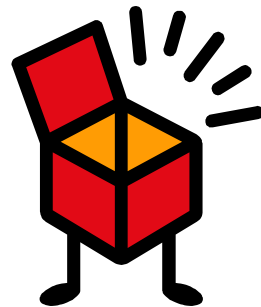


Financial Highlights

Fiscal 2006

(April 1, 2006 to March 31, 2007)



Materials Mag!c

Apr. 26, 2007

 **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

	Fiscal 2005		Fiscal 2006		Fiscal 2007	
	FY05 1H (Actual)	FY05 (Actual)	FY06 1H (Actual)	FY06 (Actual)	FY07 1H (Est.)	FY07 (Est.)
Net Sales	2,842	5,907	3,101	6,463	3,320	6,750
Operating Income	209	475	257	547	240	550
Income before income taxes	155	395	227	466	220	490
Net Income	62	172	117	221	110	255
ROE (%)	7.5%	10.0%	12.7%	11.7%	10.8%	12.2%
Capital investment	126	296	195	368	200	390
Depreciation costs	104	226	116	244	140	292
Research & Development Expenses	59	121	64	130	73	146

() contain initial forecast comparisons

FY06 Consolidated Net Sales · Operating Income (By Segment)



Net Sales
9% YoY Increase +55.6 billion

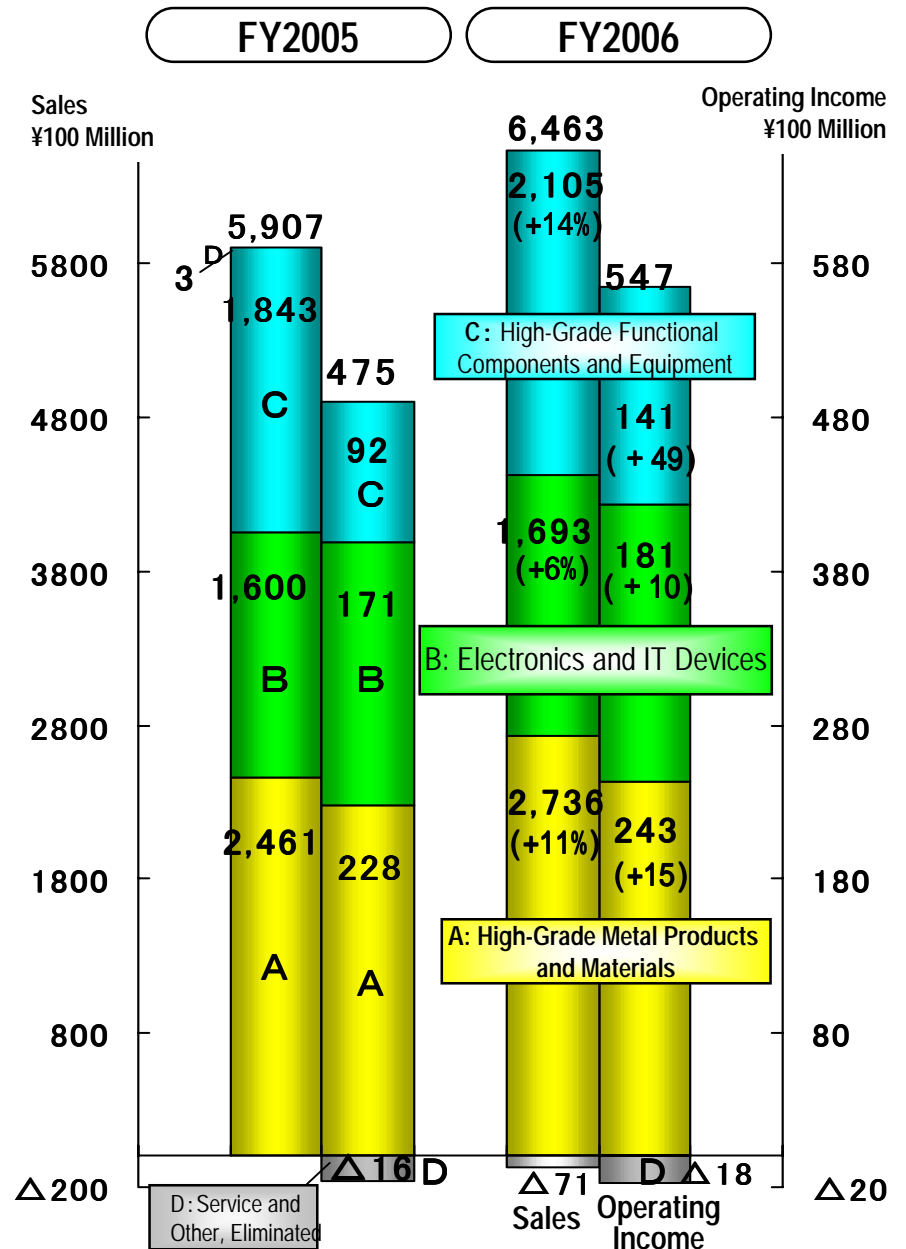
High-Grade Metal Products and Materials: up 11%
Electronics and IT Devices: up 6%
High-Grade Functional Components and Equipment: up 14%

- Continued strong demand from automobile and semiconductor industries
- Overseas sales ratio 40%
- New product sales ratio 26%

Operating Income
15% YoY Increase +7.2 billion

High-Grade Metal Products and Materials: +¥1.5 bn
Electronics and IT Devices: +¥1.0 bn
High-Grade Functional Components and Equipment: +¥4.9bn

Operating income increased in fiscal 2006 despite factors including a sharp rise in raw materials prices, as well as costs for amortization of goodwill related to acquisition of additional shares in NEOMAX Co., Ltd. To offset these factors, Hitachi Metals implemented cost reductions and sales price revisions.



FY07 Consolidated Net Sales - Operating Income Est. (By Segment)

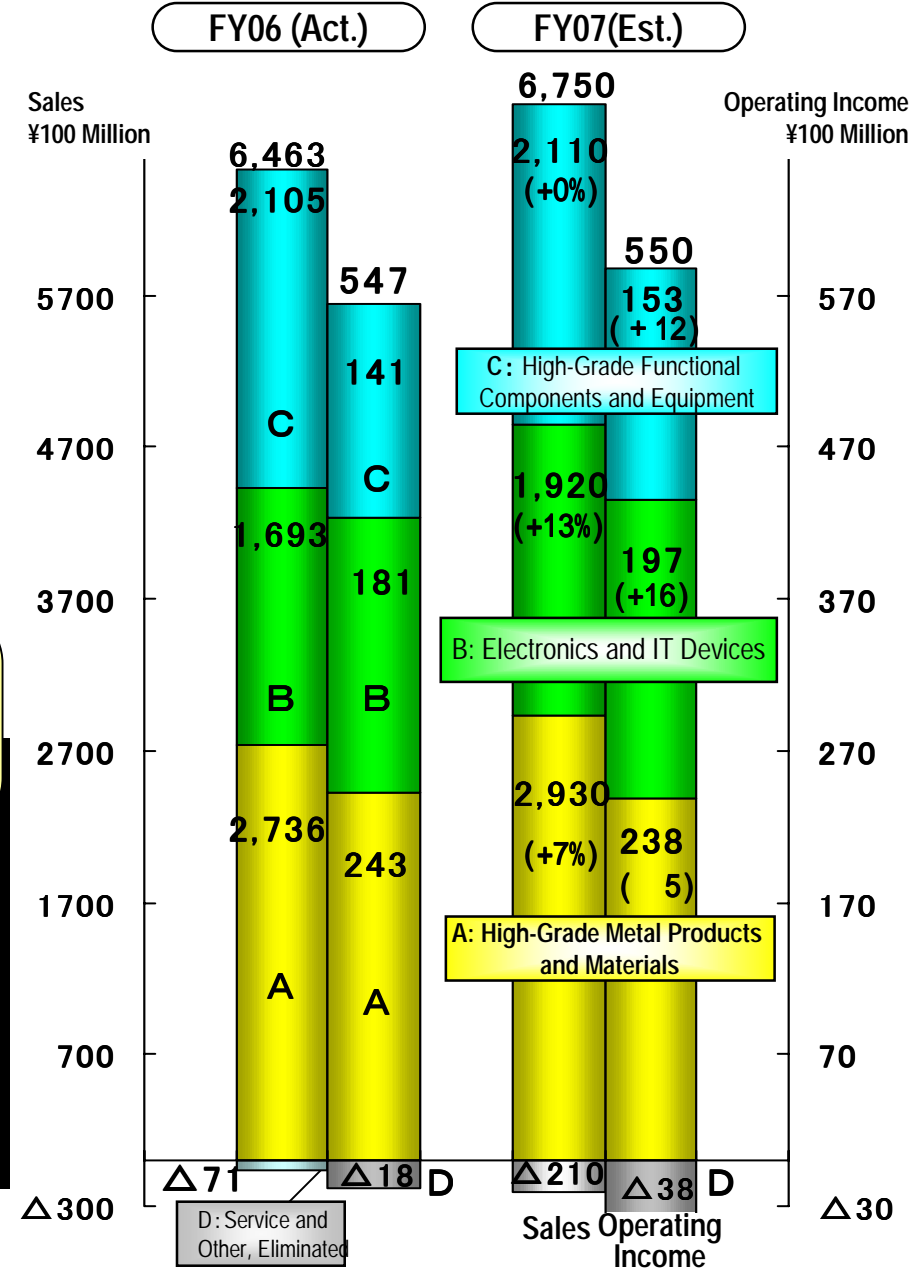


Net Sales
4% YoY Increase +28.7 billion
 High-Grade Metal Products and Materials: up 7%
 Electronics and IT Devices: up 13%
 High-Grade Functional Components and Equipment: flat

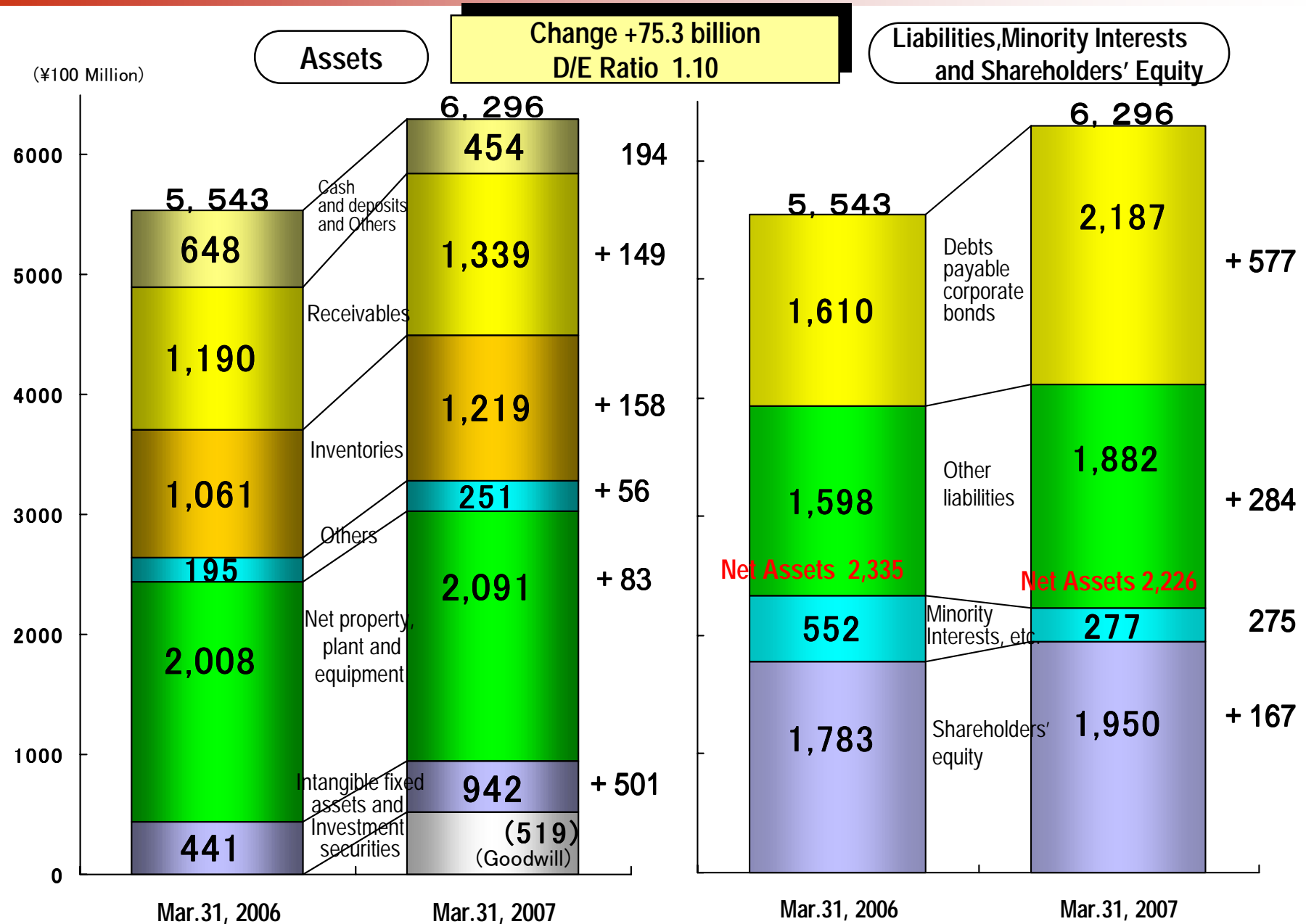
Hitachi Metals expects an increase in sales supported by revision of sales prices. The Company also expects demand to remain strong, particularly for products related to automobiles, IT and household appliances.

Operating Income
Flat YoY +0.3 billion
 High-Grade Metal Products and Materials: decrease ¥0.5 bn
 Electronics and IT Devices: +¥1.6 bn
 High-Grade Functional Components and Equipment: +¥1.2bn

Hitachi Metals is forecasting an increase in operating income. While tax revisions will lead to an increase in depreciation and amortization, and expenses will be incurred for the amortization of goodwill, the Company will absorb such expenses by the increase in sales and further cost reductions.



Consolidated Balance Sheet



Consolidated Cash Flows



¥ 100 million

Item	FY2005	FY2006
Net income before tax adjustments	395	466
Depreciation costs	226	244
Capital investment	△301	△339
Purchase of shares in consolidated subsidiary companies	0	△866
Others	△44	△201
Free cash flow	276	△696
Reducing borrowings	△122	569
Dividend payments and others	△59	△60
Effect of exchange rate changes	18	9
Net increase in cash during Current Period	113	△178

(Reference) Business Segments(FY07~)



High-Grade Metal Products and Materials

Specialty Steel Company

Roll Company

Hitachi Tool Engineering Group

Electronics and IT Devices

NEOMAX Company

Information Systems
Components Company

Soft Magnetic Materials Company

High-Grade Functional Components and Equipment

Automotive Components Company

Piping Components Company

Hitachi Metals Techno Group

Service and Others

Sales, Services Division

Other Manufacturing Company



This document contains forward-looking statements, such as results forecasts and management plans, which are not historical facts. All such forward-looking statements were based upon all available information and upon assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to the underlying assumptions or circumstances could cause actual results to differ substantially. Factors for causing such differences include, but are not limited to, the following:

- Changes in economic conditions and regulations in main markets where the Company operates, particularly Japan, the United States, Asia and Europe
- Sudden changes in technological trends
- Changes in competitive advantage and the capabilities of the Company and its subsidiaries and affiliates to develop and commercialize new products and businesses
- Fluctuation in status and conditions of product markets, exchange rates or international commodity markets
- Changes in financing environments
- Capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand, status and conditions of product markets, exchange rates or international commodity markets
- Protection of the Company's intellectual property, and securing of licenses to use intellectual property of other parties
- Changes in status of alliances with other parties for product development, etc.
- Fluctuation of Japanese stock markets