

Fact Sheet 2007

July 11, 2007

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Notes

- 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 at 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.

 **Hitachi Chemical Co., Ltd.**

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Financial Highlights

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

Financial Results

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Net sales ^(Note. 1)	480,777	494,226	521,358	555,568	602,703	628,805
Electronics Related Products	191,693	205,004	225,774	246,445	272,739	293,575
Advanced Performance Products	204,878	208,440	213,066	224,669	243,351	250,821
Housing Equipment and Environmental Facilities	84,206	80,782	82,518	84,454	86,613	84,409
Operating income ^(Note 1)	13,048	24,930	33,774	46,910	53,833	55,750
Electronics Related Products	3,179	13,659	23,290	31,926	37,717	40,870
Advanced Performance Products	8,552	9,882	8,742	13,294	14,906	14,997
Housing Equipment and Environmental Facilities	1,285	1,370	1,709	1,655	910	△ 55
Elimination	32	19	33	35	300	△ 62
Ordinary income	9,320	19,726	31,638	46,214	54,429	56,714
Net income	3,141	8,644	15,784	25,714	31,593	32,766

Financial Position

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Total assets	418,408	407,148	393,835	411,485	444,185	470,864
Total net assets ^(Note 2)	143,692	146,443	157,311	180,910	215,235	268,356
Net worth ratio ^(Note 2)	34.3%	36.0%	39.9%	44.0%	48.5%	51.8%

Cash Flows

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Cash flows from operating activities	44,637	55,439	27,347	60,608	41,284	46,382
Cash flows from investing activities	△ 29,937	△ 19,123	△ 23,358	△ 33,002	△ 37,820	△ 37,059
Cash flows from financing activities	△ 18,715	△ 28,124	△ 19,614	△ 13,119	△ 5,673	△ 5,289
Cash and cash equivalents at end of term	56,332	63,421	46,205	60,959	60,810	65,572

Per Share Data

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Net income (Basic)	15.28	39.91	75.47	123.46	152.01	158.02
Net income (Diluted)	-	39.54	75.44	123.44	151.95	157.95
Dividend	10.00	11.00	12.00	17.00	23.00	28.00
Total net assets ^(Note 2)	693.35	704.87	758.44	872.20	1,037.83	1,175.49

Other Data

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Return on equity (ROE)	2.3%	6.0%	10.4%	15.2%	16.0%	14.3%
Return on assets (ROA)	2.1%	4.8%	7.9%	11.5%	12.7%	12.4%
Interest-bearing liabilities ^(Note 3)	90,573	64,301	46,997	36,235	37,522	39,312
Capital expenditures	27,349	23,576	26,331	33,159	38,687	37,661
Depreciation	29,034	27,703	26,505	25,904	27,200	28,077
Research and development expenses	22,894	22,933	24,908	25,059	26,934	27,835
Research and development expenses / Net sales	4.8%	4.6%	4.8%	4.5%	4.5%	4.4%
Number of consolidated subsidiaries	68	65	64	62	62	60
Number of employees ^(Note 4)	17,492	17,366	17,091	16,854	17,269	17,787

[Notes] Please see the notes on page 3.

Consolidated Balance Sheets

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
[Assets]						
Current assets	212,168	215,561	209,559	226,773	242,062	261,952
Cash and cash equivalents	56,332	60,422	46,205	33,173	37,163	38,134
Trade notes and accounts receivables	105,588	99,896	107,323	107,130	118,440	125,409
Inventories	35,760	35,708	36,598	41,027	44,319	48,214
Deferred income taxes	7,984	9,607	10,958	12,177	11,666	13,293
Other current assets	9,229	13,624	12,225	37,346	34,380	40,661
Less allowance for doubtful receivables	△ 2,725	△ 3,696	△ 3,750	△ 4,080	△ 3,906	△ 3,759
Fixed assets	206,240	191,587	184,276	184,712	202,123	208,912
Net property, plant and equipment	149,571	139,072	134,046	135,155	148,549	156,456
Buildings and structures	49,797	46,521	44,270	43,678	45,911	46,610
Machinery, equipment, and transportation equipment	60,518	53,174	52,177	54,267	62,290	65,501
Lands	25,643	24,729	24,073	22,842	22,843	22,719
Other fixed assets	13,613	14,648	13,526	14,368	17,505	21,629
Intangible assets	7,847	7,493	6,610	5,097	6,176	7,278
Investments and other assets	48,822	45,022	43,620	44,460	47,398	45,178
Investments in securities	15,824	12,021	15,833	19,353	24,352	23,027
Deferred income taxes	20,340	21,611	10,454	9,669	8,172	6,960
Other assets	14,527	12,601	18,311	16,285	15,706	15,904
Less allowance for doubtful receivables	△ 1,869	△ 1,211	△ 978	△ 847	△ 832	△ 713
Total assets	418,408	407,148	393,835	411,485	444,185	470,864
	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
[Liabilities]						
Current liabilities	176,121	165,069	155,878	159,082	165,696	156,812
Trade notes and accounts payables	48,050	53,231	57,705	62,683	73,246	73,935
Short-term debts	48,374	31,188	17,897	12,858	14,705	15,281
Debentures to be redeemed within one year	7,106	3,105	3,000	-	10,000	3,000
Other current liabilities	72,591	77,545	77,276	83,541	67,745	64,596
Fixed liabilities	78,771	75,729	60,266	49,947	39,452	45,696
Debentures	28,105	25,000	22,000	22,000	12,000	19,000
Long-term debts	6,988	5,008	4,100	1,377	817	1,947
Retirement and severance benefits	39,959	41,419	30,550	19,229	20,287	18,971
Other liabilities	3,719	4,302	3,616	7,341	6,348	5,778
Total liabilities	254,892	240,798	216,144	209,029	205,148	202,508
[Net assets]						
Capital stock	-	-	-	-	-	239,208
Common stock	-	-	-	-	-	15,421
Capital surplus	-	-	-	-	-	34,312
Earnings surplus	-	-	-	-	-	189,581
Treasury stock	-	-	-	-	-	△ 106
Valuation and translation adjustments	-	-	-	-	-	4,550
Net unrealized holding gain on securities	-	-	-	-	-	4,509
Deferred gains or losses on hedges	-	-	-	-	-	32
Foreign currency translation adjustments	-	-	-	-	-	9
Subscription Rights to Shares	-	-	-	-	-	-
Minority interests	-	-	-	-	-	24,598
Total net assets	-	-	-	-	-	268,356
Total liabilities, net assets	-	-	-	-	-	470,864

[Minority interests]						
Minority interests	19,824	19,907	20,380	21,546	23,802	-
[Stockholders' equity]						
Common stock	15,284	15,284	15,288	15,328	15,367	-
Capital surplus	34,174	34,174	34,178	34,219	34,258	-
Earnings surplus	92,818	99,111	112,101	134,963	162,293	-
Net unrealized holding gain on securities	1,849	1,067	2,603	2,684	5,176	-
Foreign currency translation adjustments	△ 424	△ 3,165	△ 6,821	△ 6,231	△ 1,777	-
Treasury stock	△ 9	△ 28	△ 38	△ 53	△ 82	-
Total stockholders' equity	143,692	146,443	157,311	180,910	215,235	-
Total liabilities, minority interests, and stockholders' equity	418,408	407,148	393,835	411,485	444,185	-

[Notes]

Note 1: Segment sales are sales to outside customers.

Note 2: The figures for the year ended March 31, 2007, which are listed in the categories of net assets, are shown in accordance with the changes due to the adoptions of the new accounting measures and policies.

Note 3: Interest-bearing liabilities=Short-term loans + Commercial paper + Bonds + Debentures to be redeemed within one year
+ Long-term loans + Notes and bills discounted

Note 4: Number of employees includes temporary staff.

Note 5: [Changes in Business Segments]

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 6 is also changed in the

Consolidated Statements of Income

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Net sales	480,777	494,226	521,358	555,568	602,703	628,805
Cost of sales	366,225	368,095	385,308	404,557	441,022	463,849
Gross Profit	114,552	126,131	136,050	151,011	161,681	164,956
Selling, general and administrative expenses	101,504	101,201	102,276	104,101	107,848	109,206
Operating income	13,048	24,930	33,774	46,910	53,833	55,750
Non-operating income	5,794	4,257	6,958	6,643	6,517	7,794
Interest and dividend income	900	1,022	1,058	896	798	1,326
Other Non-operating income	4,894	3,235	5,900	5,747	5,719	6,468
Non-operating expenses	9,522	9,461	9,094	7,339	5,921	6,830
Interest expenses	2,079	1,279	1,054	984	1,120	1,167
Other non-operating expenses	7,443	8,182	8,040	6,355	4,801	5,663
Ordinary income	9,320	19,726	31,638	46,214	54,429	56,714
Extraordinary income	-	-	-	6,746	-	-
Gain on return of substantial portion of welfare pension fund	-	-	-	6,746	-	-
Extraordinary expenses	-	-	-	7,237	-	-
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	9,320	19,726	31,638	45,723	54,429	56,714
Income taxes (corporate, inhabitant, and business taxes)	5,127	10,029	14,495	18,128	21,087	22,015
Current	7,727	12,358	6,101	18,740	20,642	21,972
Deferred	△ 2,600	△ 2,329	8,394	△ 612	445	43
Minority interests	1,052	1,053	1,359	1,881	1,749	1,933
Net income	3,141	8,644	15,784	25,714	31,593	32,766

Percentage Increase / Decrease from the Preceding Year

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Net sales	△ 18.0%	2.8%	5.5%	6.6%	8.5%	4.3%
Operating income	△ 71.5%	91.1%	35.5%	38.9%	14.8%	3.6%
Ordinary income	△ 78.7%	111.7%	60.4%	46.1%	17.8%	4.2%
Net income	△ 75.9%	175.2%	82.6%	62.9%	22.9%	3.7%

Percentage of net sales

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Operating income	2.7%	5.0%	6.5%	8.4%	8.9%	8.9%
Ordinary income	1.9%	4.0%	6.1%	8.3%	9.0%	9.0%
Net income	0.7%	1.7%	3.0%	4.6%	5.2%	5.2%

Income Tax Rate

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
	55.0%	50.8%	45.8%	39.6%	38.7%	38.8%

Note: Income Tax Rate = Current and Deferred Income Taxes ÷ Income before Income Taxes and Minority Interests × 100

Consolidated Statements of Cash Flows

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
[Cash flows from operating activities]						
Income before income taxes and minority interests	9,320	19,726	31,638	45,723	54,429	56,714
Depreciation and amortization	29,034	27,703	26,505	25,904	27,200	28,077
Interest and dividends received	△ 900	△ 1,022	△ 1,058	△ 896	△ 798	△ 1,326
Interest paid	2,079	1,279	1,054	984	1,120	1,167
Increase (decrease) in trade receivables	29,826	4,355	△ 9,450	91	△ 6,651	△ 5,819
Increase (decrease) in inventories	11,049	△ 289	△ 1,547	△ 4,727	△ 2,181	△ 3,553
Increase (decrease) in trade payables	△ 14,306	6,103	6,014	4,891	7,485	△ 128
Increase (decrease) in accrued expenses and retirement and severance benefits	△ 226	1,460	△ 10,865	△ 11,291	1,054	△ 1,319
Other	△ 3,214	4,830	△ 187	3,973	△ 15,021	△ 7,837
Subtotal	62,662	64,145	42,104	64,652	66,637	65,976
Interest and dividends received	979	1,074	1,072	991	879	2,193
Interest paid	△ 2,104	△ 1,299	△ 1,105	△ 987	△ 1,099	△ 1,182
Corporate and other taxes paid	△ 16,900	△ 8,481	△ 14,724	△ 7,111	△ 25,133	△ 20,605
Refund of income tax and other taxes	-	-	-	3,063	-	-
Net cash provided by operating activities	44,637	55,439	27,347	60,608	41,284	46,382
[Cash flows from investing activities]						
Income from sale of securities	693	17	-	-	-	-
Expenses of property, plant, and equipment acquired	△ 27,825	△ 22,646	△ 24,780	△ 29,422	△ 35,045	△ 36,487
Income from sale of property, plant and equipment	2,207	2,754	1,732	974	613	2,596
Expenses of investment securities	△ 165	△ 39	△ 387	△ 2,340	△ 304	-
Income from sale of investment securities	180	940	452	205	156	1,806
Other	△ 5,027	△ 149	△ 375	△ 2,419	△ 3,240	△ 4,974
Net cash provided (used in) by investing activities	△ 29,937	△ 19,123	△ 23,358	△ 33,002	△ 37,820	△ 37,059
[Cash flows from financing activities]						
Net increase (decrease) in short-term loans	3,608	△ 12,799	△ 12,201	△ 5,537	1,861	388
Proceeds from long-term debts	200	682	1,000	-	-	1,900
Payments on long-term debts	△ 4,938	△ 6,382	△ 2,403	△ 1,551	△ 3,042	△ 1,241
Income from issuance of debentures	-	-	-	-	-	10,000
Reimbursement of debentures	△ 15,000	△ 7,106	△ 3,105	△ 3,000	-	△ 10,000
Dividends paid to stockholders	△ 2,047	△ 2,072	△ 2,487	△ 2,694	△ 4,145	△ 5,390
Dividends paid to minority stockholders of subsic	△ 532	△ 428	△ 416	△ 403	△ 396	△ 400
Other	△ 6	△ 19	△ 2	66	49	△ 546
Net cash provided (used in) by financing activities	△ 18,715	△ 28,124	△ 19,614	△ 13,119	△ 5,673	△ 5,289
Effect of exchange rate changes on cash and cash equivalents	757	△ 1,103	△ 1,591	267	2,060	728
Net increase (decrease) in cash and cash equivalents	△ 3,258	7,089	△ 17,216	14,754	△ 149	4,762
Cash and cash equivalents at beginning of term	59,551	56,332	63,421	46,205	60,959	60,810
Increase in cash and cash equivalents due to new consolidation	39	-	-	-	-	-
Cash and cash equivalents at end of term	56,332	63,421	46,205	60,959	60,810	65,572

Segment Information

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of Yen)

Business Segment Information

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Electronics Related Products						
Sales	192,943	206,232	227,085	247,655	274,142	294,690
Sales to outside customers	191,693	205,004	225,774	246,445	272,739	293,575
Inter-segment sales	1,250	1,228	1,311	1,210	1,403	1,115
Operating expenses	189,764	192,573	203,795	215,729	236,425	253,820
Operating income	3,179	13,659	23,290	31,926	37,717	40,870
Assets	189,644	178,031	168,635	185,441	209,489	227,840
Depreciation	15,454	13,938	11,896	11,583	11,752	12,144
Capital expenditures	10,370	7,098	8,564	15,166	17,125	16,915
Advanced performance products						
Sales	205,750	208,811	214,112	225,855	243,719	251,509
Sales to outside customers	204,878	208,440	213,066	224,669	243,351	250,821
Inter-segment sales	872	371	1,046	1,186	368	688
Operating expenses	197,198	198,929	205,370	212,561	228,813	236,512
Operating Income	8,552	9,882	8,742	13,294	14,906	14,997
Assets	184,936	182,558	180,842	185,646	195,269	204,323
Depreciation	10,816	11,096	11,824	11,455	12,761	13,674
Capital expenditures	13,633	13,892	15,564	15,547	19,074	19,110
Housing Equipment and Environmental Facilities						
Sales	84,237	81,050	82,858	84,787	86,820	84,745
Sales to Outside Customers	84,206	80,782	82,518	84,454	86,613	84,409
Inter-segment Sales	31	268	340	333	207	336
Operating Expenses	82,952	79,680	81,149	83,132	85,910	84,800
Operating Income	1,285	1,370	1,709	1,655	910	△ 55
Assets	45,143	47,898	45,492	41,862	40,725	40,186
Depreciation	2,764	2,669	2,785	2,866	2,687	2,259
Capital Expenditures	3,346	2,586	2,203	2,446	2,488	1,636
Elimination						
Sales	△ 2,153	△ 1,867	△ 2,697	△ 2,729	△ 1,978	△ 2,139
Operating Expenses	△ 2,185	△ 1,886	△ 2,730	△ 2,764	△ 2,278	△ 2,077
Operating Income	32	19	33	35	300	△ 62
Assets	△ 1,315	△ 1,339	△ 1,134	△ 1,464	△ 1,298	△ 1,485
Consolidated						
Sales	480,777	494,226	521,358	555,568	602,703	628,805
Operating Expenses	467,729	469,296	487,584	508,658	548,870	573,055
Operating Income	13,048	24,930	33,774	46,910	53,833	55,750
Assets	418,408	407,148	393,835	411,485	444,185	470,864
Depreciation	29,034	27,703	26,505	25,904	27,200	28,077
Capital Expenditures	27,349	23,576	26,331	33,159	38,687	37,661
Percentage Increase / Decrease from the Preceding Year of Sales to Outside Customers						
	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Electronics Related Products	△ 27.9%	6.9%	10.1%	9.2%	10.7%	7.6%
Advanced Performance Products	△ 9.6%	1.7%	2.2%	5.4%	8.3%	3.1%
Housing Equipment and Environmental Facilities	△ 10.0%	△ 4.1%	2.1%	2.3%	2.6%	△ 2.5%
Operating Margin						
	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Electronics Related Products	1.7%	6.7%	10.3%	13.0%	13.8%	13.9%
Advanced Performance Products	4.2%	4.7%	4.1%	5.9%	6.1%	6.0%
Housing Equipment and Environmental Facilities	1.5%	1.7%	2.1%	2.0%	1.1%	△ 0.1%

Note: Operating Margin = Operating Income ÷ Sales to Outside Customers × 100

Geographic Segment Information

	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Japan						
Sales	431,543	448,839	474,526	507,105	536,949	550,510
Sales to Outside Customers	408,942	418,934	439,618	463,900	479,967	482,291
Inter-segment Sales	22,601	29,905	34,908	43,205	56,982	68,219
Operating Expenses	421,969	427,763	445,976	464,729	487,782	500,642
Operating Income	9,574	21,076	28,550	42,376	49,167	49,868
Assets	367,496	357,772	343,905	355,719	367,431	383,227
Asia						
Sales	63,513	64,602	71,205	81,599	108,471	130,524
Sales to Outside Customers	57,139	57,378	63,159	72,807	98,651	117,924
Inter-segment Sales	6,374	7,224	8,046	8,792	9,820	12,600
Operating Expenses	60,045	60,726	66,615	77,579	104,274	124,978
Operating Income	3,468	3,876	4,590	4,020	4,197	5,546
Assets	46,333	45,949	48,179	54,342	78,609	90,477
Other Areas						
Sales	15,856	19,674	20,526	21,264	26,571	30,683
Sales to Outside Customers	14,696	17,914	18,581	18,861	24,085	28,590
Inter-segment Sales	1,160	1,760	1,945	2,403	2,486	2,093
Operating Expenses	16,150	19,539	19,955	20,514	25,705	29,969
Operating Income	△ 294	135	571	750	866	714
Assets	14,250	14,004	13,433	15,156	18,193	20,415
Elimination						
Sales	△ 30,135	△ 38,889	△ 44,899	△ 54,400	△ 69,288	△ 82,912
Operating Expenses	△ 30,435	△ 38,732	△ 44,962	△ 54,164	△ 68,891	△ 82,534
Operating Income	300	△ 157	63	△ 236	△ 397	△ 378
Assets	△ 9,671	△ 10,577	△ 11,682	△ 13,732	△ 20,048	△ 23,255
Consolidated						
Sales	480,777	494,226	521,358	555,568	602,703	628,805
Operating Expenses	467,729	469,296	487,584	508,658	548,870	573,055
Operating Income	13,048	24,930	33,774	46,910	53,833	55,750
Assets	418,408	407,148	393,835	411,485	444,185	470,864
Percentage Increase / Decrease from the Preceding Year of Sales to Outside Customers						
	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Japan	△ 19.0%	2.4%	4.9%	5.5%	3.5%	0.5%
Asia	△ 14.3%	0.4%	10.1%	15.3%	35.5%	19.5%
Other Areas	△ 1.1%	21.9%	3.7%	1.5%	27.7%	18.7%
Operating Margin						
	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Japan	2.3%	5.0%	6.5%	9.1%	10.2%	10.3%
Asia	6.1%	6.8%	7.3%	5.5%	4.3%	4.7%
Other Areas	△ 2.0%	0.8%	3.1%	4.0%	3.6%	2.5%
Note: Operating Margin = Operating Income ÷ Sales to Outside Customers × 100						
Overseas Sales						
	2002.3	2003.3	2004.3	2005.3	2006.3	2007.3
Overseas Sales	99,477	107,026	126,600	144,976	184,312	207,447
Asia	67,252	71,785	92,323	110,432	143,985	162,931
Others	32,225	35,241	34,277	34,544	40,327	44,516
Consolidated Sales	480,777	494,226	521,358	555,568	602,703	628,805
Percentage of Overseas Sales in Consolidated Sales	20.7%	21.7%	24.3%	26.1%	30.6%	33.0%
Asia	14.0%	14.5%	17.7%	19.9%	23.9%	25.9%
Others	6.7%	7.2%	6.6%	6.2%	6.7%	7.1%