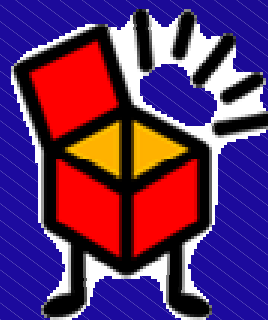


Financial Highlights

(the 6-month period ended Sep.30,2003)



**Materials
Mag!c**

Oct.29, 2003

Hitachi Metals, Ltd.

<http://www.hitachi-metals.co.jp>
E-Mail : hmir@hitachi-metals.co.jp

Notes: "△" signs ahead of figures mean "minus".

Highlights



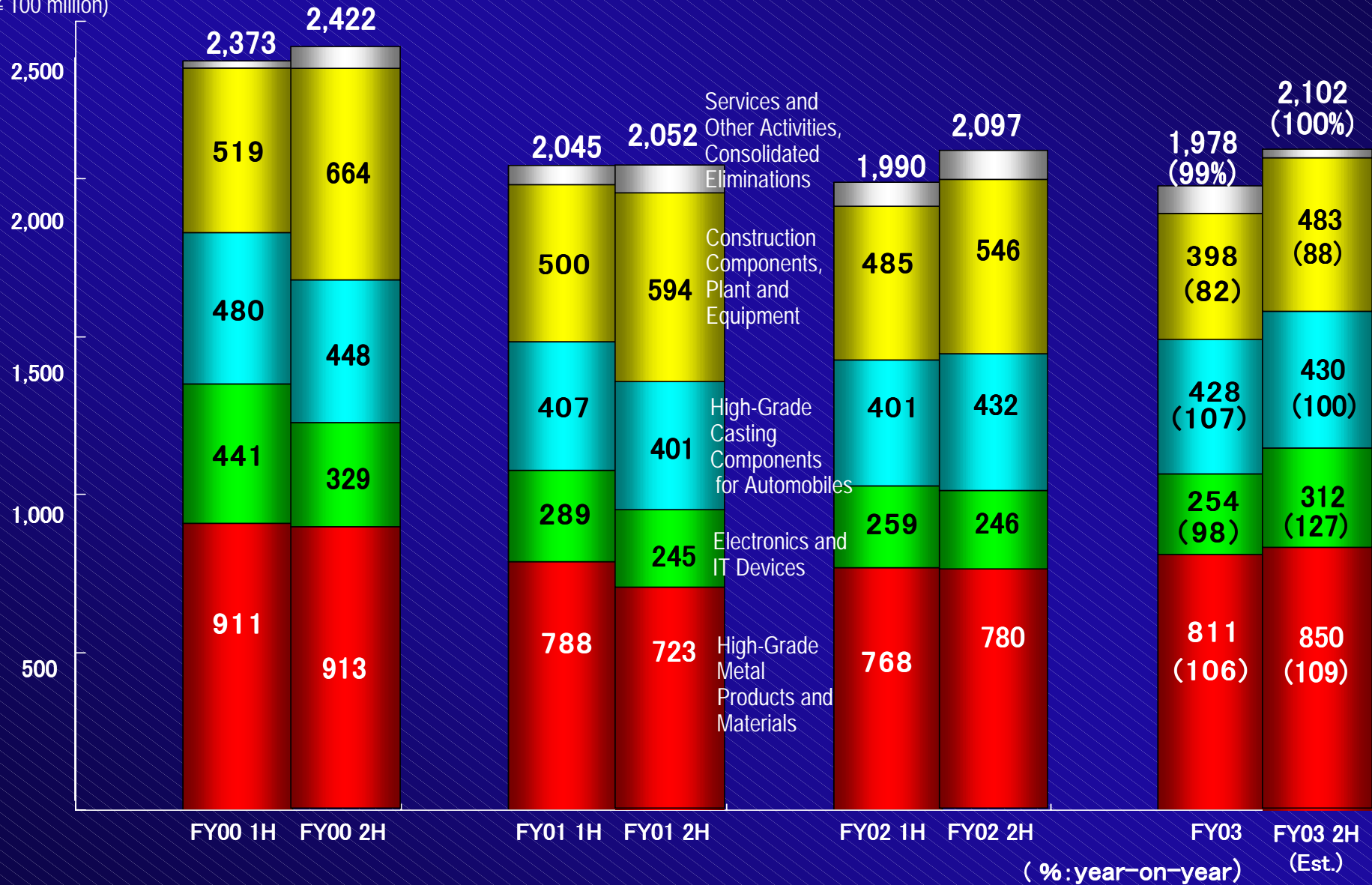
(¥100 million, %:year-on-year)

	FY02			FY03		
	FY02 1H	FY02 2H	FY02	FY03 1H	FY03 2H (Est.)	FY03 (Est.)
Net Sales	1, 990	2, 097	4, 087	1, 978 (99%)	2, 102 (100%)	4, 080 (100%)
Operating Income	39	87	126	55 (+16)	85 (Δ2)	140 (+14)
Ordinary Income	26	80	106	38 (+12)	72 (Δ8)	110 (+4)
Income before income tax	35	16	51	27 (Δ8)	53 (+37)	80 (+29)
Net Income	10	Δ3	7	1 (Δ9)	24 (+27)	25 (+18)

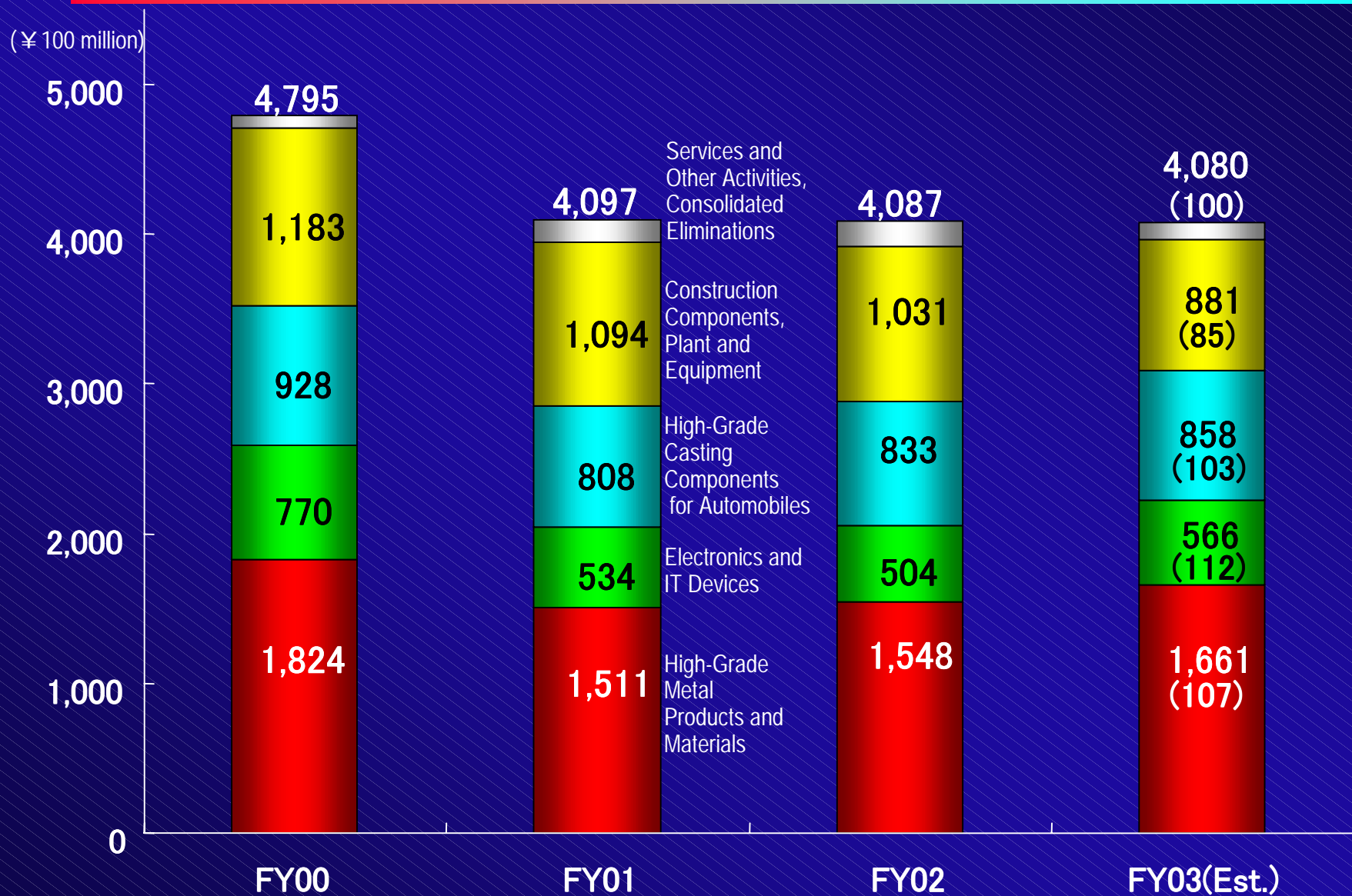
Consolidated Net Sales (By Segment)



(¥ 100 million)

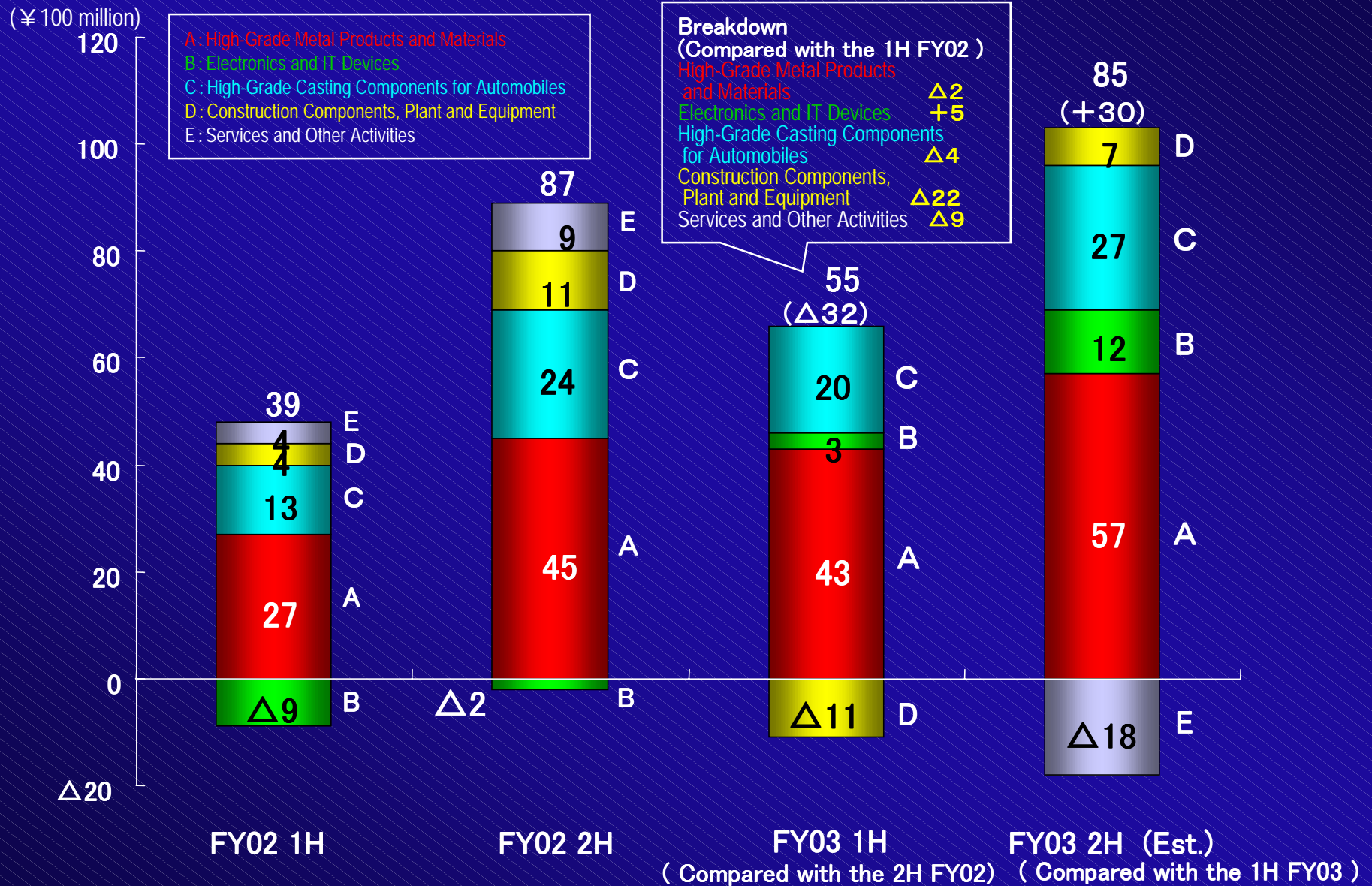


Consolidated Net Sales (By Segment)



(%: year-on-year)

Consolidated Operating Profit (By Segment)



Extraordinary income and loss topics



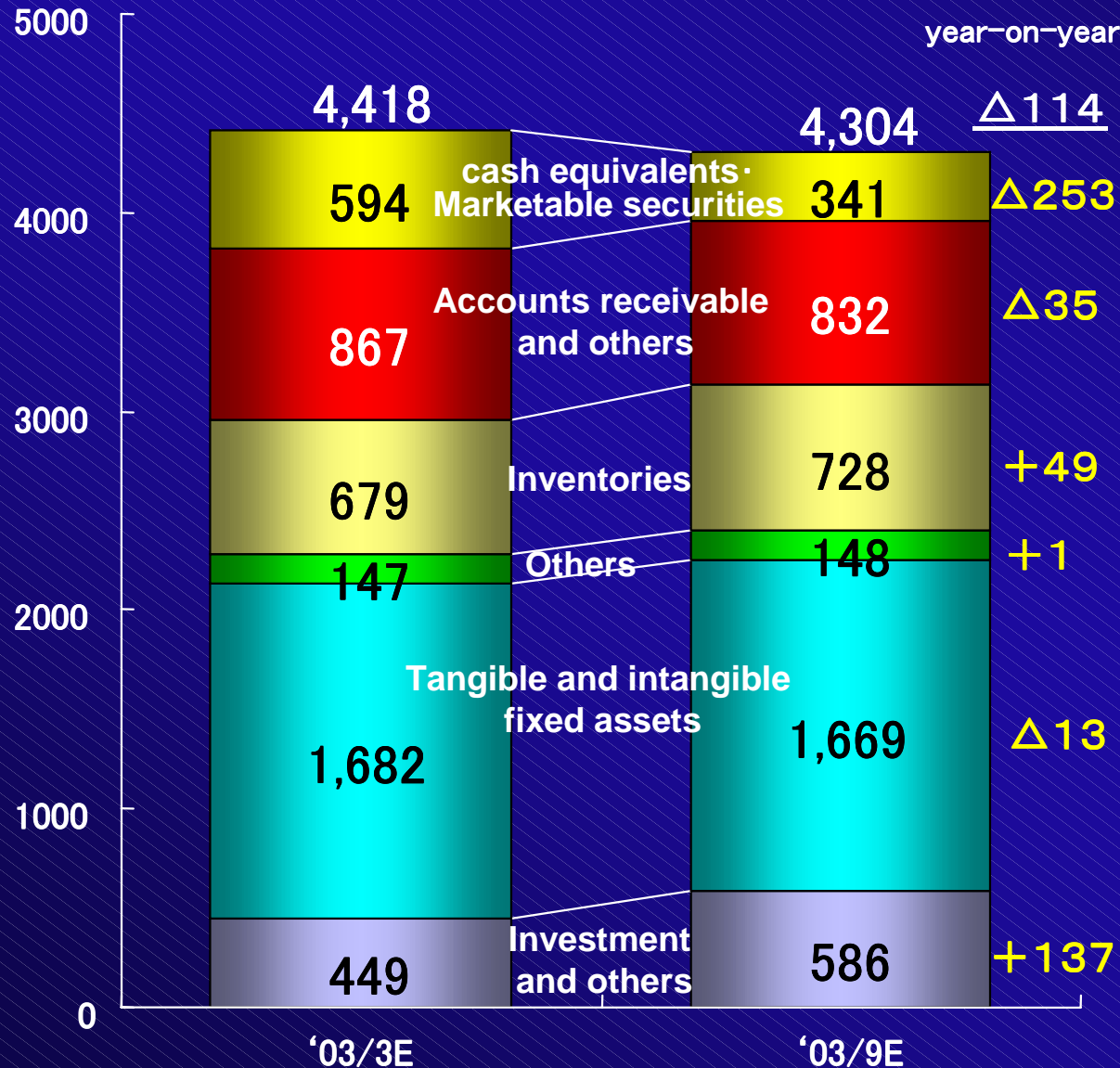
(¥ 100 million)

	FY02 1H	FY02 2H	FY02	FY03 1H	
Return of the portion of public pension funds administered by the Company	22	—	22	—	
Adoption of defined contribution pension plan	—	△33	△33	—	
Amortization of unrecognized transitional obligation	△15	△15	△30	△15	
Loss on structural reform	—	△16	△16	△6	Loss on disposal of assets △2 Additional retirement funds △4
Sale of land	1	1	2	9	
Gain from the disposal of stocks of affiliated Companies	—	—	—	2	
Total	8	△63	△55	△10	

Balance Sheet: Assets



(¥ 100 million)



03/9E
Increase(decrease)

[cash equivalents · Marketable securities]

cash equivalents	△125
Marketable securities	△19
Affiliate deposits	△109

[Accounts receivable and others]

Notes receivable	△1
Accounts receivable	+4
construction work	△38

[Inventories]

Increase in work in process and allowance for rise in material prices, and in assets due to purchase of business	+49
--	-----

[Tangible and intangible fixed assets]

Capital investment	98
Depreciation costs	△96
Disposal and retirement	△15

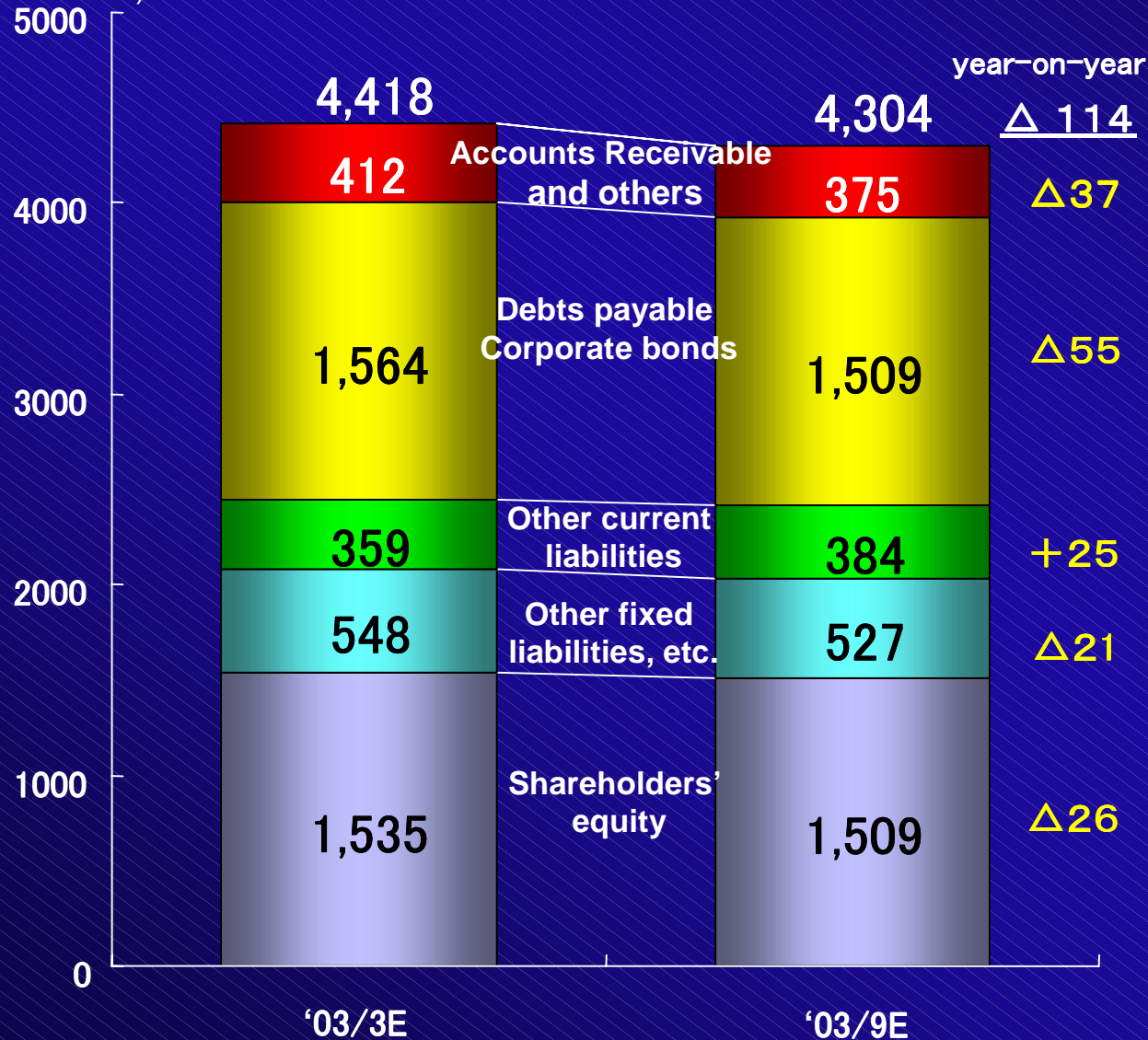
[Investment and others]

Investment securities	+150
Deferred tax assets	△13

Balance Sheet: Liabilities



(¥ 100 million)



03/9E	
Increase(decrease)	
[Accounts receivable and others]	
Parent company only	△40
Subsidiaries, Eliminated	+3
[Debts payable Corporate bonds]	
Corporate bonds	△54
Debts payable	△1
[Shareholders' equity]	
Appraisal gain/loss on marketable securities	+5
Foreign currency Translation adjustments	△17
Earned surplus	△14

Consolidated Cash Flows



(¥100 million)

Item	FY02 1H	FY03 1H	FY02
Net income before tax adjustments	35	27	51
Depreciation costs	104	96	212
Capital investment	△88	△99	△163
Others	34	△212	126
Free cash flow	85	△188	226
Reducing borrowings	△40	△45	△78
Dividend payments	△10	△13	△11
Others	△9	△7	△11
Net increase in cash during Current Period	26	△253	126

Management Initiatives in Fiscal 2003 First Half

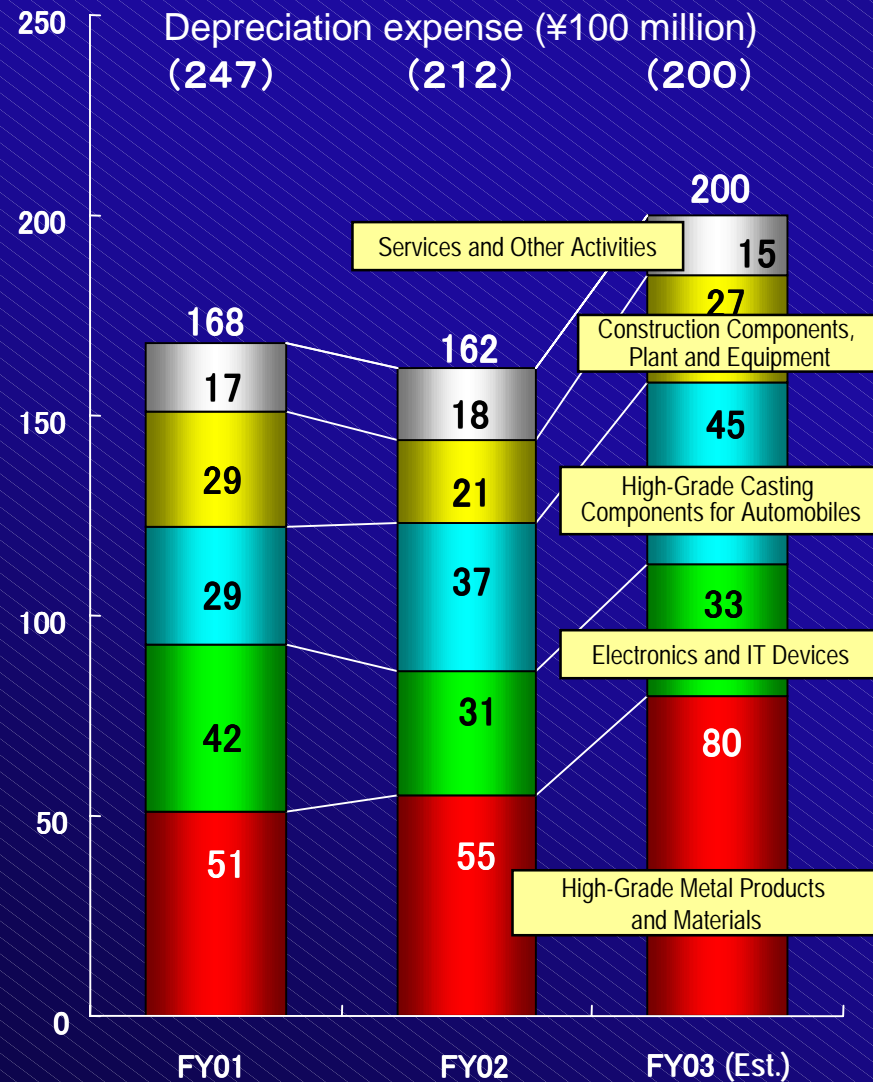


	Related Party	Purpose
Purchase of amorphous metal materials business	Honeywell International Inc. (Metglas® Division)	<p>Strengthen the soft magnetic materials business to meet forecast increases in demand in such fields as next-generation automobiles</p> <p>Combine with FINEMET® to establish a high-value-added soft magnetic materials business</p>
Strategic alliance in magnet business	Sumitomo Special Metals Co., Ltd.	<p>Establish the world's largest and strongest magnet business group through cooperation with top companies in the rare earth and ferrite magnet fields</p>
Sumitomo Special Metals stock acquired from Sumitomo Metal Industries, Ltd.		
Control of water treatment business transferred	Hitachi Plant Engineering & Construction Co., Ltd.	<p>Maintain competitiveness and create synergies by transferring business and combining Hitachi Metals' material technology capabilities with key businesses of Hitachi Plant Engineering & Construction</p>

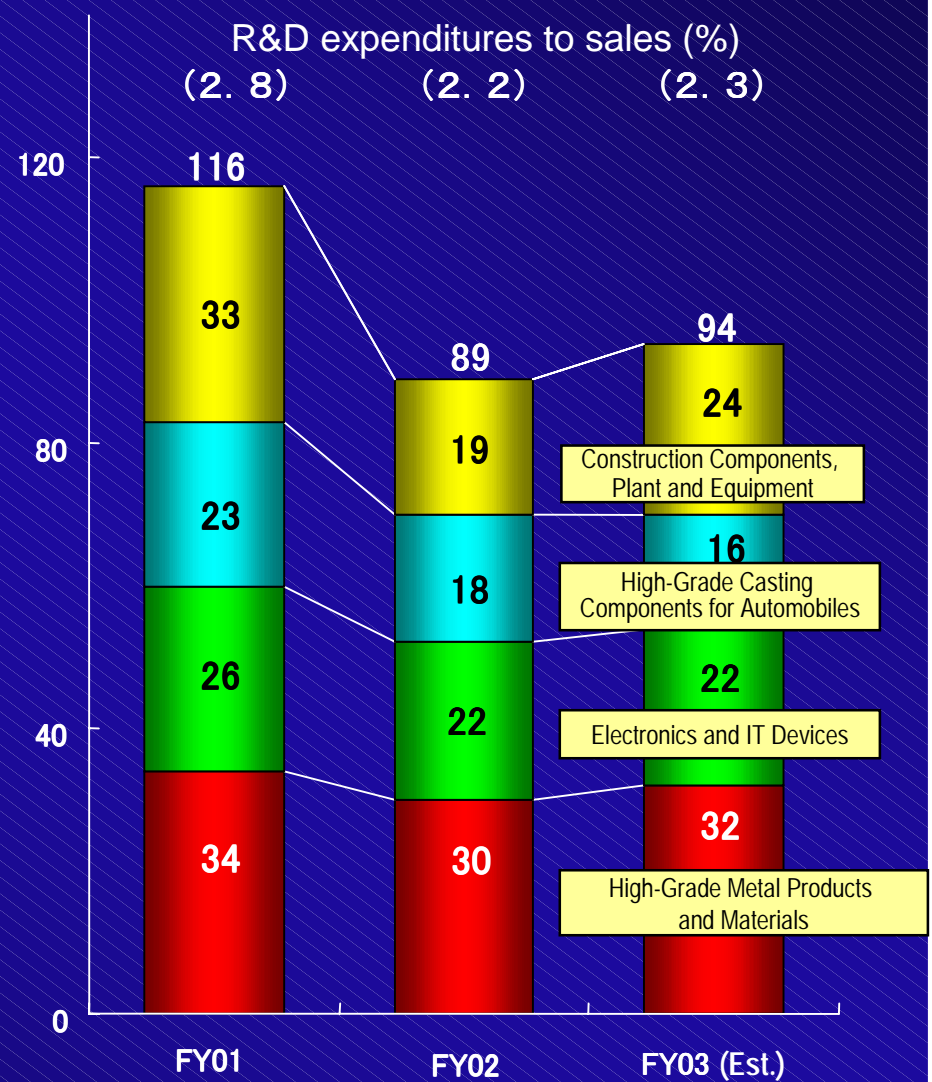
Capital Investment and R&D Expenditures



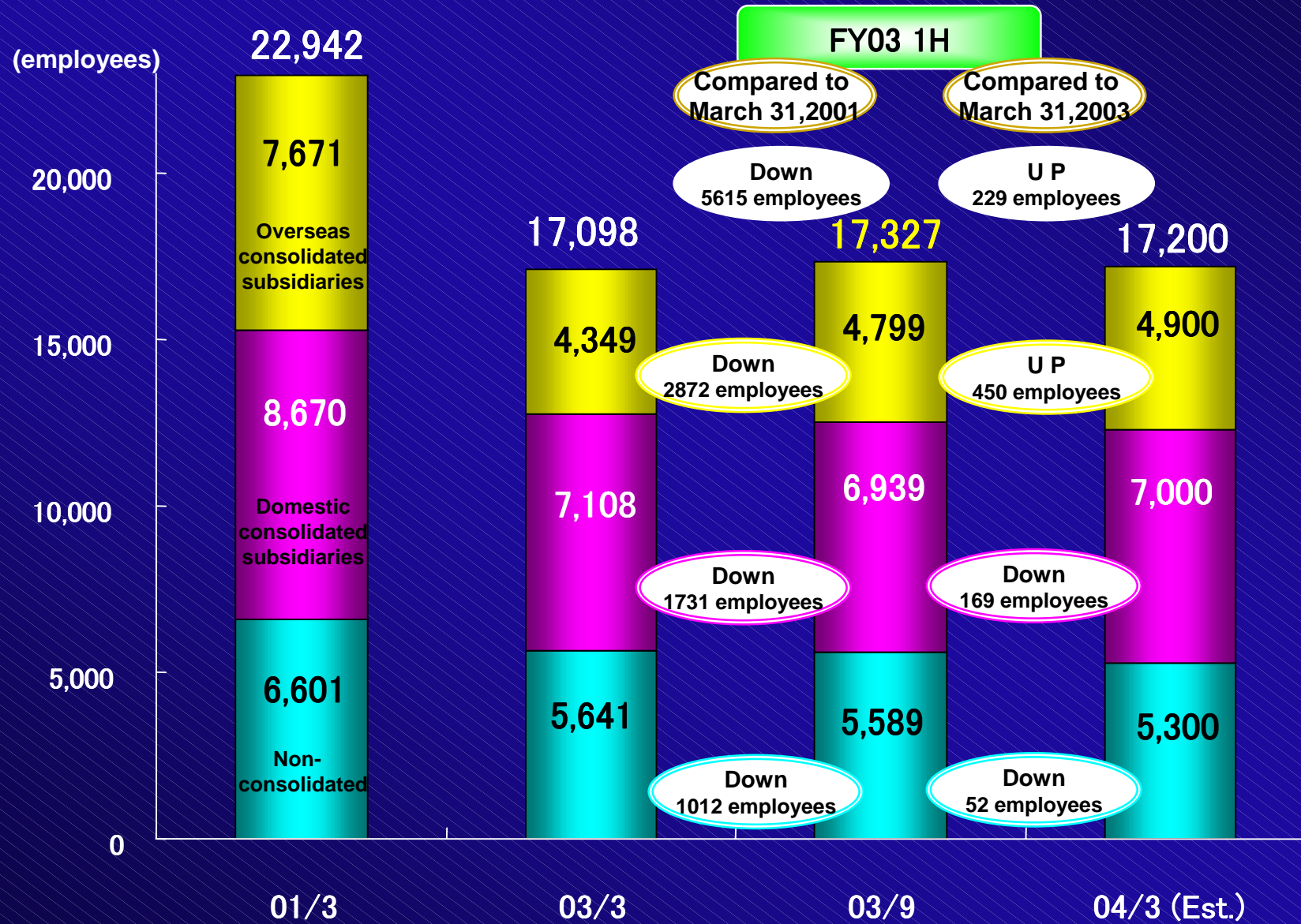
(¥100 million) < Capital Investment Breakdown >

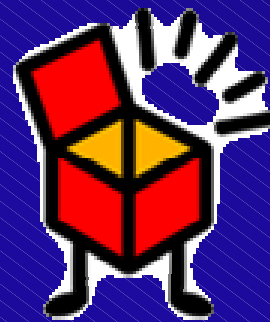


(¥100 million) < R&D Expenditures Breakdown >



Human Resource Trends





**Materials
Mag!c**