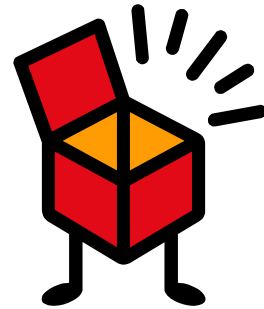


Financial Highlights

the 6-month period ended Sep.30,2010
(Fiscal 2010)



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

First Half of Fiscal 2010 (April–September 2010)

■ Net Sales and Operating Income

- Net sales in the first half of FY2010 were ¥254.2 billion (108% of FY2009 2h).
- Operating income was ¥21.9 billion (up ¥5.1 billion from FY2009 2h).

■ Demand Trends

The automobile-related-product sector recovered on an actual demand basis, posting strong results especially in North America, the rest of Asia, and other overseas markets.

Demand for electronics-related products was robust, primarily supported by results in the rest of Asia; however, it began slowing from around August under the impact of adjustments made in demand for semiconductors and LCDs.

In the industrial infrastructure sector, first-half demand was brisk chiefly for industrial machinery-related products.

■ Net Sales and Operating Income by Segment

High-Grade Metal Products and Materials: Net sales of ¥111.8 billion (106% of FY2009 2h) and operating income of ¥12.2 billion (up ¥3.2 billion from FY2009 2h)

⇒ Tool steel sales recovered on an actual demand basis; however, results for alloys for electronic products (semiconductors and LCDs) slowed.

Electronics and IT Devices: Net sales of ¥66 billion (116% of FY2009 2h) and operating income of ¥7.9 billion (up ¥1.9 billion from FY2009 2h)

⇒ Permanent-magnet sales performed solidly in the IT, household appliances, and automobile sectors. The recovery in sales of amorphous metals fueled an increase in production volume.

High-Grade Functional Components and Equipment: Net sales of ¥76.9 billion (97% of FY2009 2h) and operating income of ¥5.3 billion (up ¥400 million from FY2009 2h)

⇒ Sales of casting components for automobiles moved into robust territory both in Japan and overseas, and piping-component sales and income both declined under the continued impact of restrained investment trends in Japan.

Outlook for Fiscal 2010 Overall

Although demand for semiconductor- and LCD-related products appears to be slowing, sales of automobile-related products are brisk. As a result, second-half net sales are projected to finish on a par with the first-half performance.

Turning to income, although first-half results bettered the target figure, the second half will be buffeted by a steep rise in raw-materials prices, which began from around the second quarter of the current fiscal year, as a short-term negative factor. This prompts forecasts of a decline in second-half income compared to that in the first half.

Against this backdrop, Hitachi Metals will be moving to further raise its productivity, revise prices, and advance other measures supporting progress into fiscal 2011. Also, the Company will be gearing up to expand sales on the global market.

Highlights

¥100 million, (): year-on-year

	Fiscal2008			Fiscal2009			Fiscal2010				
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Previous Est.	Revised	Change
Net sales	3,537	2,370	5,907	1,953	2,364	4,317	2,542 (130%)	2,558 (108%)	5,000	5,100 (118%)	+100
Operating income	297	△146	151	△35	168	133	219 (+254)	161 (△7)	330	380 (+247)	+50
Income before income taxes	297	△299	△2	△87	144	57	186 (+273)	87 (△57)	270	273 (+216)	+3
Net income	153	△183	△30	△57	76	19	103 (+160)	37 (△39)	140	140 (+121)	±0
Capital investment	197	241	438	86	79	165	82 (△4)	148 (+69)	230	230 (+65)	±0
Depreciation costs	153	165	318	149	156	305	135 (△14)	155 (△1)	290	290 (△15)	±0
R&D expenses	67	64	131	50	56	106	57 (+7)	73 (+17)	130	130 (+24)	±0

Consolidated Net Sales and Operating Income in the First Half of Fiscal 2010 (By Segment)



Net Sales: ¥254.2 Billion (108% of FY2009 2H)

High-Grade Metal Products and Materials	¥111.8 billion (106% of FY2009 2h)
Electronics and IT Devices	¥66 billion (116% of FY2009 2h)
High-Grade Functional Components and Equipment	¥76.9 billion (97% of FY2009 2h)

High-Grade Metal Products and Materials

For specialty steel, sales of alloys for electronic products (semiconductors and LCDs) moved into an adjustment phase in the latter half of the second quarter. However, tool steel sales displayed strength, buoyed by solid demand in the automobile- and household appliance-related sectors. Sales of rolls reflected robust demand in the rest of Asia and other overseas markets, although in Japan the recovery of construction-related-product demand was weak.

Electronics and IT Devices

Permanent-magnet sales showed strength in the automobile, IT, and household appliance sectors, with factory-automation sales rising on the force of a sharp recovery in that sector. Under IT devices, sales of solar-power-generation-related products continued to run favorably, with sales of telecommunications-related components being strong as well. Sales of amorphous metals (soft magnetic materials) continued to be powered by hearty demand from China and India, with U.S.-bound shipments moving into full swing.

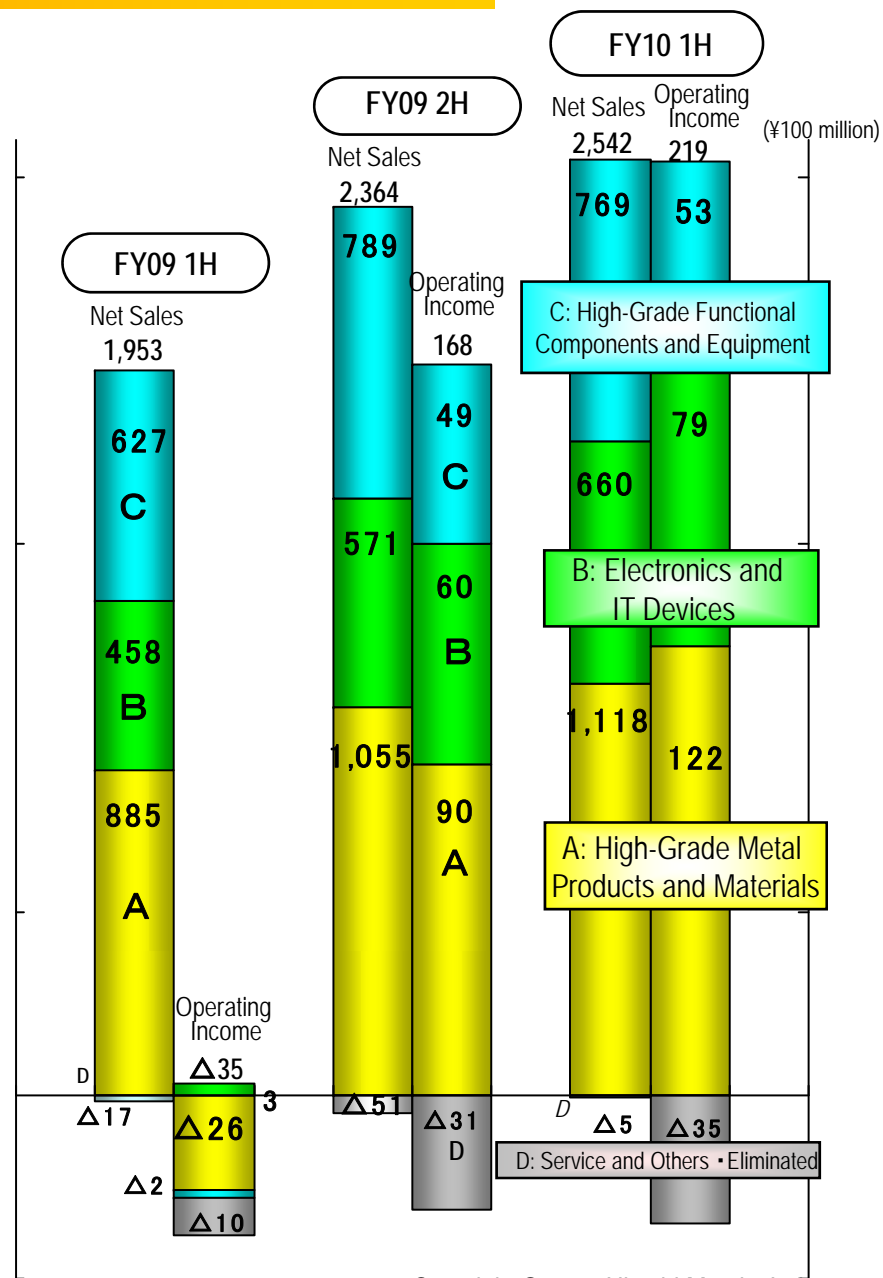
High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile iron products shifted into strong territory in markets in both the United States and the rest of Asia, while demand for HERCUNITE® rose in Europe. Sales of aluminum wheels continued to perform well in both the United States and the rest of Asia. Piping-component demand, however, remained sluggish under the impact of cutbacks in capital investment.

Operating Income: ¥21.9 Billion (Up ¥5.1 Billion from FY2009 2H)

High-Grade Metal Products and Materials	¥12.2 billion (up ¥3.2 billion from FY2009 2h)
Electronics and IT Devices	¥7.9 billion (up ¥1.9 billion from FY2009 2h)
High-Grade Functional Components and Equipment	¥5.3 billion (up ¥400 million from FY2009 2h)

Although the impact of a steep rise in raw-materials prices in the second quarter was felt, income in all segments scored gains over that in the second half of FY2009 on the strength of operational-earnings effects stemming from firm demand. As a result, operating income posted a gain of ¥25.4 billion over that in the first half of FY2009.



Consolidated Net Sales and Operating Income Projections for FY2010



Net Sales: ¥510 Billion

(Up ¥10 Billion from Initial Projection; 118% of FY2009)

Operating Income: ¥38 Billion

(Up ¥5 Billion from Initial Projection; Up ¥24.7 Billion from FY2009)

■ High-Grade Metal Products and Materials

Net sales ¥223.5 billion (up ¥500 million from initial projection)
115% of FY2009

Operating income ¥21.5 billion (up ¥3.5 billion from initial projection)
Up ¥15.1 billion from FY2009

■ Electronics and IT Devices

Net sales ¥134 billion (up ¥4 billion from initial projection)
130% of FY2009

Operating income ¥12 billion (down ¥500 million from initial projection)
Up ¥5.7 billion from FY2009

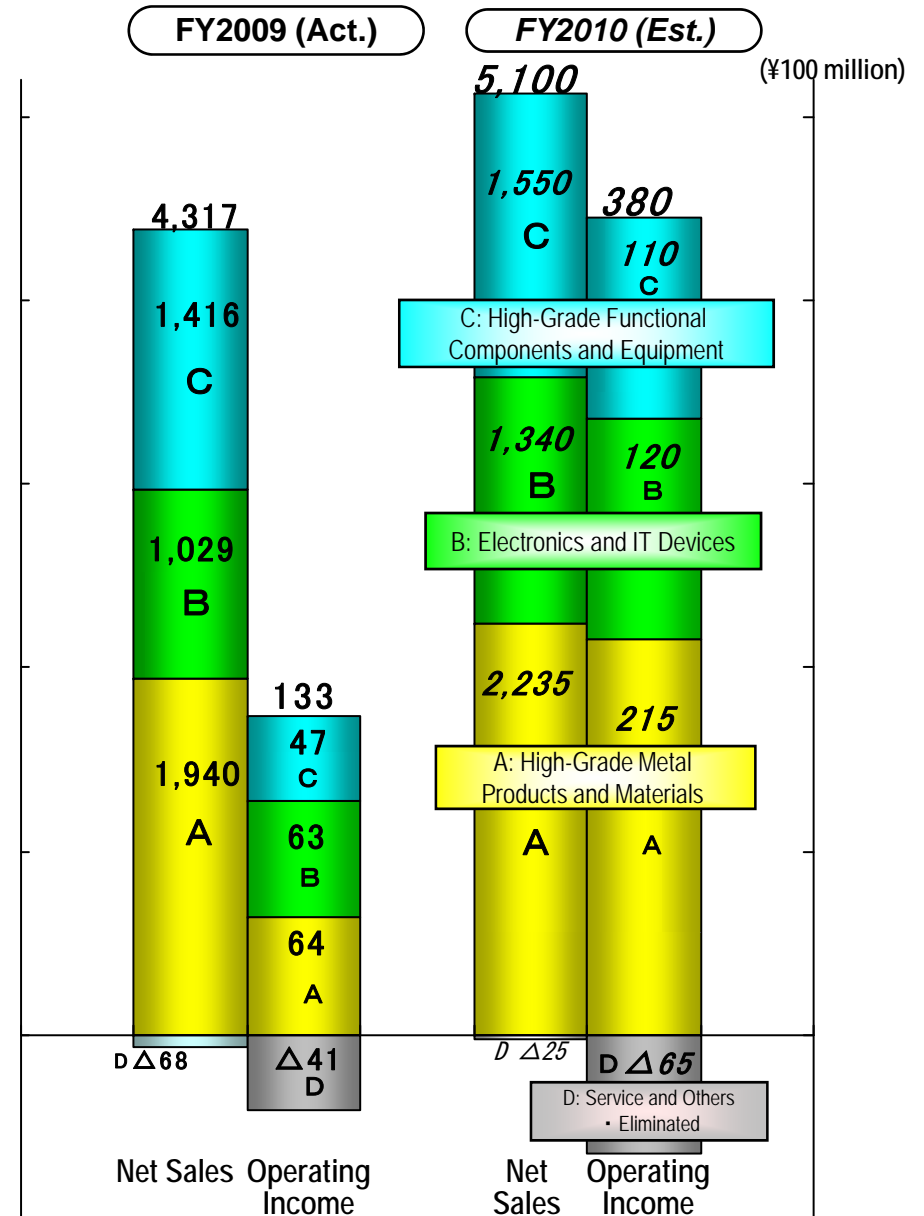
■ High-Grade Functional Components and Equipment

Net sales ¥155 billion (up ¥7 billion from initial projection)
109% of FY2009

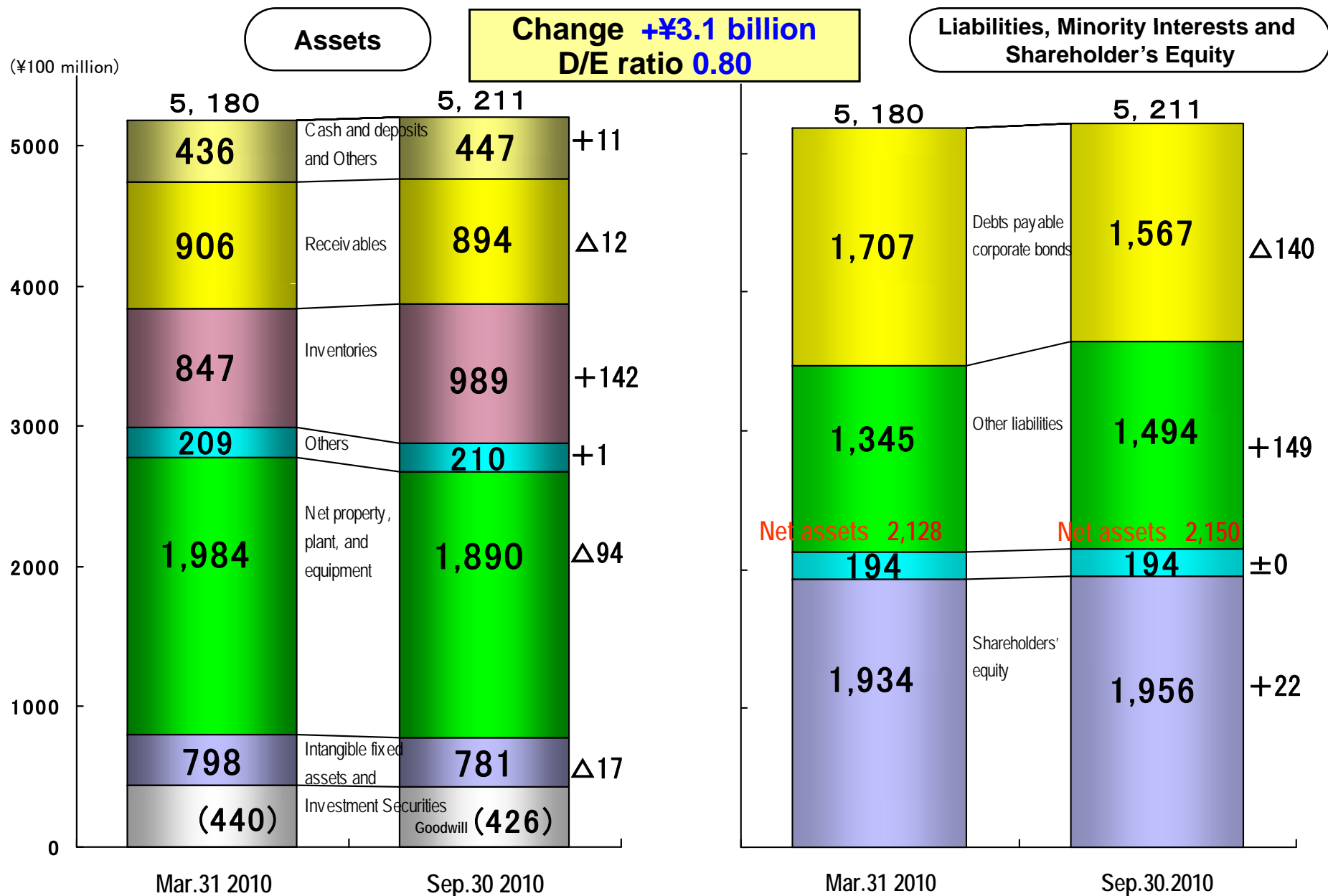
Operating income ¥11 billion (up ¥2 billion from initial projection)
Up ¥6.3 billion from FY2009

Although adjustment trends are occurring in sales of LCD-panel-related products and certain other electronics-related products, demand will be firm particularly in the automobile-related sector. On the income front, with the impact of sharp hikes in raw-materials prices and other factors at work, operating income in the second half of FY2010 is expected to decline from the first-half level.

Hitachi Metals will steadfastly address all challenges in moving to further raise productivity, revise prices, and advance other measures supporting progress into fiscal 2011 while gearing up to expand its sales on the global market.



Consolidated Balance Sheet



Consolidated Cash Flows



(¥100 million)

Item	FY2009 1H	FY2010 1H
Cash and cash equivalents at beginning of period	335	436
Net income before tax adjustments	△87	186
Depreciation costs	149	135
Capital investment	△86	△82
Other	171	△50
Free cash flow	147	189
Borrowings	△44	△119
Dividend payments, others	△36	△33
Net cash flow	67	37
Effect of exchange rate changes and others	△10	△26
Cash and cash equivalents at end of period	392	447

(Note) Capital investment is based on receipt and inspection.



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**