

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR FY2008 1st half Quarter**  
 (April 1, 2008 – September 30, 2008)

**Hitachi Zosen Fukui Corporation(H&F)**

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Quarterly report will be submitted at November 11, 2008

**1. Business results and Financial positions for FY2008H1 ( April 1, 2008 – September 30, 2008 )**

**(1) Consolidated Business results for FY2008H1**

(Note) FY2008 1st half quarter is standed for FY2008H1

	Net sales	Operating income	Ordinary income	Quarterly net income
	(million yen)	(million yen)	(million yen)	(million yen)
<b>FY2008H1</b>	<b>10,533</b>	<b>1,143</b>	<b>1,171</b>	<b>679</b>
FY2007H1	9,572	1,121	1,104	663

	Quarterly net income per share	Quarterly net income per share, diluted
	(yen)	(yen)
<b>FY2008H1</b>	<b>68.97</b>	–
FY2007H1	67.34	–

**(2) Consolidated Financial positions at the end of FY2008H1**

	Total assets	Net assets	Ratio of Shareholders' equity	Net assets per share
	(million yen)	(million yen)	%	(yen)
<b>2008.9.30</b>	<b>19,375</b>	<b>9,215</b>	<b>47.6</b>	<b>935.63</b>
2008.3.31	19,213	8,698	45.3	883.10

(Note) Shareholders' equity at he end of FY2008H1 (consolidated);

End of FY2008H1      9,215 million yen

End of FY2007        8,698 million yen



## 2. Dividend

	Dividend per share				
	End of Q1	End of H1	End of Q3	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY2007	–	0.00	–	18.00	18.00
FY2008	–	0.00			
FY2008 (Forecast)					

(Note) "H1" is standed for 1st first half quarter

## 3. Forecast of Consolidated Business results for FY2008 ( April 1, 2008 – March 31, 2009 )

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%	(Yen)
FY2008	26,000	19.2	2,160	△ 3.4	2,100	△ 4.5	1,260	△ 3.3	127.92

(Note)

Percentage for Net sales, Operating income, Ordinary income, and Net income is compared with last fiscal year.

### Cautionary statement

These forecasts are based on an assumption in the light of information currently available at the date of this announcement. Therefore, various kinds of factors can cause actual results to differ materially from these forecasts.

## 4 Other

(1) Number of shares outstanding ( Common stock )

① End of number of shares outstanding ( including treasury stock )

End of FY2008H1      9,850,000  
End of FY2007      9,850,000

② End of number of treasury stock

End of FY2008H1      76  
End of FY2007      –

③ Interm of average number of shares 【Quarterly consolidated period (total)】

End of FY2008H1      9,849,935  
End of FY2007H1      9,850,000



## QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

### 1. Consolidated Business results

Summary of Business results for FY2008 1st half quarter ( FY2008H1 )

(Note) Last fiscal year same quarter is standed for FY2007H1

There is concern about slowdown in Japan due to financial panic caused by the US subprime mortgage problem, appreciation of Yen against US dollar, and a jump in raw materials price.

Automobile manufacturers, which are our main customers of H&F, abstain from their facility investment due to sales down of North America, Europe and Asia.

Regarding orders, due to the delay of automobile manufacturers' facility investment, Orders of *Press machines* came to 4,570 million yen ( $\Delta$ 961million yen), which is smaller than FY2007H1. Due to the increase of new orders of *coil feeders*, that of *FA system products* came to 3,376 million yen (+541million yen), which is larger than FY2007H1. That of *After service* came to 2,708 million yen ( $\Delta$ 277 million yen), which is smaller than FY2007H1. That of total products came to 10,655 million yen ( $\Delta$ 697 million yen), which is smaller than FY2007H1. Balance of orders received came to 16,979 million yen (+121million yen), which is larger than end of last fiscal year.

Regarding sales, Sales of *Press machines* came to 5,467 million yen (+191 million yen), which is larger than FY2007H1. Due to sales of the *Laser Welding Device*, that of *FA system products* came to 2,629 million yen (+334 million yen), which is larger than FY2007H1. That of *After service* came to 2,436 million yen (+435 million yen), which is larger than FY2007H1. That of total products came to 10,533 million yen (+960 million yen), which is larger than FY2007H1.

Regarding income, due to increase of manufacturing cost, *Operating income* came to 1,143 million yen (+22 million yen), which is larger than FY2007H1. Also *Ordinary income* came to 1,171 million yen (+66 million yen), which is larger than FY2007H1. *Quarterly net income* came to 679 million yen (+15 million yen), which is larger than FY2007H1 due to providing 55 million yen in *Loss on valuation of investment securities*

### 2. Forecast of consolidated Business results for FY2008 (April 1, 2008 – March 31, 2009)

Market related to H&F group is getting harsh because of economic slowdown caused by financial panic and increase of raw materials price. H&F will secure income by working on "Securing new orders", "Strengthening cost competition", and "Strengthening merchandising".



<b>QUARTERLY CONSOLIDATED BALANCE SHEETS (1/2)</b>		( 1,000 yen )
	End of FY2007 (2008.3.31)	End of FY2008H1 (2008.9.30)
<b>ASSETS</b>		
<u>Current assets</u>		
Cash and deposits	2,725,117	6,545,904
Notes and accounts receivable-trade	8,207,373	4,973,516
Work in process	3,115,654	2,681,231
Raw materials	170,983	205,203
Deferred tax assets	429,928	428,311
Other	38,577	83,701
Allowance for doubtful accounts	(3,590)	(490)
Total current assets	<b>14,684,043</b>	<b>14,917,378</b>
<u>Noncurrent assets</u>		
Property, plant and equipment	3,514,143	3,481,542
Intangible assets	98,375	95,516
<u>Investments and other assets</u>		
Investment securities	212,973	176,666
Deferred tax assets	614,379	616,181
Other	90,142	88,642
Allowance for doubtful accounts	(280)	(280)
Total investments and other assets	917,215	881,210
Total noncurrent assets	<b>4,529,734</b>	<b>4,458,269</b>
<b>TOTAL ASSETS</b>	<b>19,213,777</b>	<b>19,375,647</b>



QUARTERLY CONSOLIDATED BALANCE SHEETS (2/2)		(1,000 yen)
	End of FY2007 (2008.3.31)	End of FY2008H1 (2008.9.30)
<b>LIABILITIES</b>		
<u>Current liabilities</u>		
Notes and accounts payable-trade	1,130,054	1,344,810
Short-term loans payable	200,000	200,000
Accounts payable-other	3,731,436	3,819,415
Accrued expenses	1,022,126	687,302
Income taxes payable	562,991	463,345
Advances received	1,334,268	1,347,533
Provision	869,966	852,038
Other	234,213	27,245
	<b>9,085,057</b>	<b>8,741,691</b>
<u>Noncurrent liabilities</u>	<b>1,430,152</b>	<b>1,418,074</b>
<b>TOTAL LIABILITIES</b>	<b>10,515,209</b>	<b>10,159,766</b>
<b>NET ASSETS</b>		
<u>Shareholders' equity</u>		
Capital stock	1,055,000	1,055,000
Capital surplus	747,400	747,400
Retained earning	6,896,496	7,398,497
Treasury stock	-	(50)
	<b>8,698,896</b>	<b>9,200,846</b>
<u>Valuation and translation adjustments</u>		
Valuation difference on available-for-sale securities	(5,337)	13,011
Deferred gains or losses on hedges	-	3,111
Foreign currency translation adjustment	5,009	(1,087)
	<b>(327)</b>	<b>15,035</b>
<b>TOTAL NET ASSETS</b>	<b>8,698,568</b>	<b>9,215,881</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>19,213,777</b>	<b>19,375,647</b>



(Note) FY2007H1(April 1, 2007 – September 30, 2007)  
 FY2008H1(April 1, 2008 – September 30, 2008)

<b>QUARTERLY CONSOLIDATED STATEMENTS OF INCOME</b>			(1,000 yen)
	FY2007H1	FY2008H1	
<b>Net sales</b>	<b>9,572,991</b>	<b>10,533,898</b>	
Cost of sales	7,526,528	8,641,704	
<b>Gross profit</b>	<b>2,046,462</b>	<b>1,892,194</b>	
General and administrative expenses	925,307	748,348	
<b>Operating income</b>	<b>1,121,154</b>	<b>1,143,846</b>	
Non-operating income	19,632	38,217	
Non-operating expenses	36,262	10,689	
<b>Ordinary income</b>	<b>1,104,524</b>	<b>1,171,374</b>	
Exordinary loss	–	55,185	
Quarterly income before income taxes and minority interests	1,104,524	1,116,189	
Income taxes	441,189	436,888	
<b>Quarterly net income</b>	<b>663,335</b>	<b>679,300</b>	



<b>QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS</b>		(1,000 yen)
	FY2008H1(Total)	
<b>Operating activities</b>		
Income before income taxes and minority interests		1,116,189
Depreciation and amortization		230,197
Increase(decrease) in provision		(33,105)
Interest and dividends income		(13,510)
Interest expenses		59
Loss on retirement of noncurrent assets		5,928
Loss (gain) on valuation of investment securities		55,185
Decrease(increase) in current assets		3,598,154
Increase(decrease) in current liabilities		(122,498)
Other, net		(203,127)
<i>Subtotal</i>		<b>4,633,474</b>
Interest and dividends income received		12,309
Interest expenses paid		(59)
Income taxes paid		(539,707)
<i>Net cash provided by (used in) operating activities</i>		<b>4,106,018</b>
<b>Investing activities</b>		
Payments into time deposits		(5,035,000)
Proceeds from withdrawal of time deposits		1,950,000
Purchase of investment securities		(3,291)
Proceeds from sales of investing securities		960
Purchase of property, plant and equipment		(81,208)
Purchase intangible assets		(17,738)
Other, net		(767)
<i>Net cash provided by (used in) investing activities</i>		<b>(3,187,045)</b>
<b>Financing activities</b>		
Purchase of treasury stock		(50)
Cash dividends paid		(176,740)
<i>Net cash provided by(used in) financial activities</i>		<b>(176,791)</b>
Effect of exchange rate change on cash and cash equivalents		(6,393)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>735,787</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>2,075,117</b>
<b>Cash and cash equivalents at the end of period</b>		<b>2,810,904</b>