

July 26, 2005

Report of Consolidated Financial Results

For the Three Months Ending June 30, 2005

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1. Basis of Reporting

- (1) Number of consolidated and equity-method subsidiaries and affiliates
 Consolidated subsidiaries: 36
 Equity-method nonconsolidated subsidiaries: 0
 Equity-method affiliates: 1
- (2) Change in scope of consolidation and application of equity method
 Consolidated: Added: 2 Eliminated: 3
 Equity method: Added: 0 Eliminated: 0

2. Summary Report of Fiscal Year 2005 Q1 Earnings (April 1, 2005–June 30, 2005)

(1) Results of Operations

(Millions of Yen, %)

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
FY2005 Q1	¥197,501	-17.5%	¥4,670	-41.5%	¥5,000	-36.8%
FY2004 Q1	¥239,376	+29.9%	¥7,987	+431.7%	¥7,913	+330.1%
FY2004	¥936,865	12.7%	¥30,001	117.4%	¥25,863	89.2%

	Net Income	Change	Net Income per Share (¥)	Diluted Net Income per Share(¥)
FY2005 Q1	¥2,012	-57.4%	¥14.63	—
FY2004 Q1	¥4,718	+510.3%	¥34.29	—
FY2004	¥15,004	109.5%	¥107.94	—

Note: Percentage changes for net sales, operating income, ordinary income and net income indicate percentage increase compared with the same quarter of the previous fiscal period.

(2) Financial Position

(Millions of Yen, %)

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share(¥)
FY2005 Q1	¥408,746	¥174,480	42.7%	¥1,268.31
FY2004 Q1	¥445,629	¥164,365	36.9%	¥1,194.73
FY2004	¥432,501	¥173,379	40.1%	¥1,259.18

(3) Earnings Outlook (For the Year Ending March 31, 2006)

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income	Net Income per Share (¥)
FY2005 Interim	¥392,300	¥10,300	¥5,500	—
FY2005	¥830,000	¥20,000	¥11,300	¥81.02

General Notes:

1. Projections made in this report are based on information available at the time of publication. Owing to various factors, actual results may differ from these projections.
2. Net income per share forecasts exclude earnings that are not distributed to holders of common stock in the Company.

Results of Operations

(1) *Overview*

In the first quarter (the period from April 1, 2005, to June 30, 2005), net sales totaled ¥197,501 million, down 17.5% from the same quarter last year; ordinary income declined 36.8% to ¥5,000 million; and net income was ¥2,012 million, down 57.4%. The following is a summary of results by segment.

Electronic Device Systems

In semiconductor manufacturing equipment, sales of our mainstay critical dimension measurement scanning electron microscopes (CD-Measurement SEMs) and etching systems declined from the same period last year in reaction to slowing investment by domestic and overseas makers. With demand for ASML scanners trending upward, sales of these items increased substantially. Sales of liquid crystal display-related manufacturing equipment remained steady, supported by capital investment by LCD panel manufacturers in Taiwan and China, which offset lackluster demand from domestic Japanese and Korean makers. These factors contributed to sales of ¥52,283 million for the Electronic Device Systems segment, up 2.6% versus the same period last year.

Life Science

In the clinical diagnostic instrument category, the market environment remained challenging and domestic sales were lackluster. Overseas sales, however, were up. In the biotechnology product area, sales were flat, despite an increase in sales of DNA sequencers to the United States. The above factors were reflected in Life Science segment sales of ¥19,565 million, 0.2% down on the same period last year.

Information Systems & Electronic Components

Sales of semiconductors and liquid crystal displays for mobile phones declined as demand for end-products stalled. Sales of information home appliances to the United States declined substantially: due to the decline in prices for hard disk drives and other negative factors, sales in this area were sluggish. Sales of OLED (organic light emitting diode) production equipment to Korea, Taiwan, and other regional customers were flat. Sales of chip mounters also suffered in the absence of a recovery in capital investment by digital home appliance and other electronic equipment manufacturers, and sales across the entire segment were down. In the light of the

above factors, sales for the segment declined 38.5%, to ¥54,208 million for this quarter.

Advanced Industrial Products

While demand for basic materials and automobile-related materials remained steady, personal computer-related transactions declined. In the optical components area, weak demand for projectors and price decreases for optical media resulted in a decline in sales of optical components and optical media materials. As a result, quarterly sales for this segment dipped 11.5%, to ¥71,445 million.

(2) Outlook for the interim period ending March 31, 2006

Turning to the world economy, in the second half of fiscal 2005, growth in the US economy is expected to be slowed by such factors as steep increases in oil prices and inventory adjustments, while in China, the government is expected to put the brakes on the economy and the growth rate of exports will be dampened by a cooling US economy. Given this background, our projections for the interim period ending March 31, 2006 are: net sales of ¥392,300 million, a decrease of 20% on the previous period; ordinary income of ¥10,300 million, a decline of 23.1%; and net income of ¥5,500 million, down 24.6%.

For the future, we aim to become a global leader in high-tech solutions. At the same time, we are working to respond agilely to customer and market needs and making every effort to meet our performance targets.

Consolidated Statements of Income

For the three months ended June 30, 2005 and 2004, and the year ended March 31, 2005

(Millions of Yen, %)

	FY2005 Q1	FY2004 Q1	Change	FY 2004
Net sales	¥197,501	¥239,376	-17.5%	¥936,865
Cost of sales	170,300	208,010	-18.1	810,233
Gross profit	27,200	31,365	-13.3	126,632
Selling, general and administrative expenses	22,531	23,378	-3.6	96,631
Operating profit	4,670	7,987	-41.5	30,001
Other income:				
Interest income	114	68	67.1	363
Dividends income	77	82	-5.3	161
Equity income	33	69	-52.3	139
Others	204	383	-46.6	1,933
	429	602	-28.7	2,597
Other expenses:				
Interest expenses	15	38	-60.9	183
Losses on devaluation of inventories	—	221	—	4,261
Others	84	417	-79.8	2,290
	99	676	-85.3	6,735
Ordinary profit	5,000	7,913	-36.8	25,863
Extraordinary gains	—	—	—	5,617
Extraordinary losses	—	—	—	7,053
Income before income taxes and minority interests	5,000	7,913	-36.8	24,428
Income taxes	2,912	3,101	-6.1	9,163
Minority interests	76	95	-20.2	261
Net income	¥2,012	¥4,718	-57.4%	¥15,004

Consolidated Balance Sheets

As of June 30, 2005 and March 31, 2005

(Millions of Yen)

ASSETS	FY2005 Q1	FY 2004	Change
Current assets:			
Cash	¥27,595	¥46,052	¥-18,457
Notes and account receivable	205,906	213,022	-7,116
Securities	100	193	-93
Inventories	59,720	56,900	2,820
Deferred tax assets	17,713	17,893	-181
Advance to suppliers	2,064	1,755	308
Others	6,759	6,624	136
Less: Allowance for doubtful receivables	-3,794	-3,803	9
	316,062	338,636	-22,574
Property, plant and equipment:			
Land	20,038	20,031	7
Others	35,675	36,601	-926
	55,713	56,632	-919
Intangible assets:			
Consolidation adjustment account	3,992	4,303	-312
Others	4,908	5,247	-339
	8,900	9,551	-651
Investments and other assets:			
Investments in securities	16,165	15,585	580
Long-term loan	1,025	1,097	-72
Deferred tax assets	5,544	5,804	-260
Others	6,318	6,224	94
Less: Allowance for doubtful receivables	-982	-1,028	46
	28,071	27,682	389
	92,684	93,864	-1,181
Total	¥408,746	¥432,501	¥-23,755

(Millions of Yen)

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2005 Q1	FY 2004	Change
Current liabilities:			
Notes and accounts payable	¥151,600	¥164,787	¥-13,187
Short-term debt	5,256	7,903	-2,647
Current installments of long-term debt	1,000	2,000	-1,000
Income taxes	3,581	7,073	-3,491
Accrued expenses	20,309	26,415	-6,106
Advances from customers	6,150	5,964	185
Other current liabilities	13,037	11,515	1,522
	200,933	225,657	-24,725
Long-term liabilities:			
Allowance for retirement and severance benefits	28,196	28,235	-39
Allowance for directors' retirement	827	1,024	-196
Others	370	363	7
	29,393	29,622	-229
Total liabilities	230,326	255,279	-24,953
Minority interests	3,940	3,842	98
Shareholders' equity:			
Capital	7,938	7,938	—
Capital surplus	35,745	35,745	—
Retained earnings	127,299	126,817	482
Net unrealized holding gains on securities	5,307	4,926	381
Foreign currency translation adjustments	-1,557	-1,797	240
Treasury stock, at cost	-251	-250	-2
Total shareholders' equity	174,480	173,379	1,100
Total	¥408,746	¥432,501	¥-23,755

Consolidated Statements of Cash Flows

For the three months ended June 30, 2005 and 2004, and the year ended March 31, 2005

(Millions of Yen)

	FY2005 Q1	FY2004 Q1	FY2004
Cash flows from operating activities:			
Income before income taxes and minority interests	¥5,000	¥7,913	¥24,428
Depreciation and amortization	2,190	2,227	8,891
Impairment losses	—	—	5,701
Decrease (increase) in allowance for retirement and severance benefits	-43	39	-4,461
Decrease (increase) in various allowances	-254	-483	1,220
Interest and dividends income	-192	-150	-525
Interest expenses	15	38	183
Other non-cash income and expenses	312	340	2,998
Bonuses paid to directors	-155	-206	-206
Decrease in notes and accounts receivable	7,373	10,141	21,259
Increase in inventories	-2,923	-6,979	-2,941
Decrease in notes and accounts payable	-13,362	-17,153	-25,432
Increase (decrease) in other assets and liabilities, net	-7,028	-1,552	4,650
Other, net	-6	-126	-1,290
	-9,074	-5,951	34,475
Interests and dividends received	202	158	536
Interest paid	-12	-35	-116
Income taxes paid	-5,807	-3,981	-8,895
Net cash provided by operating activities	-14,691	-9,809	26,000
Cash flows from investing activities:			
Increase in time deposits	—	-144	-109
Decrease in time deposits	—	—	123
Purchase of securities	-0	—	—
Proceeds from sales and redemption of securities	100	—	4,000
Purchase of investment in securities	-0	—	-203
Proceeds from sales of investment in securities	33	169	564
Capital expenditures	-1,594	-1,356	-5,843
Proceeds from sales of property and equipment	37	450	894
Payment for loan	—	-29	-30
Proceeds from collection of loans	0	1	3
Additional purchase of shares of subsidiaries	—	—	-41
Proceeds from sales of shares of subsidiaries	—	—	67
Net cash provided by (used in) investing activities	-1,423	-908	-576

Cash flows from financing activities:			
Decrease in short-term debt	-2,648	-2,399	-18,094
Repayment on long-term debt	-1,000	—	-1,000
Dividends paid	-1,376	-1,032	-2,408
Other, net	-89	-72	-81
Net cash provided by (used in) financing activities	-5,113	-3,504	-21,582
Effect of exchange rate changes on cash and cash equivalents	109	291	478
Net increase (decrease) in cash and cash equivalents	-21,118	-13,930	4,320
Cash and cash equivalents at beginning of term (year)	48,967	44,648	44,648
Cash and cash equivalents of excluded subsidiaries	162	—	—
Cash and cash equivalents at end of term (year)	¥28,011	¥30,718	¥48,967

Reconciliations between consolidated balance sheet captions and cash and cash equivalents are as follows:

(Millions of Yen)

Cash	¥27,595	¥30,960	¥46,052
Time deposits with maturity over three months	-85	-242	-85
Deposits to Hitachi group cash management fund	501	—	3,000
Cash and cash equivalents	¥28,011	¥30,718	¥48,967