



## Summary of Consolidated Financial Results for the First Half ended September 30, 2009

October 27, 2009

Hitachi Maxell, Ltd.

Stock Code:

6810

Stock exchange:

Tokyo, Osaka (first section)

Representative:

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Date of the release of

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Planned date of beginning

November 30, 2009

quarterly report (schedule):

payment of dividends:

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

### 1. Business Results for the First Half ended September 30, 2009

(April 1, 2009 through September 30, 2009)

#### (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	%
September 30, 2009	70,350	(28.5)	167	(93.0)	74	(98.1)	(574)	-
September 30, 2008	98,325	-	2,393	-	3,810	-	(943)	-

	Net income per share		Net income per share (Diluted)	
	Yen	Yen	Yen	Yen
September 30, 2009	(5.98)	-	-	-
September 30, 2008	(9.82)	-	-	-

#### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2009	207,556	162,803	78.4	1,694.81
March 31, 2009	216,823	164,207	75.7	1,709.39

Note: Shareholders' equity: September 30, 2009 162,803 millions of yen, March 31, 2009 164,207 millions of yen.

### 2. Dividend

Standard	Dividend per share				
	1Q	2Q	3Q	4Q	Full year
	Yen	Yen	Yen	Yen	Yen
March 31, 2009	-	10.00	-	10.00	20.00
March 31, 2010	-	10.00	-	-	-
March 31, 2010 (plan)	-	-	-	0.00	10.00

Note: Revision in dividends scheduled for the quarter: None

### 3. Business Forecast for the year ending March 31, 2010 (April 1, 2009 through March 31, 2010)

(% change from the previous corresponding period)

Full year	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
	150,000	(13.1)	2,000	-	2,400	-	100	-	1.04

Note: Revision of consolidated financial forecast in this term: None

#### 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) Changes due to simplification of accounting methods: Yes
- (3) Changes in accounting principles/procedures, representation methods in the preparation of quarterly consolidated financial statements (changes in significant items that form the basis for the preparation of quarterly consolidated financial statements)
- 1) Changes as a result of revision of accounting standards : None
- 2) Changes other than 1) : None
- (4) Number of shares issued and outstanding (common stock)
- 1) Number of shares issued and outstanding at end of period (including treasury stock) : September 30, 2009 99,532,133 shares ; March 31, 2009 99,532,133 shares
- 2) Number of shares of treasury stock at end of period : September 30, 2009 3,472,601 shares ; March 31, 2009 3,470,646 shares
- 3) Average Number of shares During the term: April - September, 2009: 96,060,933 shares, April - September, 2008: 96,062,036 shares

#### **\* 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 Forecasts of Consolidated Business Results."

## [Qualitative Information / Financial Statements]

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

(Unless otherwise stated, all comparisons are with operating results in the first half from April 1 to September 30, 2008.)

In the first half under review, from April 1 to September 30, 2009, worldwide recession produced a lackluster business climate globally. Japan's economy slumped due to sluggish capital investment and exports. The Maxell Group faced tough business conditions as the real economy shrunk worldwide, leading to demand decreasing rapidly and falling product prices from the second half of the previous fiscal year.

Amid those conditions—despite signs of recovery in prismatic lithium ion rechargeable batteries and optical components—all segments recorded decreases in revenues. As a result, net sales declined 28.5%, to 70,350 million yen. Although measures targeting rigorous reduction of administrative expenses and comprehensive cost reduction to make management leaner and stronger were successful and exceeded initial expectations, shipment volume decreased and product prices fell. Consequently, operating income declined 2,226 million yen, to 167 million yen, and ordinary income was down 3,736 million yen, to 74 million yen. Net loss was 574 million yen, an improvement of 369 million yen compared with the previous fiscal year.

The average foreign exchange rates for the first half under review were US\$1=95 yen and €1=133 yen. Operating results by segment were as follows.

#### Information Storage Media

In computer tapes, there was a significant decrease in revenue because the effect of foreign exchange rates and falling product prices counteracted higher shipment volume of high-storage-capacity LTO Ultrium4 data cartridges. Optical discs also had a substantial decline in revenue due to lower shipment volume. In audio tapes and video tapes, revenue decreased because of market contraction. As a result, the Information Storage Media segment recorded a 36.6% decrease in net sales, to 26,987 million yen. Due to marked worsening results of computer tapes, operating income amounted to 237 million yen, down 1,875 million yen from the previous fiscal year.

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

#### Battery

In rechargeable batteries, revenue decreased significantly because of lower shipment volume for prismatic lithium ion rechargeable batteries. Primary batteries also had a significant decrease in revenue due to slumping sales of heat-resistant, coin-type lithium manganese dioxide batteries, dry alkaline batteries, and silver oxide batteries. As a result, the Battery segment recorded a 27.4% decline in net sales, to 21,067 million yen. Due to the worsening results of heat-resistant, coin-type lithium manganese dioxide batteries, this segment recognized operating loss of 454 million yen, down 996 million yen from the previous fiscal year.

#### Material-Device-Electronic Appliance

In materials and devices, revenue was down substantially, reflecting lower shipment volume of pickup lenses for optical disc drives. Revenue from electronic appliances declined. As a result, the Material-Device-Electronic Appliance segment recorded a 16.6% decrease in net sales, to 22,296 million yen. However, thanks to an improvement in functional materials and the implementation of initiatives to improve productivity in optical components, this segment posted operating income of 384 million yen, an improvement of 645 million yen compared with the previous fiscal year.

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

## **2. Qualitative Information Relating to Consolidated Financial Position**

### **Assets**

Total assets amounted to 207,556 million yen, down 9,267 million yen from the end of the previous fiscal year, which was mainly associated with the reversal of deposit paid in subsidiaries and affiliates for the redemption of bonds of 10,000 million yen the Company issued.

### **Liabilities**

Liabilities stood at 44,753 million yen, down 7,863 million yen from the end of the previous fiscal year, primarily due to the redemption of bonds the Company issued.

### **Net Assets**

Net assets amounted to 162,803 million yen, down 1,404 million yen from the end of the previous fiscal year, which was mostly attributable to a decrease in retained earnings.

## **3. Qualitative Information Relating to Forecasts of Consolidated Business Results**

Although in some areas the global economy is showing signs of recovery from the worldwide recession, the outlook remains uncertain. The Maxell Group faces business conditions that require careful ongoing monitoring given concerns over continuing demand shrinkage from the third quarter onward, falling product prices due to intensified market competition, and foreign exchange rate fluctuations. The Company has not changed the projections for full-year business results for the year ending March 31, 2010, which announced on April 27, 2009. For projections of business performance by segment, please refer to the supplementary information on page 5.

## Supplementary information

### Consolidated Financial Results and Forecast

(Millions of yen)

	1H/FY2008	1H/FY2009	Change* (%)	Forecast of FY2009	Change* (%)
Net sales	98,325	70,350	(28.5)	150,000	(13.1)
Operating income	2,393	167	(93.0)	2,000	-
Ordinary income	3,810	74	(98.1)	2,400	-
Net income (loss)	(943)	(574)	-	100	-
Exchange rate (\$1=)	106 yen	95 yen		95yen	
(€1=)	162 yen	133 yen		120yen	

\* % change from the previous corresponding period

### Sales and Operating Income (Loss) by Segment

	1H/FY2008		1H/FY2009		Change* (%)	Forecast of FY2009		Change* (%)
	Millions of yen	Composition (%)	Millions of yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	98,325	100	70,350	100	(28.5)	150,000	100	(13.1)
Information Storage Media	42,593	43	26,987	38	(36.6)	54,000	36	(28.2)
Battery	29,007	30	21,067	30	(27.4)	50,000	33	0.8
Material-Device- Electronic Appliance	26,725	27	22,296	32	(16.6)	46,000	31	(3.9)
Operating income (loss)	2,393	100	167	100	(93.0)	2,000	100	-
Information Storage Media	2,112	88	237	142	(88.8)	1,500	75	(36.0)
Battery	542	23	(454)	-	-	(500)	-	-
Material-Device- Electronic Appliance	(261)	-	384	230	-	1,000	50	-

\* % change from the previous corresponding period

### Overseas Sales

	1H/FY2008		1H/FY2009		Change* (%)
	Millions of yen	Composition (%)	Millions of yen	Composition (%)	
Overseas sales	61,199	62	40,373	57	(34.0)
America	22,625	23	12,640	18	(44.1)
Europe	14,048	14	10,082	14	(28.2)
Asia and other	24,526	25	17,651	25	(28.0)
Domestic sales	37,126	38	29,977	43	(19.3)
Total	98,325	100	70,350	100	(28.5)

\* % change from the previous corresponding period

### Capital Expenditure, Depreciation and R&D Expenses

(Millions of yen)

	1H/FY2008	1H/FY2009	Change* (%)	Forecast of FY2009	Change* (%)
Capital expenditure	8,823	2,402	(72.8)	8,000	(45.7)
Depreciation	5,019	4,300	(14.3)	10,000	(5.3)
R&D expenses	4,263	3,294	(22.7)	7,000	(8.7)

\* % change from the previous corresponding period

**4. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets		
Cash and deposits	5,964	9,117
Notes and accounts receivable-trade	28,671	27,805
Short-term investment securities	2,899	991
Inventories	17,419	18,737
Deposit paid in subsidiaries and affiliates	31,042	38,779
Other	15,706	10,813
Allowance for doubtful accounts	(408)	(279)
Total current assets	101,293	105,963
Noncurrent assets		
Property, plant and equipment		
Land	41,184	41,270
Other, net	41,098	43,627
Total property, plant and equipment	82,282	84,897
Intangible assets	1,520	1,682
Investments and other assets		
Investment securities	16,106	17,583
Other	6,366	6,701
Allowance for doubtful accounts	(11)	(3)
Total investments and other assets	22,461	24,281
Total noncurrent assets	106,263	110,860
Total assets	207,556	216,823
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	15,335	10,698
Short-term loans payable	1,226	2,206
Current portion of bonds	-	10,000
Income taxes payable	481	180
Other	14,549	16,206
Total current liabilities	31,591	39,290
Noncurrent liabilities		
Provision for retirement benefits	7,991	8,189
Provision for directors' retirement benefits	353	488
Other	4,818	4,649
Total noncurrent liabilities	13,162	13,326
Total liabilities	44,753	52,616

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	22,325	22,325
Retained earnings	141,862	143,397
Treasury stock	(4,941)	(4,938)
Total shareholders' equity	171,449	172,987
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	676	(784)
Foreign currency translation adjustment	(9,322)	(7,996)
Total valuation and translation adjustments	(8,646)	(8,780)
Total net assets	162,803	164,207
Total liabilities and net assets	207,556	216,823

**(2) Consolidated Statements of Income**

(Millions of yen)

	April 1, 2008 through September 30, 2008	April 1, 2009 through September 30, 2009
Net sales	98,325	70,350
Cost of sales	71,945	53,646
Gross profit	26,380	16,704
Selling, general and administrative expenses	23,987	16,537
Operating income	2,393	167
Non-operating income		
Interest income	943	225
Dividends income	18	12
Rent income	-	391
Foreign exchange gains	427	-
Other	661	206
Total non-operating income	2,049	834
Non-operating expenses		
Interest expenses	240	90
Sales discounts	133	116
Foreign exchange losses	-	462
Other	259	259
Total non-operating expenses	632	927
Ordinary income	3,810	74
Extraordinary income		
Gain on sales of noncurrent assets	240	153
Gain from reversal of accrued expenses	568	-
Reversal of provision for retirement benefits	-	103
Other	64	15
Total extraordinary income	872	271
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	357	93
Impairment loss	1,959	-
Loss on valuation of investment securities	2,298	67
Business structure improvement expenses	-	223
Other	7	5
Total extraordinary losses	4,621	388
Income (loss) before income taxes	61	(43)
Income taxes	1,004	531
Net loss	(943)	(574)

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

(Millions of yen)

	April 1, 2008 through September 30, 2008	April 1, 2009 through September 30, 2009
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	61	(43)
Depreciation and amortization	5,019	4,300
Impairment loss	1,959	-
Interest and dividends income	(961)	(237)
Interest expenses	240	90
Loss (gain) on valuation of investment securities	2,298	67
Loss (gain) on sales and retirement of noncurrent assets	117	(52)
Decrease (increase) in notes and accounts receivable-trade	(696)	(1,249)
Decrease (increase) in inventories	(472)	1,031
Increase (decrease) in notes and accounts payable-trade	(1,719)	5,122
Increase (decrease) in accrued expenses	(1,271)	475
Decrease (increase) in accounts receivable-other	(1,019)	(1,259)
Other, net	(2,617)	310
Subtotal	939	8,555
Interest and dividends income received	778	239
Interest expenses paid	(210)	(328)
Income taxes paid	(1,498)	(215)
Net cash provided by (used in) operating activities	9	8,251
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(7,328)	(3,955)
Proceeds from sales of property, plant and equipment	655	193
Purchase of investment securities	(831)	(2)
Proceeds from sales of investment securities	12,053	1,900
Purchase of stocks of subsidiaries and affiliates	(26)	-
Other, net	(297)	111
Net cash provided by (used in) investing activities	4,226	(1,753)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	638	(996)
Cash dividends paid	(961)	(961)
Redemption of bonds	-	(10,000)
Other, net	(9)	(3)
Net cash provided by (used in) financing activities	(332)	(11,960)
Effect of exchange rate change on cash and cash equivalents	314	(939)
Net increase (decrease) in cash and cash equivalents	4,217	(6,401)
Cash and cash equivalents at beginning of period	46,340	51,068
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	77	5
Cash and cash equivalents at end of period	50,634	44,672