

Fact Sheet 2006

April 26, 2006

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Note

- 1 This fact sheet is intended to provide information about Hitachi Chemical, and does not constitute a solicitation to buy or sell the Company's marketable securities. This fact sheet does not necessarily always contain or reflect the most recent information.
- 2 In no event will Hitachi Chemical be liable for any loss or damage that may occur as a result of the use of the information on this fact sheet. We ask that you make any investment-related decisions using your own discretion.
- 3 The financial figures presented in this fact sheet are based on the figures in the financial summaries (*kessan tanshin*) for each fiscal period, which are prepared in conformity with accounting principles generally accepted in Japan.
- 4 Amounts less than the unit are rounded off.

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Financial Highlights

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

Financial Results

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Net sales	586,314	480,777	494,226	521,358	555,568	602,703
Electronics Related Products	265,967	191,693	205,004	225,774	246,445	272,739
Advanced Performance Products	226,748	204,878	208,440	213,066	224,669	243,351
Housing Equipment and Environmental Facilities	93,599	84,206	80,782	82,518	84,454	86,613
Operating income	45,814	13,048	24,930	33,774	46,910	53,833
Electronics Related Products	27,695	3,179	13,659	23,290	31,926	37,717
Advanced Performance Products	14,120	8,552	9,882	8,742	13,294	14,906
Housing Equipment and Environmental Facilities	3,998	1,285	1,370	1,709	1,655	910
Elimination	1	32	19	33	35	300
Ordinary income	43,785	9,320	19,726	31,638	46,214	54,429
Net income	13,022	3,141	8,644	15,784	25,714	31,593

Note: Segment sales are sales to outside customers.

Financial Position

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Total assets	457,117	418,408	407,148	393,835	411,485	444,185
Total stockholders' equity	134,095	143,692	146,443	157,311	180,910	215,235
Percentage of stockholders' equity	29.3%	34.3%	36.0%	39.9%	44.0%	48.5%

Cash Flows

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Cash flows from operating activities	51,085	44,637	55,439	27,347	60,608	41,284
Cash flows from investing activities	△ 27,945	△ 29,937	△ 19,123	△ 23,358	△ 33,002	△ 37,820
Cash flows from financing activities	△ 23,352	△ 18,715	△ 28,124	△ 19,614	△ 13,119	△ 5,673
Cash and cash equivalents at end of term	59,551	56,332	63,421	46,205	60,959	60,810

Per Share Data

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Net income (Basic)	64.42	15.28	39.91	75.47	123.46	152.01
Net income (Diluted)	63.53	-	39.54	75.44	123.44	151.95
Dividend	10.00	10.00	11.00	12.00	17.00	23.00
Total stockholders' equity	663.34	693.35	704.87	758.44	872.20	1,037.83

Other Data

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Return on equity	10.1%	2.3%	6.0%	10.4%	15.2%	16.0%
Ordinary income to total assets	9.7%	2.1%	4.8%	7.9%	11.5%	12.7%
Interest-bearing liabilities	106,460	90,573	64,301	46,997	36,235	37,522
Capital expenditures	37,920	27,349	23,576	26,331	33,159	38,687
Depreciation	29,009	29,034	27,703	26,505	25,904	27,200
Research and development expenses	22,408	22,894	22,933	24,908	25,059	26,934
Research and development expenses/Net sales	3.8%	4.8%	4.6%	4.8%	4.5%	4.5%
Number of consolidated subsidiaries	84	68	65	64	62	62
Number of employees	18,810	17,492	17,366	17,091	16,854	17,269

Note1 : Interest-bearing liabilities=Short-term loans + Commercial paper + Bonds + Debentures to be redeemed within one year
+ Long-term loans + Notes and bills discounted

Note2: Number of employees includes temporary staff.

[Changes in Business Segment]

Due to the changing demands of the market and our customers, the applications and characteristics of the products manufactured by Hitachi Chemical Group companies have diversified in recent years. To reflect the operations of the group more realistically, we have made some changes to the segmental classifications that have been in use since fiscal 1999. From fiscal 2005 (ended March 31, 2006), the Chemical Related Products segment is now renamed the "Advanced Performance Products" segment, and Carbon Anode Materials for Lithium Ion Batteries and Electromagnetic Interference (EMI) Shielding Films for Plasma Display Panels (PDPs) are included in the "Electronics Related Products" segment.

In this fact sheet, the data from fiscal 2004 (ended March 31, 2005) is based on the new segmental classification, however, retroactive adjustments are not implemented for the data of fiscal 2003 and earlier. "Business Segment Information" on page 5 is also changed in the same way.

Consolidated Balance Sheets

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries
(Millions of yen)

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
[Assets]						
Current assets	252,868	212,168	215,561	209,559	226,773	242,062
Cash and cash equivalents	53,651	56,332	60,422	46,205	33,173	37,163
Trade notes and accounts receivables	133,228	105,588	99,896	107,323	107,130	118,440
Inventories	46,067	35,760	35,708	36,598	41,027	44,319
Deferred income taxes	7,844	7,984	9,607	10,958	12,177	11,666
Other current assets	14,063	9,229	13,624	12,225	37,346	34,380
Less allowance for doubtful receivables	△ 1,985	△ 2,725	△ 3,696	△ 3,750	△ 4,080	△ 3,906
Fixed assets	204,249	206,240	191,587	184,276	184,712	202,123
Net property, plant and equipment	154,666	149,571	139,072	134,046	135,155	148,549
Buildings and structures	50,597	49,797	46,521	44,270	43,678	45,911
Machinery, equipment, and transportation equipment	61,789	60,518	53,174	52,177	54,267	62,290
Lands	25,477	25,643	24,729	24,073	22,842	22,843
Other fixed assets	16,803	13,613	14,648	13,526	14,368	17,505
Intangible assets	1,695	7,847	7,493	6,610	5,097	6,176
Investments and other assets	47,888	48,822	45,022	43,620	44,460	47,398
Investments in securities	17,298	15,824	12,021	15,833	19,353	24,352
Deferred income taxes	17,998	20,340	21,611	10,454	9,669	8,172
Other assets	14,441	14,527	12,601	18,311	16,285	15,706
Less allowance for doubtful receivables	△ 1,849	△ 1,869	△ 1,211	△ 978	△ 847	△ 832
Total assets	457,117	418,408	407,148	393,835	411,485	444,185
	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
[Liabilities]						
Current liabilities	206,572	176,121	165,069	155,878	159,082	165,696
Trade notes and accounts payables	60,846	48,050	53,231	57,705	62,683	73,246
Short-term debts	42,409	48,374	31,188	17,897	12,858	14,705
Debentures to be redeemed within one year	15,000	7,106	3,105	3,000	-	10,000
Other current liabilities	88,317	72,591	77,545	77,276	83,541	67,745
Fixed liabilities	92,954	78,771	75,729	60,266	49,947	39,452
Debentures	35,211	28,105	25,000	22,000	22,000	12,000
Long-term debts	13,117	6,988	5,008	4,100	1,377	817
Retirement and severance benefits	39,993	39,959	41,419	30,550	19,229	20,287
Other liabilities	4,633	3,719	4,302	3,616	7,341	6,348
Total liabilities	299,526	254,892	240,798	216,144	209,029	205,148
[Minority interests]						
Minority interests	23,496	19,824	19,907	20,380	21,546	23,802
[Stockholders' equity]						
Common stock	15,029	15,284	15,284	15,288	15,328	15,367
Capital surplus	27,342	34,174	34,174	34,178	34,219	34,258
Earnings surplus	92,117	92,818	99,111	112,101	134,963	162,293
Net unrealized holding gain on securities	2,083	1,849	1,067	2,603	2,684	5,176
Foreign currency translation adjustments	△ 2,471	△ 424	△ 3,165	△ 6,821	△ 6,231	△ 1,777
Treasury stock	△ 5	△ 9	△ 28	△ 38	△ 53	△ 82
Total stockholders' equity	134,095	143,692	146,443	157,311	180,910	215,235
Total liabilities, minority interests, and stockholders' equity	457,117	418,408	407,148	393,835	411,485	444,185

Consolidated Statements of Income

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries
(Millions of yen)

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Net sales	586,314	480,777	494,226	521,358	555,568	602,703
Cost of sales	434,120	366,225	368,095	385,308	404,557	441,022
Gross profit	152,194	114,552	126,131	136,050	151,011	161,681
Selling, general and administrative expenses	106,380	101,504	101,201	102,276	104,101	107,848
Operating income	45,814	13,048	24,930	33,774	46,910	53,833
Non-operating income	7,504	5,794	4,257	6,958	6,643	6,517
Interest and dividend income	1,068	900	1,022	1,058	896	798
Other non-operating income	6,436	4,894	3,235	5,900	5,747	5,719
Non-operating expenses	9,533	9,522	9,461	9,094	7,339	5,921
Interest expenses	2,767	2,079	1,279	1,054	984	1,120
Other non-operating expenses	6,766	7,443	8,182	8,040	6,355	4,801
Ordinary income	43,785	9,320	19,726	31,638	46,214	54,429
Extraordinary income	11,634	-	-	-	6,746	-
Income on the setting of a trust for auxiliary retirement benefits	10,097	-	-	-	-	-
Profit on sales of stocks of affiliated company	1,537	-	-	-	-	-
Gain on return of substantial portion of welfare pension fund	-	-	-	-	6,746	-
Extraordinary expenses	28,674	-	-	-	7,237	-
Difference in auxiliary retirement benefits at the time of change of accounting standards	28,611	-	-	-	-	-
Loss on sales of stocks of affiliated company	63	-	-	-	-	-
Loss following the change of retirement benefit scheme	-	-	-	-	1,011	-
Loss arising from cancellation of employee pension trust	-	-	-	-	777	-
Loss on business structural reform	-	-	-	-	4,809	-
Impairment loss	-	-	-	-	640	-
Income before income taxes and minority interests	26,745	9,320	19,726	31,638	45,723	54,429
Income taxes (corporate, inhabitant, and business taxes)	11,903	5,127	10,029	14,495	18,128	21,087
Current	22,693	7,727	12,358	6,101	18,740	20,642
Deferred	△ 10,790	△ 2,600	△ 2,329	8,394	△ 612	445
Minority interests	1,820	1,052	1,053	1,359	1,881	1,749
Net income	13,022	3,141	8,644	15,784	25,714	31,593

Percentage Increase/Decrease from the Preceding Year

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Net sales	7.6%	△ 18.0%	2.8%	5.5%	6.6%	8.5%
Operating income	30.7%	△ 71.5%	91.1%	35.5%	38.9%	14.8%
Ordinary income	55.5%	△ 78.7%	111.7%	60.4%	46.1%	17.8%
Net income	3.5%	△ 75.9%	175.2%	82.6%	62.9%	22.9%

Percentage of Net Sales

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Operating income	7.8%	2.7%	5.0%	6.5%	8.4%	8.9%
Ordinary income	7.5%	1.9%	4.0%	6.1%	8.3%	9.0%
Net income	2.2%	0.7%	1.7%	3.0%	4.6%	5.2%

Income Tax Rate

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
	44.5%	55.0%	50.8%	45.8%	39.6%	38.7%

Consolidated Statements of Cash Flows

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries
(Millions of yen)

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
[Cash flows from operating activities]						
Income before income taxes and minority interests	26,745	9,320	19,726	31,638	45,723	54,429
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	29,009	29,034	27,703	26,505	25,904	27,200
Interest and dividends received	△ 1,068	△ 900	△ 1,022	△ 1,058	△ 896	△ 798
Interest paid	2,767	2,079	1,279	1,054	984	1,120
Increase (decrease) in trade receivables	217	29,826	4,355	△ 9,450	91	△ 6,651
Increase (decrease) in inventories	△ 1,962	11,049	△ 289	△ 1,547	△ 4,727	△ 2,181
Increase (decrease) in trade payables	△ 5,162	△ 14,306	6,103	6,014	4,891	7,485
Increase (decrease) in provision for retirement benefits	△ 25,396	-	-	-	-	-
Income from the setting of a trust for auxiliary retirement benefits	△ 10,097	-	-	-	-	-
Increase (decrease) in accrued expenses and retirement and severance benefits	40,160	△ 226	1,460	△ 10,865	△ 11,291	1,054
Difference due to the setting of a trust for auxiliary retirement benefits at time of change of accounting standards for auxiliary retirement benefits	12,501	-	-	-	-	-
Other	4,627	△ 3,214	4,830	△ 187	3,973	△ 15,021
Subtotal	72,341	62,662	64,145	42,104	64,652	66,637
Interest and dividends received	1,166	979	1,074	1,072	991	879
Interest paid	△ 2,791	△ 2,104	△ 1,299	△ 1,105	△ 987	△ 1,099
Corporate and other taxes paid	△ 19,631	△ 16,900	△ 8,481	△ 14,724	△ 7,111	△ 25,133
Refund of income tax and other taxes	-	-	-	-	3,063	-
Net cash provided by operating activities	51,085	44,637	55,439	27,347	60,608	41,284
[Cash flows from investing activities]						
Income from sale of securities	49	693	17	-	-	-
Expenses of property, plant, and equipment acquired	△ 34,624	△ 27,825	△ 22,646	△ 24,780	△ 29,422	△ 35,045
Income from sale of property, plant and equipment	4,212	2,207	2,754	1,732	974	613
Expenses of investment securities	△ 511	△ 165	△ 39	△ 387	△ 2,340	△ 304
Income from sale of investment securities	122	180	940	452	205	156
Income from sales of subsidiaries' common stock due to change in the scope of consolidation	2,155	-	-	-	-	-
Other	652	△ 5,027	△ 149	△ 375	△ 2,419	△ 3,240
Net cash provided (used in) by investing activities	△ 27,945	△ 29,937	△ 19,123	△ 23,358	△ 33,002	△ 37,820
[Cash flows from financing activities]						
Increase (decrease) in short-term loans	△ 15,886	3,608	△ 12,799	△ 12,201	△ 5,537	1,861
Proceeds from long-term debts	5,410	200	682	1,000	-	-
Payments on long-term debts	△ 6,087	△ 4,938	△ 6,382	△ 2,403	△ 1,551	△ 3,042
Reimbursement of debentures	△ 4,273	△ 15,000	△ 7,106	△ 3,105	△ 3,000	-
Dividends paid to stockholders	△ 2,021	△ 2,047	△ 2,072	△ 2,487	△ 2,694	△ 4,145
Dividends paid to minority stockholders of subsidiaries	△ 540	△ 532	△ 428	△ 416	△ 403	△ 396
Other	45	△ 6	△ 19	△ 2	66	49
Net cash provided (used in) by financing activities	△ 23,352	△ 18,715	△ 28,124	△ 19,614	△ 13,119	△ 5,673
Effect of exchange rate changes on cash and cash equivalents	965	757	△ 1,103	△ 1,591	267	2,060
Net increase (decrease) in cash and cash equivalents	753	△ 3,258	7,089	△ 17,216	14,754	△ 149
Cash and cash equivalents at beginning of term	56,570	59,551	56,332	63,421	46,205	60,959
Increase in cash and cash equivalents due to new consolidation	2,228	39	-	-	-	-
Cash and cash equivalents at end of term	59,551	56,332	63,421	46,205	60,959	60,810

Segment Information

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

Business Segment Information

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Electronics Related Products						
Sales	266,720	192,943	206,232	227,085	247,655	274,142
Sales to outside customers	265,967	191,693	205,004	225,774	246,445	272,739
Inter-segment sales	753	1,250	1,228	1,311	1,210	1,403
Operating expenses	239,025	189,764	192,573	203,795	215,729	236,425
Operating income	27,695	3,179	13,659	23,290	31,926	37,717
Assets	213,816	189,644	178,031	168,635	185,441	209,489
Depreciation	15,005	15,454	13,938	11,896	11,583	11,752
Capital expenditures	22,105	10,370	7,098	8,564	15,166	17,125
Advanced Performance Products						
Sales	228,119	205,750	208,811	214,112	225,855	243,719
Sales to outside customers	226,748	204,878	208,440	213,066	224,669	243,351
Inter-segment sales	1,371	872	371	1,046	1,186	368
Operating expenses	213,999	197,198	198,929	205,370	212,561	228,813
Operating income	14,120	8,552	9,882	8,742	13,294	14,906
Assets	196,618	184,936	182,558	180,842	185,646	195,269
Depreciation	11,577	10,816	11,096	11,824	11,455	12,761
Capital expenditures	12,604	13,633	13,892	15,564	15,547	19,074
Housing Equipment and Environmental Facilities						
Sales	94,233	84,237	81,050	82,858	84,787	86,820
Sales to outside customers	93,599	84,206	80,782	82,518	84,454	86,613
Inter-segment sales	634	31	268	340	333	207
Operating expenses	90,235	82,952	79,680	81,149	83,132	85,910
Operating income	3,998	1,285	1,370	1,709	1,655	910
Assets	47,408	45,143	47,898	45,492	41,862	40,725
Depreciation	2,427	2,764	2,669	2,785	2,866	2,687
Capital expenditures	3,211	3,346	2,586	2,203	2,446	2,488
Elimination						
Sales	△ 2,758	△ 2,153	△ 1,867	△ 2,697	△ 2,729	△ 1,978
Operating expenses	△ 2,759	△ 2,185	△ 1,886	△ 2,730	△ 2,764	△ 2,278
Operating income	1	32	19	33	35	300
Assets	△ 725	△ 1,315	△ 1,339	△ 1,134	△ 1,464	△ 1,298
Consolidated						
Sales	586,314	480,777	494,226	521,358	555,568	602,703
Operating expenses	540,500	467,729	469,296	487,584	508,658	548,870
Operating income	45,814	13,048	24,930	33,774	46,910	53,833
Assets	457,117	418,408	407,148	393,835	411,485	444,185
Depreciation	29,009	29,034	27,703	26,505	25,904	27,200
Capital expenditures	37,920	27,349	23,576	26,331	33,159	38,687

Percentage Increase/Decrease from the Preceding Year of Sales to Outside Customers

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Electronics Related Products	11.0%	△ 27.9%	6.9%	10.1%	9.2%	10.7%
Advanced Performance Products	9.7%	△ 9.6%	1.7%	2.2%	5.4%	8.3%
Housing Equipment and Environmental Facilities	△ 5.0%	△ 10.0%	△ 4.1%	2.1%	2.3%	2.6%

Operating Margin

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Electronics Related Products	10.4%	1.7%	6.7%	10.3%	13.0%	13.8%
Advanced Performance Products	6.2%	4.2%	4.7%	4.1%	5.9%	6.1%
Housing Equipment and Environmental Facilities	4.3%	1.5%	1.7%	2.1%	2.0%	1.1%

Note: Operating margin = Operating income ÷ Sales to outside customers × 100

Geographic Segment Information

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Japan						
Sales	531,731	431,543	448,839	474,526	507,105	536,949
Sales to outside customers	504,816	408,942	418,934	439,618	463,900	479,967
Inter-segment sales	26,915	22,601	29,905	34,908	43,205	56,982
Operating expenses	491,511	421,969	427,763	445,976	464,729	487,782
Operating income	40,220	9,574	21,076	28,550	42,376	49,167
Assets	409,091	367,496	357,772	343,905	355,719	367,431
Asia						
Sales	74,733	63,513	64,602	71,205	81,599	108,471
Sales to outside customers	66,645	57,139	57,378	63,159	72,807	98,651
Inter-segment sales	8,088	6,374	7,224	8,046	8,792	9,820
Operating expenses	69,185	60,045	60,726	66,615	77,579	104,274
Operating income	5,548	3,468	3,876	4,590	4,020	4,197
Assets	46,006	46,333	45,949	48,179	54,342	78,609
Other Areas						
Sales	16,883	15,856	19,674	20,526	21,264	26,571
Sales to outside customers	14,853	14,696	17,914	18,581	18,861	24,085
Inter-segment sales	2,030	1,160	1,760	1,945	2,403	2,486
Operating expenses	16,499	16,150	19,539	19,955	20,514	25,705
Operating income	384	△ 294	135	571	750	866
Assets	14,574	14,250	14,004	13,433	15,156	18,193
Elimination						
Sales	△ 37,033	△ 30,135	△ 38,889	△ 44,899	△ 54,400	△ 69,288
Operating expenses	△ 36,695	△ 30,435	△ 38,732	△ 44,962	△ 54,164	△ 68,891
Operating income	△ 338	300	△ 157	63	△ 236	△ 397
Assets	△ 12,554	△ 9,671	△ 10,577	△ 11,682	△ 13,732	△ 20,048
Consolidated						
Sales	586,314	480,777	494,226	521,358	555,568	602,703
Operating expenses	540,500	467,729	469,296	487,584	508,658	548,870
Operating income	45,814	13,048	24,930	33,774	46,910	53,833
Assets	457,117	418,408	407,148	393,835	411,485	444,185

Percentage Increase/Decrease from the Preceding Year of Sales to Outside Customers

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Japan	6.7%	△ 19.0%	2.4%	4.9%	5.5%	3.5%
Asia	17.0%	△ 14.3%	0.4%	10.1%	15.3%	35.5%
Other areas	1.9%	△ 1.1%	21.9%	3.7%	1.5%	27.7%

Operating Margin

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Japan	8.0%	2.3%	5.0%	6.5%	9.1%	10.2%
Asia	8.3%	6.1%	6.8%	7.3%	5.5%	4.3%
Other areas	2.6%	△ 2.0%	0.8%	3.1%	4.0%	3.6%

Note: Operating margin = Operating income ÷ Sales to outside customers × 100

Overseas Sales

	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Overseas sales	117,402	99,477	107,026	126,600	144,976	184,312
Asia	84,445	67,252	71,785	92,323	110,432	143,985
Others	32,957	32,225	35,241	34,277	34,544	40,327
Consolidated sales	586,314	480,777	494,226	521,358	555,568	602,703
Percentage of overseas sales in consolidated sales	20.0%	20.7%	21.7%	24.3%	26.1%	30.6%
Asia	14.4%	14.0%	14.5%	17.7%	19.9%	23.9%
Others	5.6%	6.7%	7.2%	6.6%	6.2%	6.7%