in revenues from the Battery segment. In earnings, although the yen remained weak, product prices fell while raw material prices rose. As a result, the Company recorded decreases of 60.0% in operating income, to ¥554 million; 31.3% in ordinary income, to ¥1,068 million; and 80.3% in net income, to ¥167 million. In the quarter, the average foreign currency exchange rates were: US\$1=¥122 and €1=¥164. Business results by segment were as follows.

#### Information Storage Media

In optical discs, revenues were flat due to falling products prices associated with fiercer competition, offsetting an increase in shipment volumes driven by favorable demand for recordable DVDs. Computer tapes saw an increase in revenues as stepped-up shipment volumes of high-storage-capacity products, centered on the LTO Ultrium 3 data cartridges, counteracted the effect of falling product prices. In audio tapes and video tapes, revenues decreased because of market contraction. As a result, the Information Storage Media segment's net sales declined 2.3%, to ¥27,969 million. Meanwhile, operating income was down 66.5%, to ¥461 million, due to falling product prices.

\* Linear Tape-Open, LTO, and Ultrium are trademarks of Hewlett Packard, IBM, and Quantum Corporation in the United States, other countries, or both.

#### Battery

In secondary batteries, revenues were up on the back of a significant increase in shipments of high-capacity prismatic lithium ion rechargeable batteries for cellular phones and portable game machines. In primary batteries, revenues rose thanks to growth in sales of high-value-added micro batteries, such as heat-resistant, coin-type lithium manganese dioxide batteries, compensating for a slight decrease in shipment volumes of alkaline dry batteries. As a result, the Battery segment's net sales were up 20.7%, to ¥12,938 million. Operating income declined 16.2%, to ¥368 million, due to raw material price hikes.

#### Material-Device-Electronic Appliance

In materials and devices, revenues declined. Optical components performed favorably. These included pickup lenses for optical disc drives and mini camera lens units with high-resolution picture quality and advanced functions for cellular phones. However, revenues from RFID systems for the amusement industry were stagnant. And, functional material revenues also struggled despite efforts to increase sales. Electronic appliance revenues rose. As a result, the Material-Device-Electronic Appliance segment's net sales increased 3.4%, to ¥9,859 million. Improved profitability, mainly in the optical components, led to a ¥153 million decrease in operating loss, to ¥275 million.

Further, for net sales by region, capital expenditure, depreciation, and R&D expenses in the quarter, please see the supplementary information on page 5.

### 2. Qualitative Information relating to Consolidated Financial Position

Cash and cash equivalents (cash) at the end of the quarter totaled ¥39,718 million, up ¥3,035 million from the previous fiscal year-end. That increase resulted from net cash provided by operating activities of ¥1,479 million, net cash provided by investing activities of ¥1,981 million, and net cash used in financing activities of ¥910 million. Respective cash flows were as follows.

#### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥1,479 million, which was principally the result of cash inflows due to net profit before income taxes of ¥787 million and depreciation of ¥2,739 million and cash outflows of ¥2,048 million due to an increase in inventories.

#### Cash Flows from Investing Activities

Net cash provided by investing activities totaled ¥1,981 million, mainly related to cash outflows of ¥4,117 million due to the purchase of tangible fixed assets and cash inflows of ¥5,558 million due to net proceeds from sales and purchase of investment securities.

### **Cash Flows from Financing Activities**

Net cash used in financing activities was ¥910 million, principally comprising cash outflows of ¥960 million due to dividends paid to shareholders.

### **3. Qualitative Information relating to Projections of Consolidated Business Results**

There is no change in the projections of interim and full-year business results for the year ending March 31, 2008, which were announced on April 26, 2007. For projections of business results by segment, please see the supplementary information on page 5.

Further, the Company will disclose the effect on its consolidated business results of the acquisition of shares of Sliontec Corporation, announced on July 27 upon determining the effect.

### **4. Other**

(1) Transfer of significant subsidiary during the period (transfer of a certain subsidiary resulting in a change in the scope of consolidation)

None.

(2) Adoption of simplified accounting methods

The Company adopted certain simplified methods with respect to depreciation of fixed assets, recognition standards for allowances, and other items.

(3) Changes in accounting treatment methods in the current consolidated fiscal year

None.

**Supplementary information**  
**Consolidated Financial Results and Forecast**

(Millions of yen)

	1Q/FY2006	1Q/FY2007	Change* (%)	Forecast of FY2007
Net sales	48,867	50,766	3.9	208,000
Operating income	1,386	554	(60.0)	4,000
Ordinary income	1,554	1,068	(31.3)	4,500
Net income	847	167	(80.3)	1,300
Exchange rate (\$1=)	¥114	¥122		¥110
(€1=)	¥145	¥164		¥140

\* % change from the previous corresponding period

**Sales and Operating Income by Segment**

	1Q/FY2006		1Q/FY2007		Change* (%)	Forecast of FY2007	
	Millions of yen	Composition (%)	Millions of yen	Composition (%)		Millions of yen	Composition (%)
Net sales	48,867	100	50,766	100	3.9	208,000	100
Information Storage Media	28,614	59	27,969	55	(2.3)	110,000	53
Battery	10,715	22	12,938	26	20.7	52,300	25
Material-Device- Electronic Appliance	9,538	19	9,859	19	3.4	45,700	22
Operating income	1,386	100	554	100	(60.0)	4,000	100
Information Storage Media	1,375	99	461	83	(66.5)	2,400	60
Battery	439	32	368	66	(16.2)	1,500	38
Material-Device- Electronic Appliance	(428)	-	(275)	-	-	100	2

\* % change from the previous corresponding period

**Overseas sales**

	1Q/FY2006		1Q/FY2007		Change* (%)
	Millions of yen	Composition (%)	Millions of yen	Composition (%)	
Overseas sales	31,314	64	33,988	67	8.5
America	15,011	31	14,358	28	(4.4)
Europe	8,217	17	9,333	19	13.6
Asia and other	8,086	16	10,297	20	27.3
Domestic sales	17,553	36	16,778	33	(4.4)
Total	48,867	100	50,766	100	3.9

\* % change from the previous corresponding period

**Capital expenditure, Depreciation, R&D expenses**

(Millions of yen)

	1Q/FY2006	1Q/FY2007	Change* (%)	Forecast of FY2007
Capital expenditure	1,925	2,920	51.7	18,000
Depreciation	2,543	2,739	7.7	12,000
R&D expenses	2,092	2,331	11.4	10,000

\* % change from the previous corresponding period

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Description	As of June 30, 2007		As of March 31, 2007		Increase/Decrease		As of June 30, 2006	
	Amount	Composition	Amount	Composition	Amount	Change	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current assets	129,698	48.8	116,300	44.3	13,398	11.5	109,584	41.8
Cash and deposits	12,553		11,086		1,467		9,721	
Trade notes and accounts receivables	41,370		40,109		1,261		38,894	
Marketable securities	11,359		6,847		4,512		15,139	
Inventories	29,636		26,762		2,874		29,615	
Cash pooling deposits	23,379		21,890		1,489		4,116	
Other current assets	11,401		9,606		1,795		12,099	
Fixed assets	136,016	51.2	146,340	55.7	(10,324)	(7.1)	152,865	58.2
Tangible fixed assets	81,803	30.8	81,647	31.1	156	0.2	79,374	30.2
Intangible fixed assets	1,563	0.6	1,568	0.6	(5)	(0.3)	1,748	0.7
Investments and other fixed assets	52,650	19.8	63,125	24.0	(10,475)	(16.6)	71,743	27.3
<b>Total assets</b>	<b>265,714</b>	<b>100.0</b>	<b>262,640</b>	<b>100.0</b>	<b>3,074</b>	<b>1.2</b>	<b>262,449</b>	<b>100.0</b>
Current liabilities	49,397	18.6	46,260	17.6	3,137	6.8	49,402	18.8
Trade notes and accounts payables	21,276		19,322		1,954		19,784	
Short-term bank loans	1,715		1,571		144		1,727	
Other current liabilities	26,406		25,367		1,039		27,891	
Long-term liabilities	19,816	7.4	20,518	7.8	(702)	(3.4)	21,134	8.1
Bonds	10,000		10,000		-		10,000	
Allowance for retirement benefits	9,164		9,251		(87)		9,219	
Other long-term liabilities	652		1,267		(615)		1,915	
<b>Total liabilities</b>	<b>69,213</b>	<b>26.0</b>	<b>66,778</b>	<b>25.4</b>	<b>2,435</b>	<b>3.6</b>	<b>70,536</b>	<b>26.9</b>
Shareholders' equity	198,457	74.7	199,251	75.9	(794)	(0.4)	198,131	75.5
Common stock	12,203	4.6	12,203	4.7	-	-	12,203	4.6
Capital surplus	22,327	8.4	22,327	8.5	0	0.0	22,325	8.5
Retained earnings	168,922	63.6	169,716	64.6	(794)	(0.5)	168,627	64.3
Cost of treasury stock	(4,995)	(1.9)	(4,995)	(1.9)	0	0.0	(5,024)	(1.9)
Total valuation and translation adjustments	(1,956)	(0.7)	(3,389)	(1.3)	1,433	42.3	(6,218)	(2.4)
Net unrealized holding gain (loss) on securities	(1,476)	(0.5)	(1,396)	(0.5)	(80)	(5.7)	(2,681)	(1.0)
Gain (loss) on deferred hedge transactions	-	-	(139)	(0.1)	139	-	(444)	(0.2)
Foreign currency translation adjustments	(480)	(0.2)	(1,854)	(0.7)	1,374	74.1	(3,093)	(1.2)
<b>Total net assets</b>	<b>196,501</b>	<b>74.0</b>	<b>195,862</b>	<b>74.6</b>	<b>639</b>	<b>0.3</b>	<b>191,913</b>	<b>73.1</b>
<b>Total liabilities and net assets</b>	<b>265,714</b>	<b>100.0</b>	<b>262,640</b>	<b>100.0</b>	<b>3,074</b>	<b>1.2</b>	<b>262,449</b>	<b>100.0</b>

Note: Increases or decreases represent comparisons between the end of the quarter under review and the end of the previous fiscal year.

## (2) Consolidated Statements of Income

Description	April 1, 2007 through June 30, 2007		April 1, 2006 through June 30, 2006		Increase/ Decrease		April 1, 2006 through March 31, 2007	
	Amount	Composition	Amount	Composition	Amount	Change	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	50,766	100.0	48,867	100.0	1,899	3.9	202,240	100.0
Cost of sales	36,170	71.2	33,057	67.6	3,113	9.4	139,664	69.1
Gross profit	14,596	28.8	15,810	32.4	(1,214)	(7.7)	62,576	30.9
Selling, general and administrative expenses	14,042	27.7	14,424	29.6	(382)	(2.6)	54,636	27.0
Operating income	554	1.1	1,386	2.8	(832)	(60.0)	7,940	3.9
Non-operating income	828	1.6	862	1.8	(34)	(3.9)	3,654	1.8
Interest and dividend income	443		467		(24)		1,882	
Equity in earnings of non-consolidated subsidiaries and affiliates	27		27		-		136	
Miscellaneous income	358		368		(10)		1,636	
Non-operating expenses	314	0.6	694	1.4	(380)	(54.8)	2,532	1.2
Interest expenses	111		238		(127)		597	
Miscellaneous expenses	203		456		(253)		1,935	
Ordinary income	1,068	2.1	1,554	3.2	(486)	(31.3)	9,062	4.5
Extraordinary gains	282	0.6	1	0.0	281	-	1,942	1.0
Gain on sales of fixed assets	231		1		230		290	
Gain on sales of investment securities	51		-		51		-	
Other	-		-		-		1,652	
Extraordinary losses	563	1.1	105	0.2	458	436.2	1,919	1.0
Loss on disposal of fixed assets	207		105		102		731	
Loss on revaluation of investment securities	356		-		356		1,148	
Other	-		-		-		40	
Income before income taxes	787	1.6	1,450	3.0	(663)	(45.7)	9,085	4.5
Income taxes - current	237	0.5	598	1.3	(361)	(60.4)	831	0.4
Income taxes - deferred	383	0.8	5	0.0	378	-	5,358	2.7
Net income	167	0.3	847	1.7	(680)	(80.3)	2,896	1.4

Note: Increases or decreases represent comparisons between the quarter under review and the previous corresponding period.

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

Description	April 1, 2007 through June 30, 2007	April 1, 2006 through June 30, 2006	April 1, 2006 through March 31, 2007
<b>I Cash flows from operating activities</b>			
Net profit before income taxes	787	1,450	9,085
Depreciation	2,739	2,543	9,792
Decrease (increase) in trade notes and accounts receivables	(40)	995	863
Decrease (increase) in inventories	(2,048)	(3,720)	(84)
Increase (decrease) in trade notes and accounts payables	1,690	2,107	1,454
Other	(1,649)	(3,459)	(8,256)
Net cash provided by (used in) operating activities	1,479	(84)	12,854
<b>II Cash flows from investing activities</b>			
Purchase of tangible fixed assets	(4,117)	(3,214)	(10,566)
Net proceeds from sales and purchase of investment securities	5,558	1,039	12,419
Other	540	(138)	420
Net cash provided by (used in) investing activities	1,981	(2,313)	2,273
<b>III Cash flows from financing activities</b>			
Increase (decrease) in debt	50	(156)	(418)
Dividends paid to shareholders	(960)	(912)	(1,872)
Expenditures for redemption of bonds	-	(20,000)	(20,000)
Other	0	0	(1,056)
Net cash provided by (used in) financing activities	(910)	(21,068)	(23,346)
<b>IV Effect of exchange rate changes on cash and   cash equivalents</b>	485	(155)	226
<b>V Net increase (decrease) in cash and cash equivalents</b>	3,035	(23,620)	(7,993)
<b>VI Cash and cash equivalents at beginning of year</b>	36,683	44,676	44,676
<b>VII Cash and cash equivalents at end of period</b>	39,718	21,056	36,683