

*6 Consecutive Years of Increased Profit;  
Previous Record Profit Surpassed  
~ Operating income totals 49,100 million yen ~*

April 24th, 2008

 **Hitachi High-Technologies Corporation**

President, Chief Executive Officer  
Hidehito Obayashi

## FY07 Financial Results

Outline of FY07

Outlook for FY08

Financial Data

## Outline of FY07

Note: Dates at (e) are prospective.

# FY07 Results (Highlights)

	SUM (100 million yen)	YoY	Change vs. Previous Forecast
Sales	9,431	- 1 %	+ 0 %
Operating Income	491	+ 9 %	+ 14 %
Ordinary Income	487	+ 10 %	+ 15 %
Net Income	269	+ 3 %	+ 5 %
Net Income per Share	195.80 yen	+ 5.99 yen	+ 9.69 yen
Cash Dividend per Share	30.00 yen	+ 5.00 yen	+ 5.00 yen

\*Previous forecast is based on the announcement for Q3 (Jan. 08)

- 1 . All contents exceeded forecast values
- 2 . 6 consecutive years of increases in operating income, ordinary income, and net income; previous record levels surpassed
- 3 . Increase of 5yen in cash dividend per share to 30.00yen per year (consolidated dividend payout ratio of 15.3%)

# FY07 Results (Explanation of Deviations)

vs. Previous Forecast (Published Values for Q3/Jan. 08)

1. Sales ( 940.0Ybn                      943.1Ybn                      + 3.1Ybn )

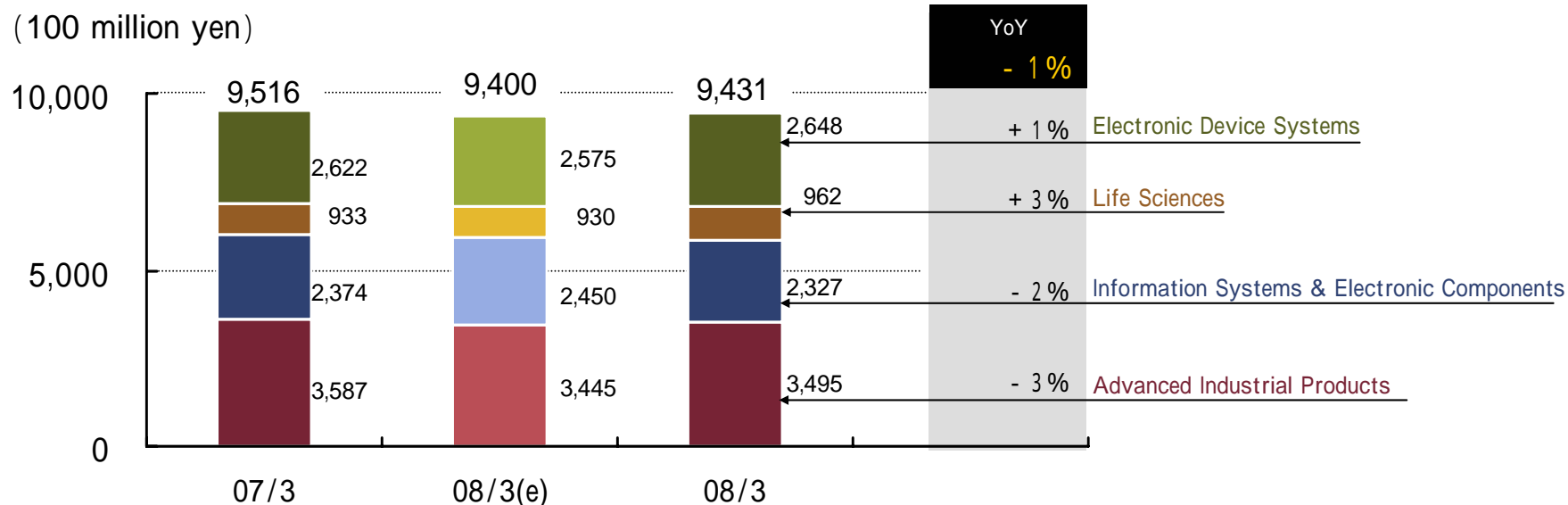
- Electronic Device Systems: Favorable performance of semiconductor/LCD manufacturing equipment generated 7.3Ybn increase
- Life Sciences: Favorable performance of clinical analyzers for the European/U.S. market led to the growth of 3.2Ybn
- Information Systems & Electronic Components: Decrease of 12.3Ybn for reasons that included postponed delivery of chip mounters and sluggish sales of broadband-related products
- Advanced Industrial Products: Growth of 5.0Ybn due to factors including continued price hikes for materials and higher demand for components for LCD

2. Operating Income ( 43.0Ybn                      49.1Ybn                      + 6.1Ybn )

- Electronic Device Systems: Increase of 3.1Ybn arising from stronger sales and lower costs etc.
- Life Sciences: Favorable performance of clinical analyzers for the European/U.S. market led to the growth of 2.4Ybn

# FY07 Results (Sales)

## Sales



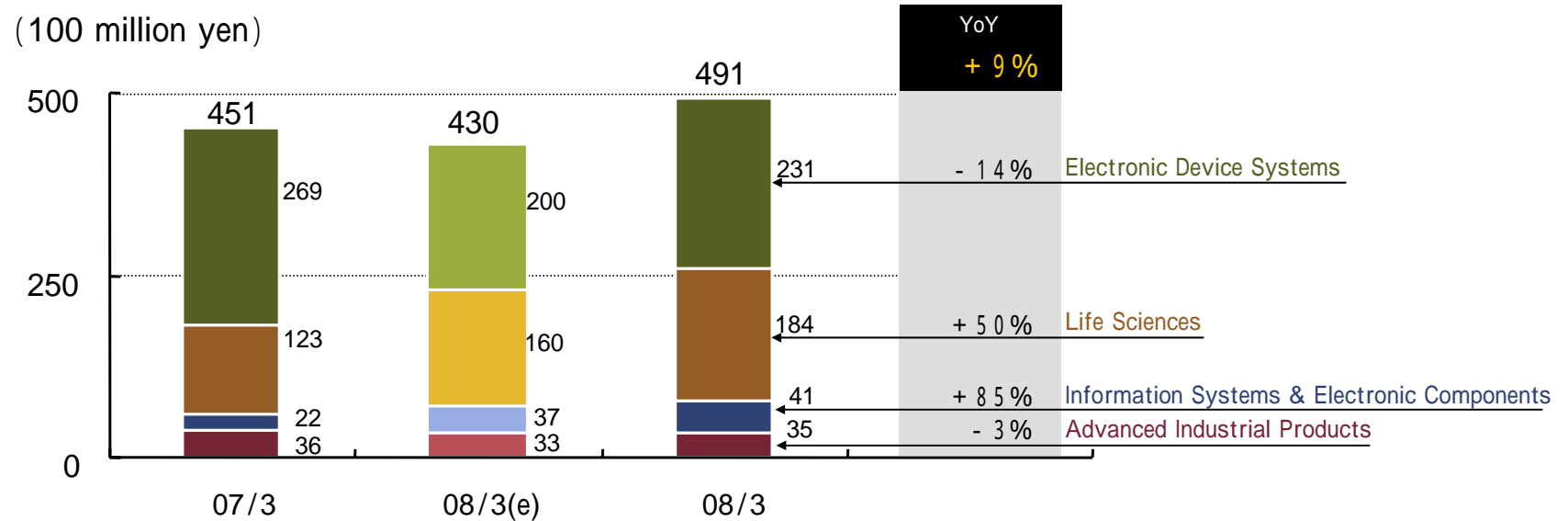
\*08/3(e) is based on the announcement for FY07 Q3 (Jan.08)

## Explanation of YoY Variations

- Electronic Device Systems:** Increase due to contribution of semiconductor/LCD manufacturing equipment (both trading) etc.
- Life Sciences:** Increase due to contribution of clinical analyzers for US/European markets etc.
- Information Systems & Electronic Components:** Factors in decline included lower Asian sales of semiconductor devices
- Advanced Industrial Products:** Decrease due to factors such as lower results for functional/optical components

# FY07 Results (Operating Income)

## Operating Income



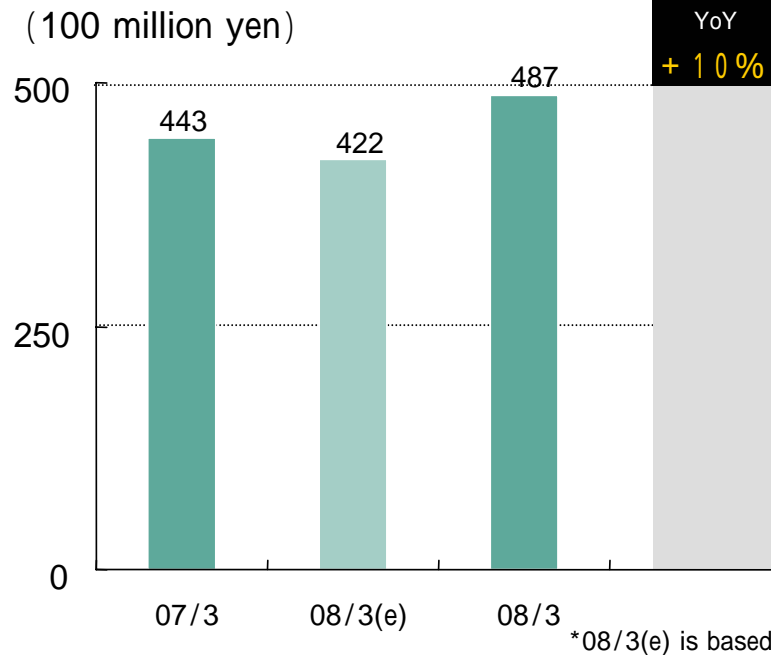
\*08/3(e) is based on the announcement for FY07 Q3 (Jan.08)

## Explanation of YoY Variations

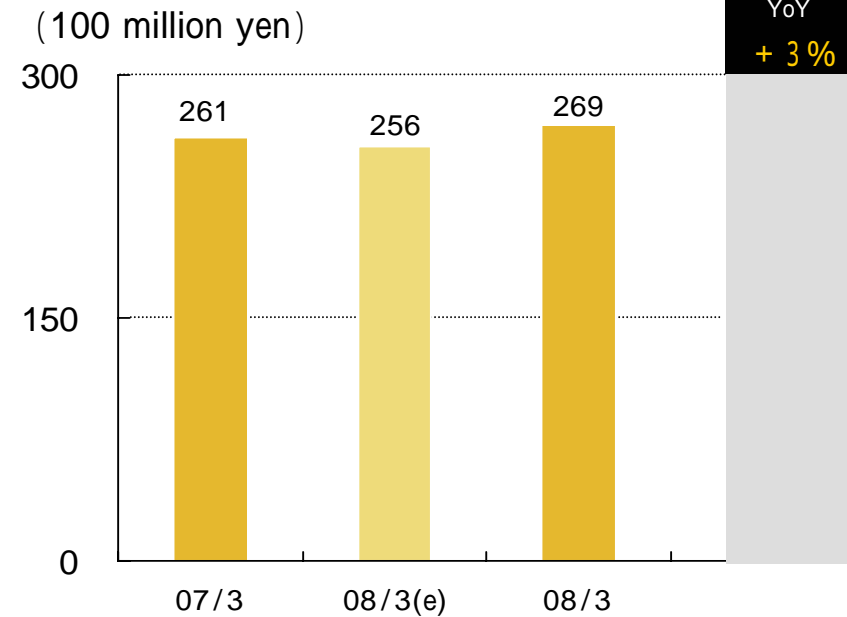
- Electronic Device Systems: reduction in demands for LCD/HD manufacturing equipments led to decrease
- Life Sciences: favorable performance of clinical analyzers for the European/U.S. market led to growth
- Information Systems & Electronic Components: Improvement in profitability of semiconductor devices for mobile phones led to growth

# FY07 Results (Ordinary Income/Net Income)

## Ordinary Income



## Net Income



## Explanation of YoY Variations

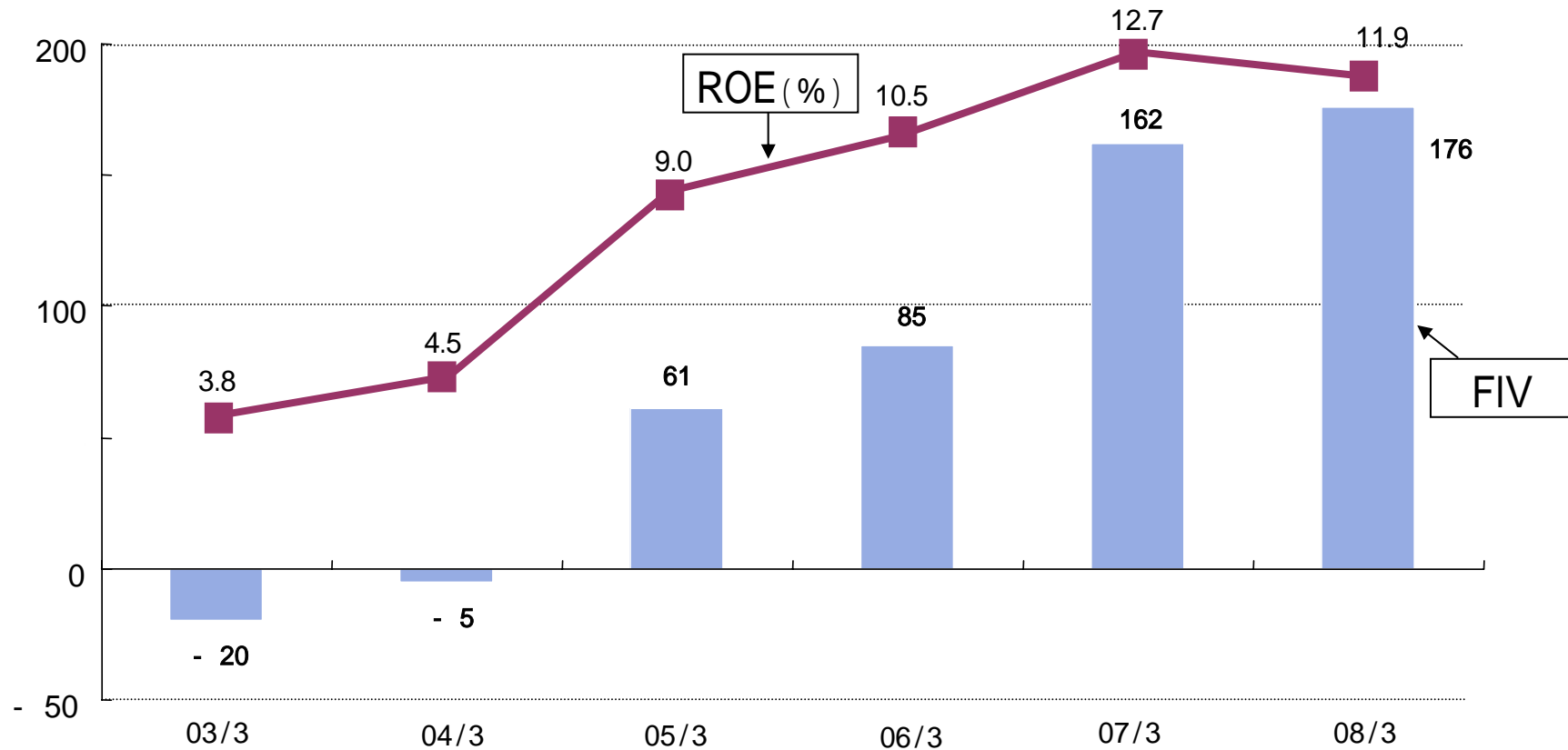
- Increase in ordinary income due to an increase in operating profit income, decrease in inventory asset appraisal losses etc.
- Slight rise in net income resulting from higher deferred income taxes etc.



# FY07 Results (FIV/ROE)

FIV(Future Inspiration Value)/ROE

(100 million yen)



\*FIV = After tax business profit – Cost of invested capital

Cost of invested capital (shareholders' equity + interest-bearing liabilities + leased assets) × WACC

# Financial Position (Balance Sheet in Summary)

Year Ended March 31, 2008 (100 million yen)

		YoY			YoY
<b>Current Assets</b>		4,116	+ 308	<b>Current Liabilities</b>	
Cash & Deposits/Deposit to Hitachi Group Cash Management Fund	718	+ 125	Notes & Accounts Payable	1,781	+ 74
Notes & Accounts Receivable	2,474	+ 130	Others	647	+ 45
Inventories	671	+ 9	<b>Fixed Liabilities</b>		270
Others	254	+ 44	Retirement & Severance Benefit	258	- 9
<b>Fixed Assets</b>		932	- 61	Others	12
Tangible Fixed Assets	587	+ 16	<b>Net Assets</b>		2,351
Intangible Fixed Assets	38	+ 1	Shareholder Capital	2,323	+ 235
Investments & Other Assets	307	- 79	Assessments/Exchange Difference etc.	26	- 48
			Minority Interests	2	- 49
<b>Total Assets</b>	<b>5,049</b>	<b>+ 247</b>	<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>5,049</b>	<b>+ 247</b>

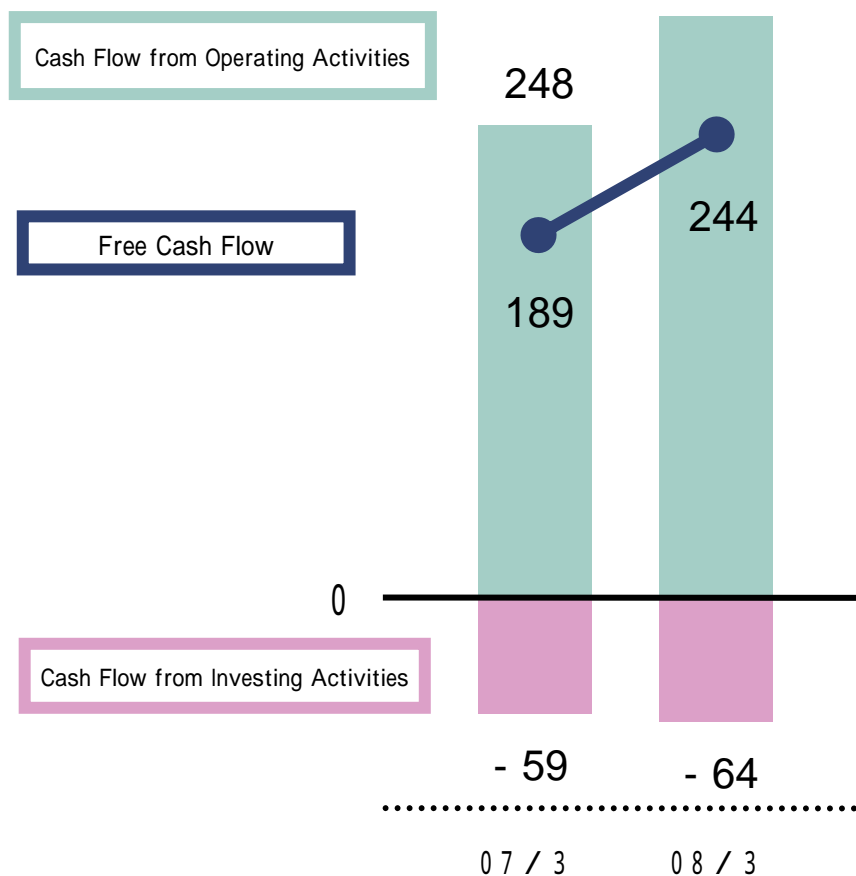
## Points

- Equity Ratio: 46.5% (YoY + 1.5%)
- Book-value per Share (yen): 1,707.69 (YoY + 135.55)

# Financial Position (Cash Flow)

## Cash Flow

(100 million yen)



## Points

### Cash Flow from Operating Activities (08 / 3)

- Income Before Income Taxes and Minority Interests 48.4 Ybn
- Depreciation and Amortization 8.9 Ybn
- Working Fund - 9.8 Ybn
- Income Taxes Paid - 21.1 Ybn etc.

### Cash Flow from Investing Activities (08 / 3)

- Capital Expenditures Proceeded from Sales of Property and Equipment - 6.5 Ybn etc.

\* Balance of Cash and Cash Equivalents 77.9 Ybn  
(YoY + 18.6 Ybn)

## Outlook for FY08

Note: Dates at (e) are prospective.

# Outlook for FY08 (Highlights)

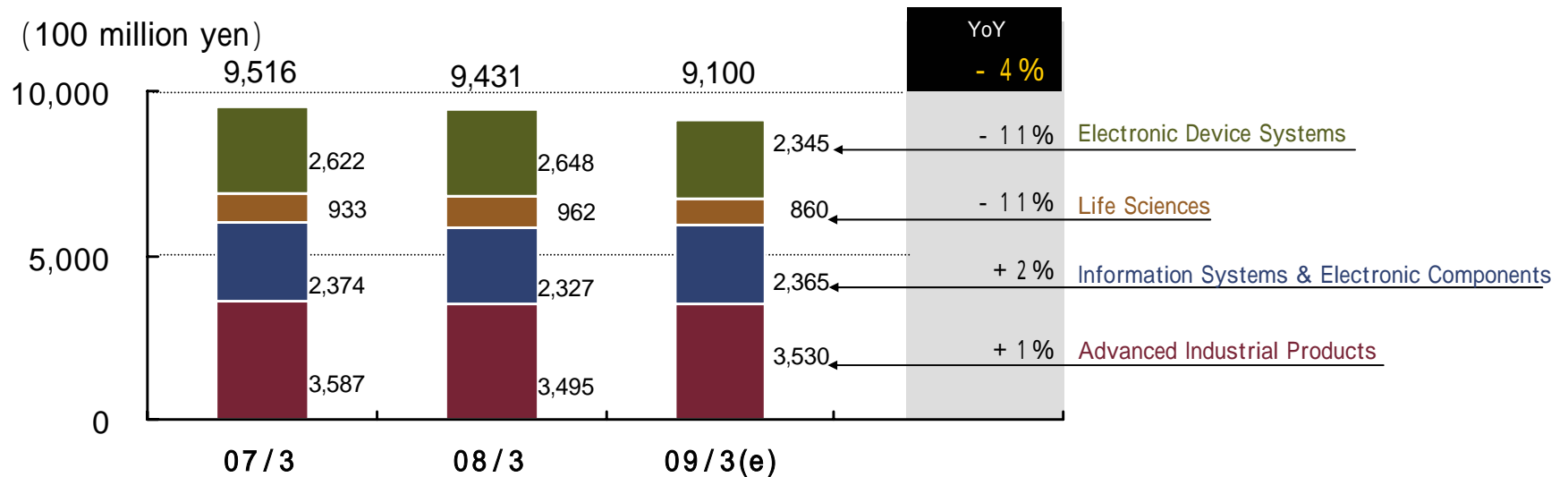
	FY08 (100 million yen)	FY07 (100 million yen)	YoY
Sales	9,100	9,431	- 4 %
Operating Income	430	491	- 13 %
Ordinary Income	430	487	- 12 %
Net Income	268	269	- 0 %
Net Income per Share	194.84yen	195.80yen	- 0.96yen
Cash Dividend per Share	30.00yen	30.00yen	—
ROE	10.9 %	11.9 %	- 1.0 %
FIV	135	176	(100 million yen) - 40

FX Rate Estimate for FY08: 1 USD = 105yen

1 EUR = 155yen

# Outlook for FY08 (Sales)

## Sales

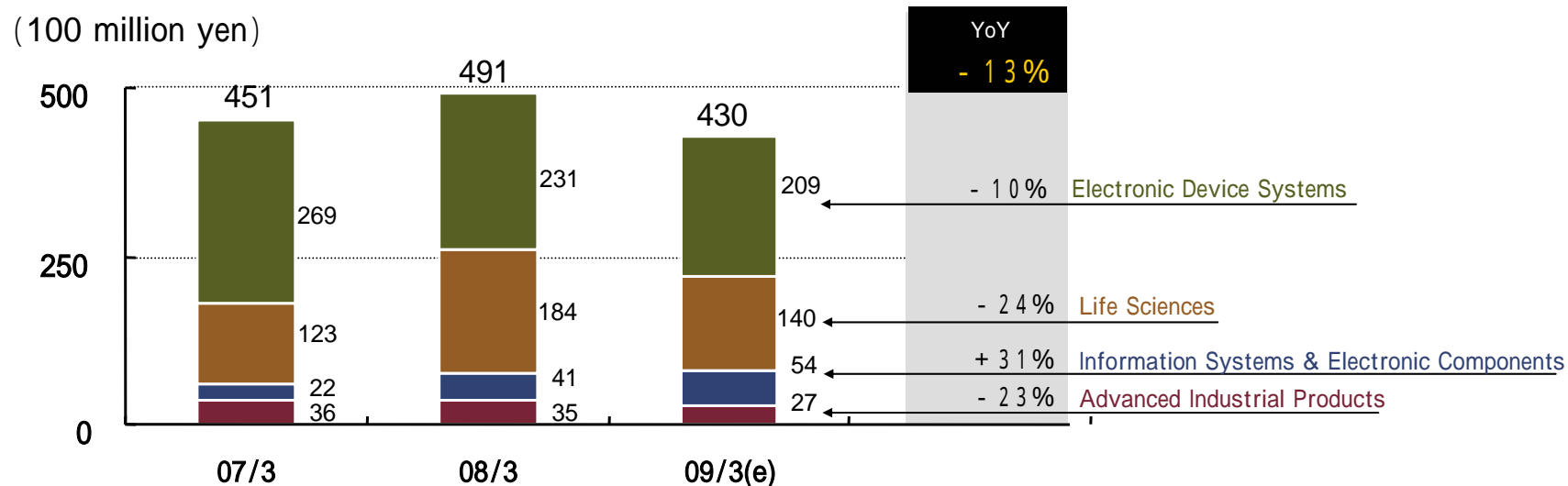


## Explanation of YoY Variations

- Electronic Device Systems: Decrease due to fall in semiconductors/HD manufacturing equipment etc.
- Life Sciences: Decrease due to incorporation of adjusted risk for second fiscal half for clinical analyzers for US/European markets etc.

# Outlook for FY08 (Operating Income)

## Operating Income

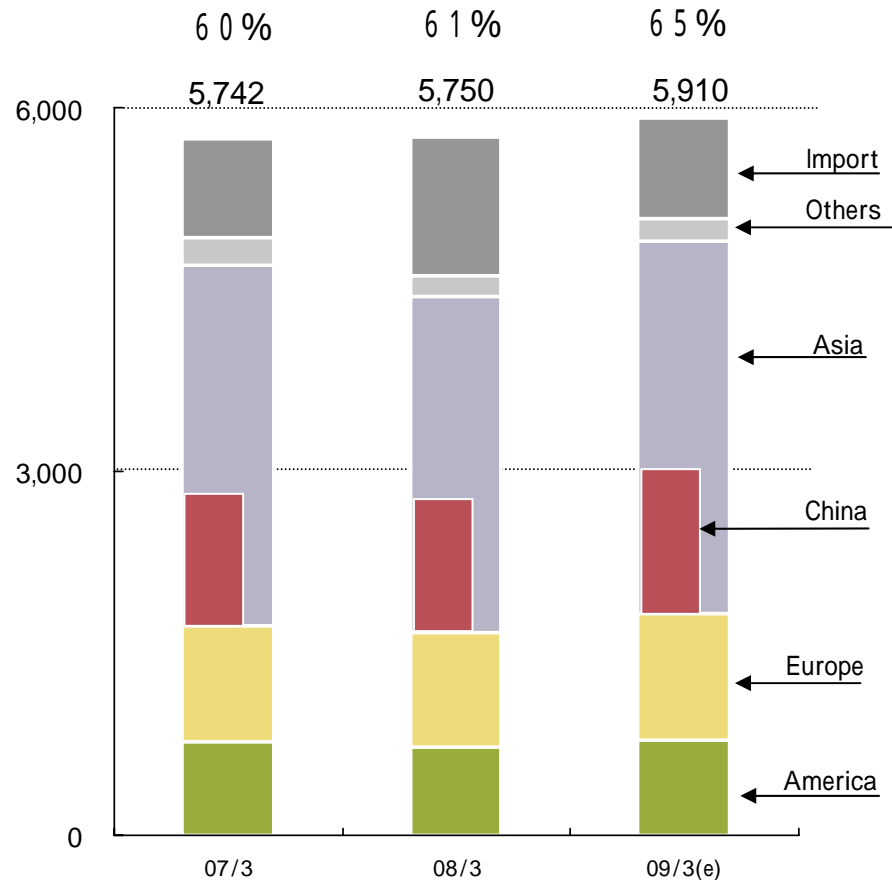


## Explanation of YoY Variations

- Electronic Device Systems: Decrease due to lower sales of HD manufacturing equipment etc.
- Life Sciences: Decrease due to incorporation of adjusted risk for second fiscal half for clinical analyzers for US/European markets etc.
- Information Systems & Electronic Components: Increase due to stronger chip mounter sales etc.
- Advanced Industrial Products: Decrease due to higher sales development costs etc.

## Overseas Sales Ratio

(100 million yen)



\*Overseas sales is a simple add up of foreign sales and import sales volume

## Global Business Strategies

### 1. Business development policy

- Strengthen and expand collaboration with leading clients
- Fortify ties with main partners
- Acquire core technologies through use of consortiums

### 2. Strong response to emerging markets

- Russia (Opened office in 2007)
- Mexico (Opened office in 2007)
- India (Opened branch office in 2007)
- Vietnam (Opened office in 2006)
- Brazil (Strengthened operation in 2006)

### 3. Increased commitment to localization

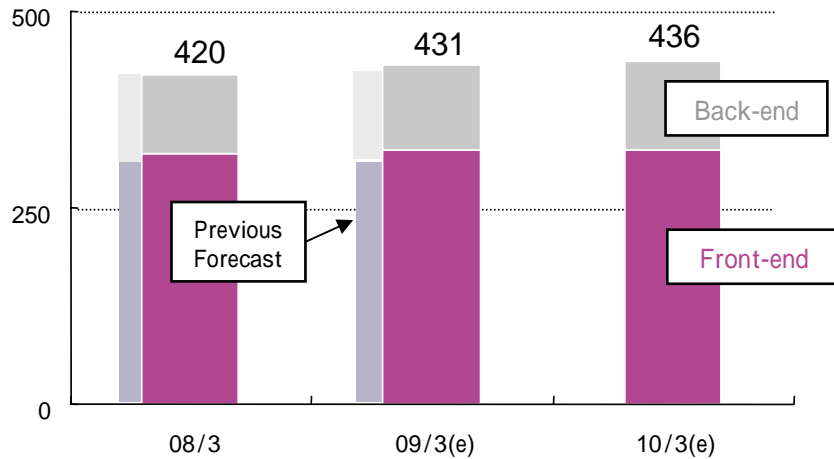
- Securing and training personnel with the aim of operating overseas bases staffed mainly by locals



# Market Trend (Semiconductor Manufacturing Equipment)

## Semiconductor Manufacturing Equipment Market

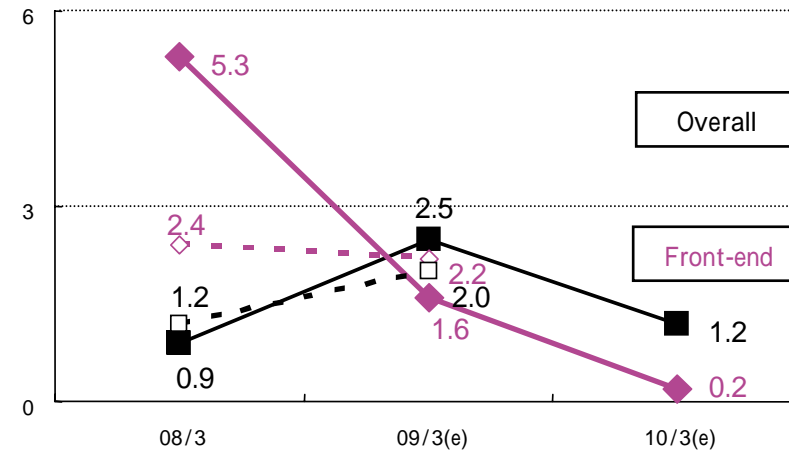
(100 million US\$) (Based on Sales)



(Source) Actual results from SEMI & HHT's estimation (Dec. 07)

## Market's Growth Rate

(%)



\*Previous forecast is based on the announcement for FY07 Interim (Oct. 07)

< Previous Forecast >	08 / 3	09 / 3 (e)
□ (Overall)	1.2%	2.0%
◇ (Front-end)	2.4%	2.2%

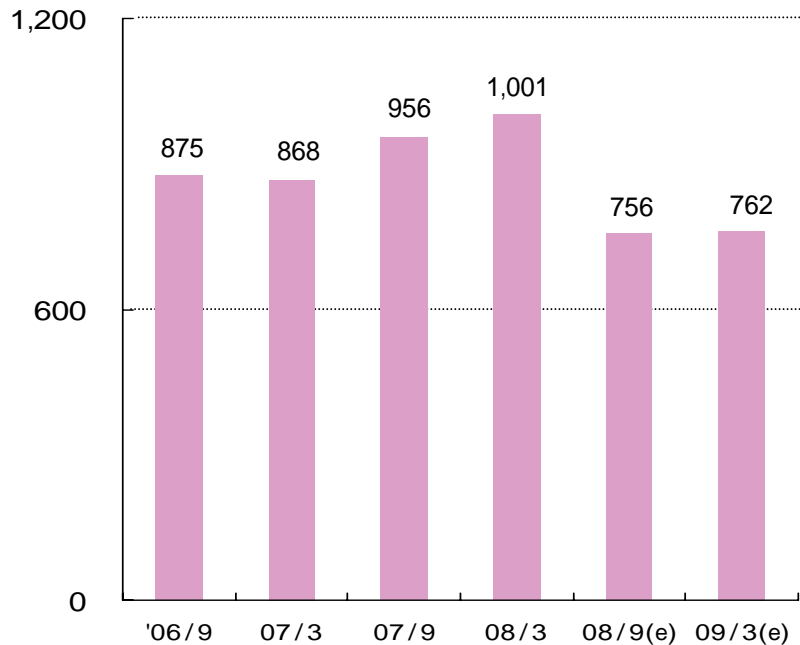
## Contexts

- In FY07, DRAM manufacturers continued to channel capital investment into semiconductor manufacturing equipment market in spite of a significant decline in prices. HHT is maintaining its former forecast of a 0.9% growth in this market.
- For FY08, in addition to a slowdown in macroeconomic conditions, we forecast a fall in capital investment due to factors such as perceived oversupply, with gradual improvement in DRAM prices in the latter half. Renewed investment anticipated for the DDR3 market is expected to keep market growth either flat or push it slightly lower.
- In FY09, the macroeconomy is expected to lose steam due to the fallout from the subprime mortgage issue. Growth in the semiconductor market will slacken off due to a trend toward lower prices for consumer products, and the equipment market is also expected to remain flat.

# Changes in Orders Received (Semiconductor Manufacturing Equipment)

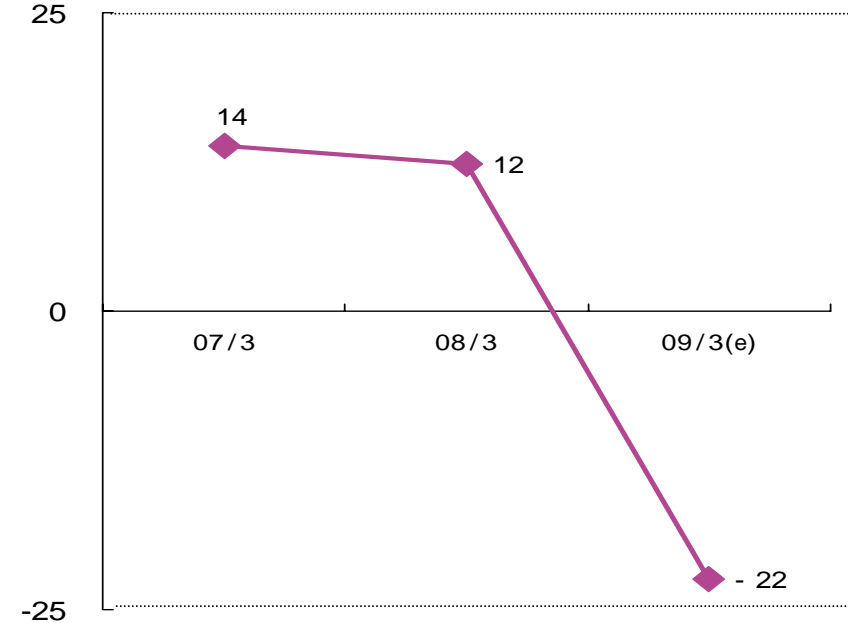
Changes in Orders Received

(100 million yen)



Changes in Orders Received (YoY)

(%)

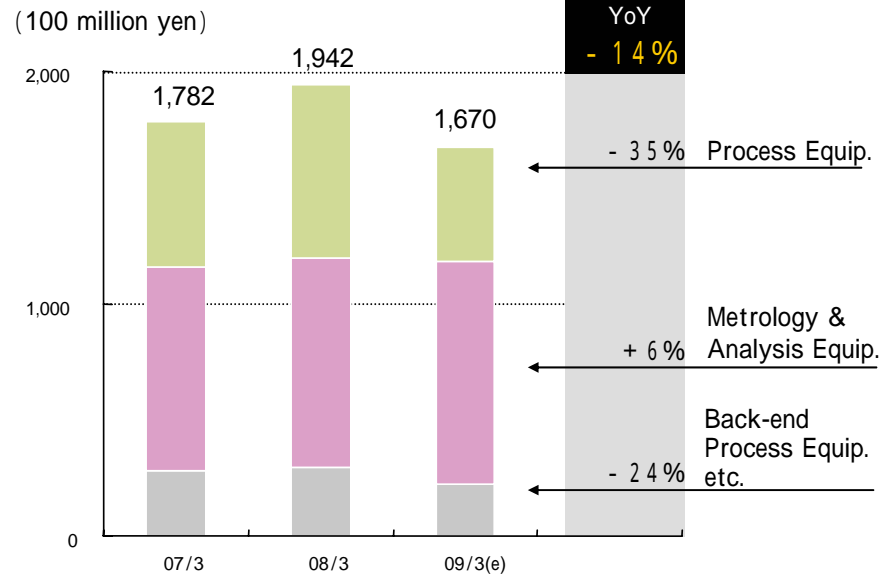


## Contexts

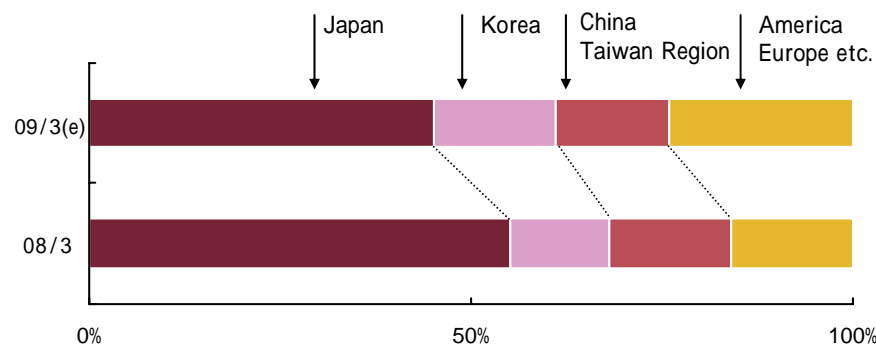
- FY08/1H: A YoY decrease of 21% is expected as a result of lower demand for both propriety and trading products due to less investment on the part of both domestic and overseas customers.
- FY08/2H: A YoY fall of 24% is anticipated after taking into account the partial recovery of customer investment.
- FY08 : Prediction of a YoY fall of 22% based on the above.

# Changes in Sales (Semiconductor Manufacturing Equipment)

## Sales Change in Main Business



## Sales Ratio by Region



## Contexts & Future Actions

### Process Equipment

- Decrease predicted in processing equipment overall due to market risk etc.
- Plans for new investment in etching systems from the second half of the fiscal year and improvement on previous year by boosting orders from Asian customers.

### Metrology & Analysis Equipment

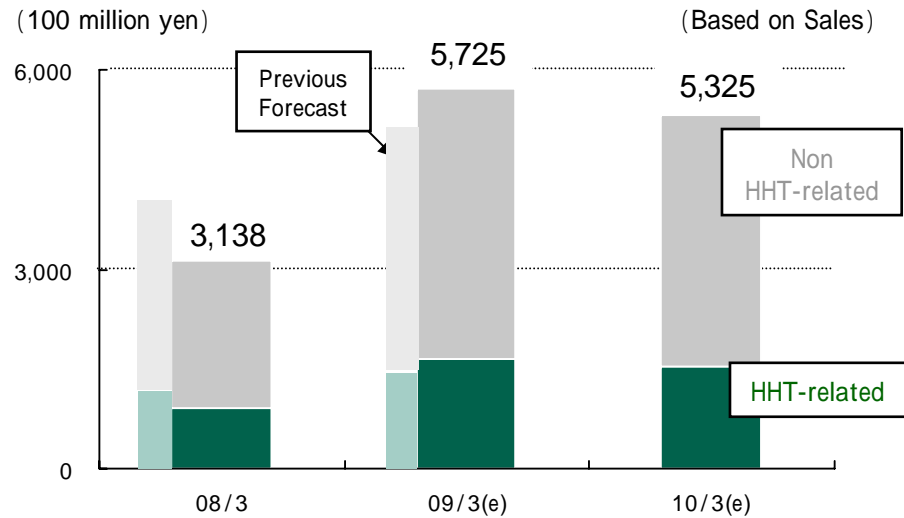
- Although market conditions are worsening, sales of CD-SEMs are expected to remain at the same levels as last year due to the market entry of new products and applications
- HHT is planning for YoY growth in defect review SEMs and dark field wafer defect inspection systems by improving performance and increasing market share.
- Solid sales are predicted for analysis systems as part of domestic and overseas R&D investment in fields such as automobiles and high performance materials etc.

### Back-end Process Equipment (Die Bonders)

- Poorer YoY performance is anticipated as new investment is slow to take off in the aftermath of FY07.

# Market Trend (LCD Manufacturing Equipment)

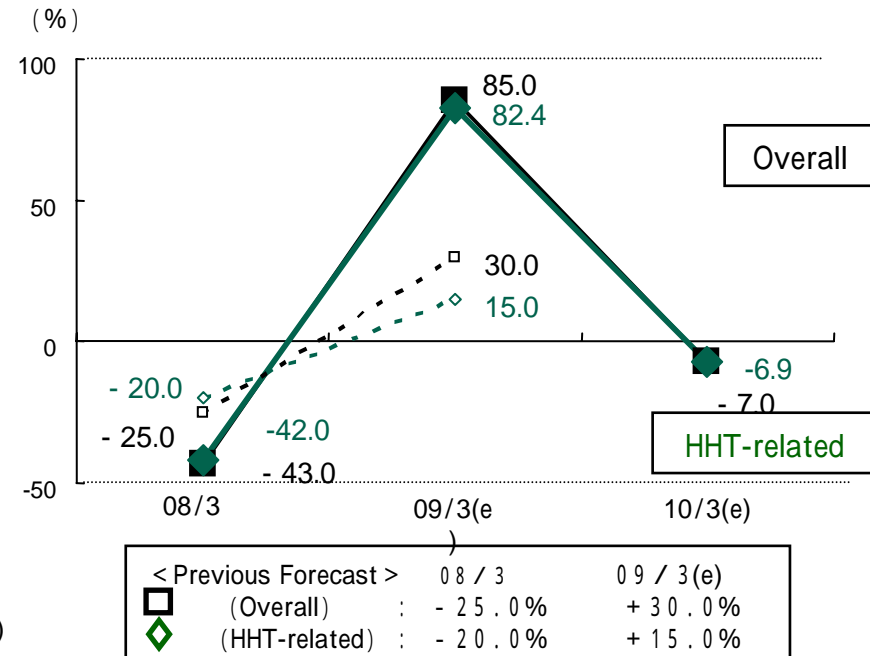
## LCD Manufacturing Equipment Market



(Source) HHT's estimation based on SEAJ (Jan. 08) data

\*Previous forecast is based on the announcement for FY07 Interim (Oct. 07)

## LCD Manufacturing Equipment Market (YoY)

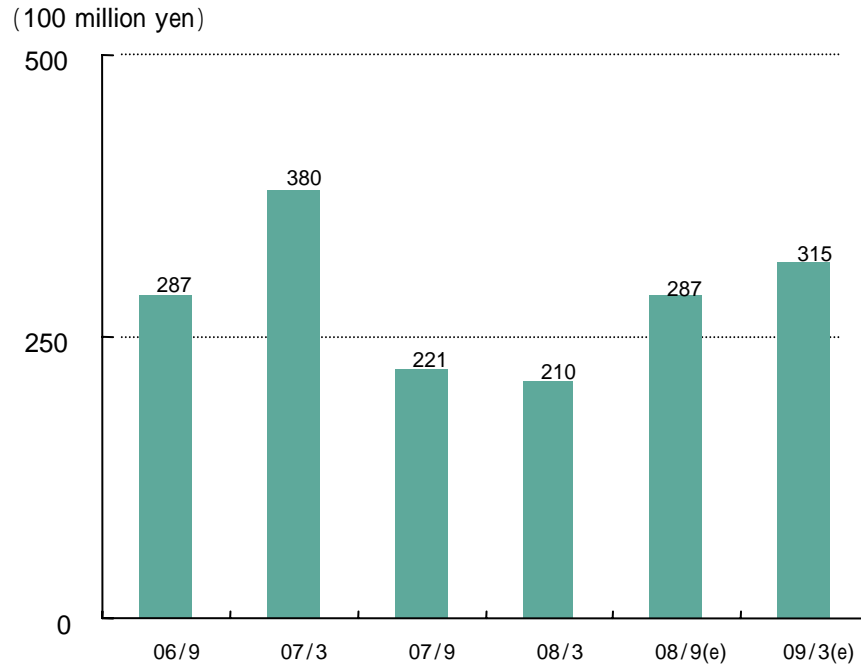


## Contexts

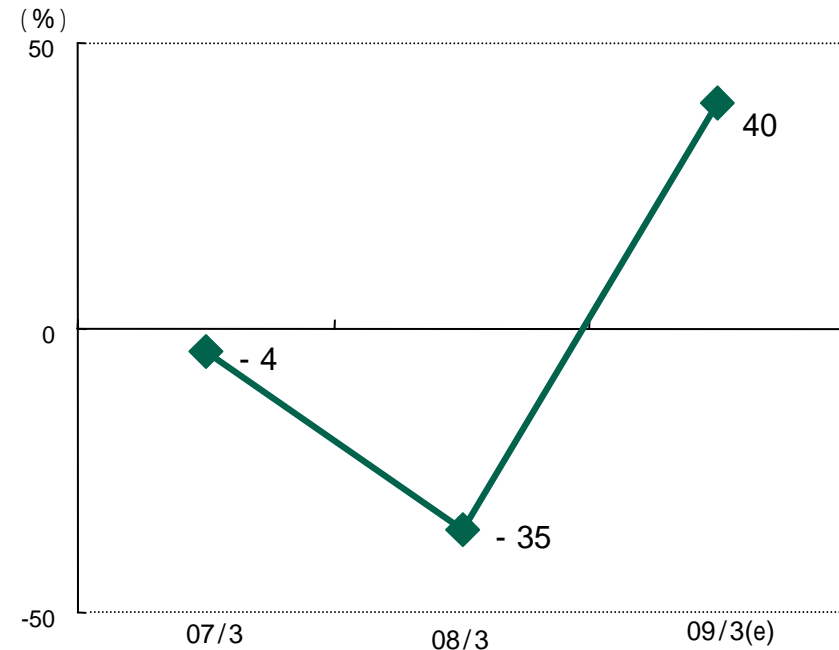
- The FY07 LCD manufacturing and inspection system market declined a hefty YoY 43% due to delays and lower demand particularly from LCD panel manufacturers in South Korea and Taiwan region, falling far short of forecast levels.
- HHT is predicting FY08 growth to rise a significant 85% on FY07 based on an upturn in profits on the part of LCD panel manufacturers and livelier investment planning coming out of more restrained investment during the previous term, with results to exceed earlier forecasts.

# Changes in Orders Received (LCD Manufacturing Equipment)

Changes in Orders Received



Changes in Orders Received (YoY)

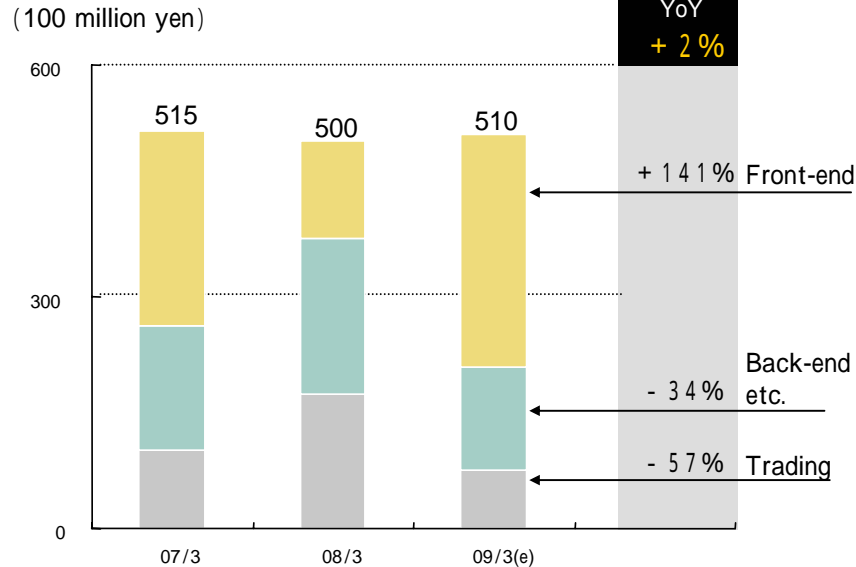


## Contexts

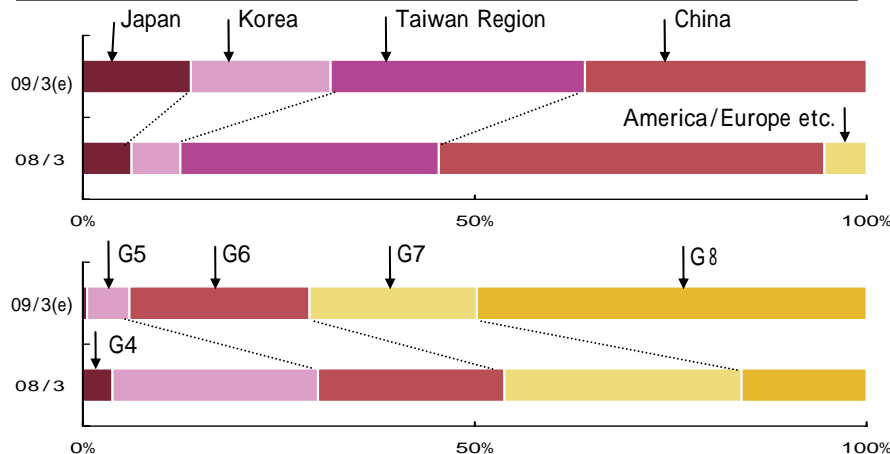
- 08 / 1H: Assembly/module systems are expected to decline due to the influence of the investment cycle, but a YoY jump of 30% is predicted due to increased orders for proximity exposure systems arising from a concentration of investment in front-end process equipment.
- 08 / 2H: In addition to sustained investment in front-end process equipment, HHT also predicts more orders for assembly/module systems to cope with increased production resulting from greater investment in front-end process equipment, leading to YoY growth of 50%.
- FY08 : We predict YoY growth of 40% based on the above.

# Changes in Sales (LCD Manufacturing Equipment)

## Sales Change in Main Business



## Sales Ratio by Region/Generation (front-end)



## Contexts & Future Actions

### Front-end Process

A sales ratio of around 50% is expected as bulk of investment moves to G8 or higher

Plan to launch G10-compliant equipment in latter half of fiscal year

- Proximity exposure system sales expected to increase significantly as companies start stepping up investment activities again
- Wet process equipment, including G10-compliant equipment, to shift to high value-added products

### Back-end Process etc.

· Assembly/module systems to shrink as investment drops back

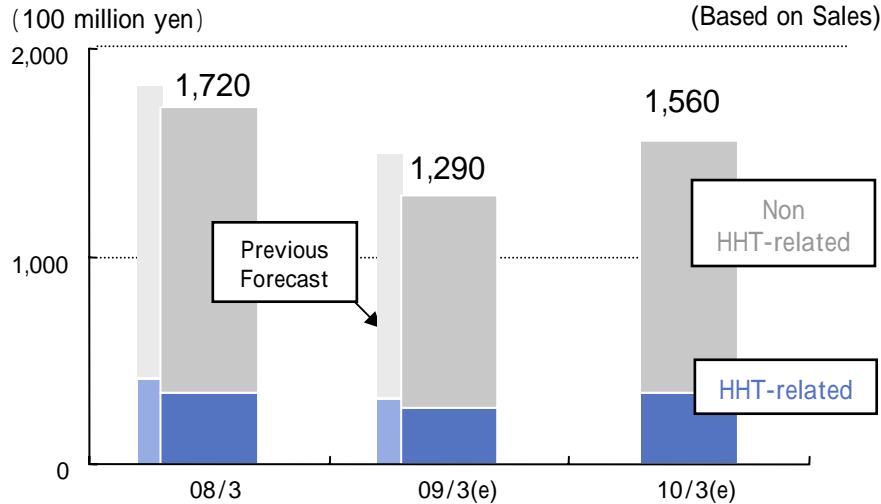
· Currently developing new products in readiness for investment upswing in latter half of fiscal year

### Trading

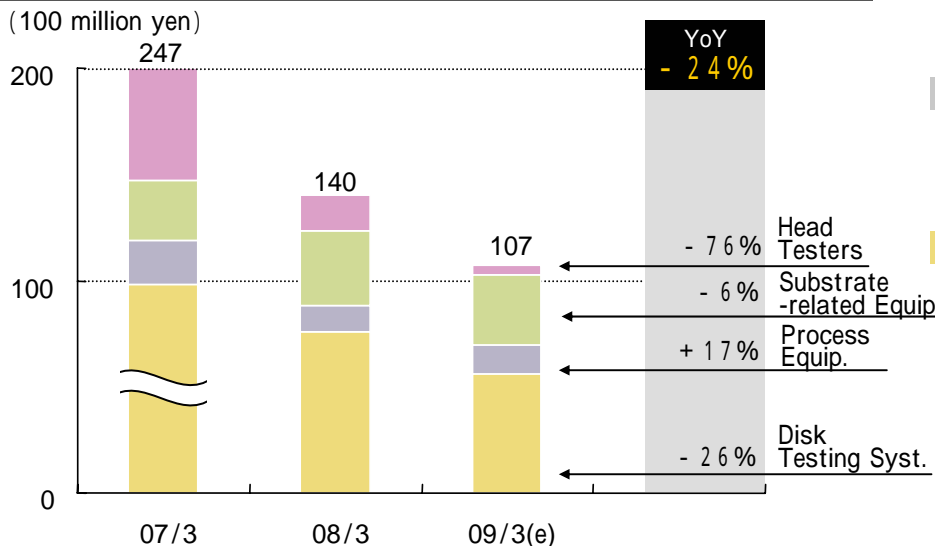
- Significant fall from previous year when some large-scale investments were made

# Market Trend/Changes in Sales (HD Manufacturing Equipment)

## HD Manufacturing Equipment Market



## Sales Change in Main Business



## Market Contexts

- Falls in both FY07 and FY08 to be worse than previously predicted due to significant effect of over-investment up to FY06
- Little move toward an upswing in the latter half of FY08, difficult conditions to continue with a YoY fall of 25%

## Contexts & Future Actions

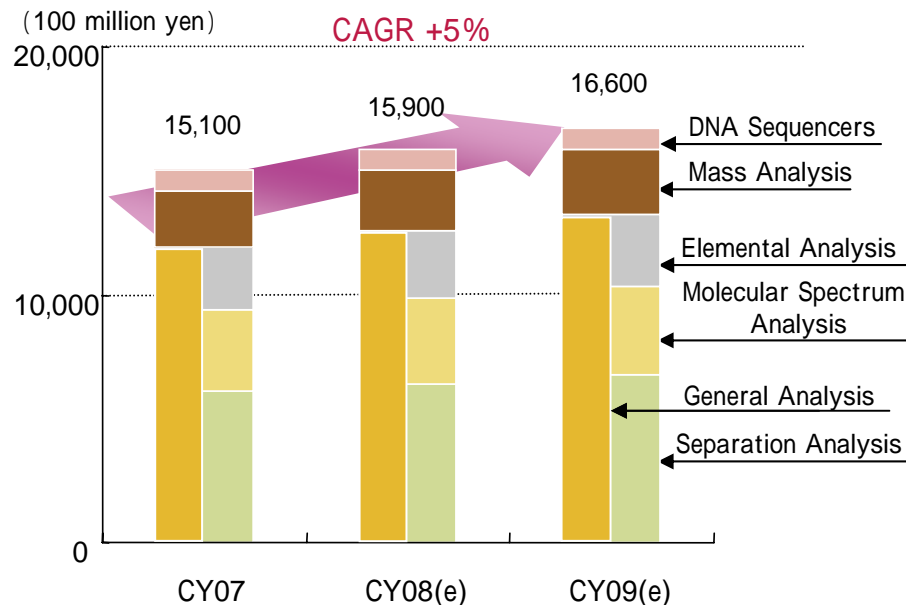
- Head Testers
  - Substantial falls due to cutbacks in investment by major customers
  - Win new customers through application of R&D etc.
- Substrate-related Equipment
  - Drop in investment for aluminum with strong transition to investing for glass in preparation for move to high-density technology
  - Aim to secure ongoing orders for high-performance products
- Process Equipment
  - While investment remains cautious, aim to grow sales by launching new products that cater to demand for high functionality to win new customers
- Disk Testing Systems
  - Major decreases yet some sign of recovering in the second fiscal half.
  - Work to win new customers by launching new optical inspection system products

- < Corresponding to High Density Technology >
- Speeding up the development of new technology (DTM/BPM)

\*Previous forecast is based on the announcement for FY07 Interim (Oct. 07)

# Market Trend (Life Science)

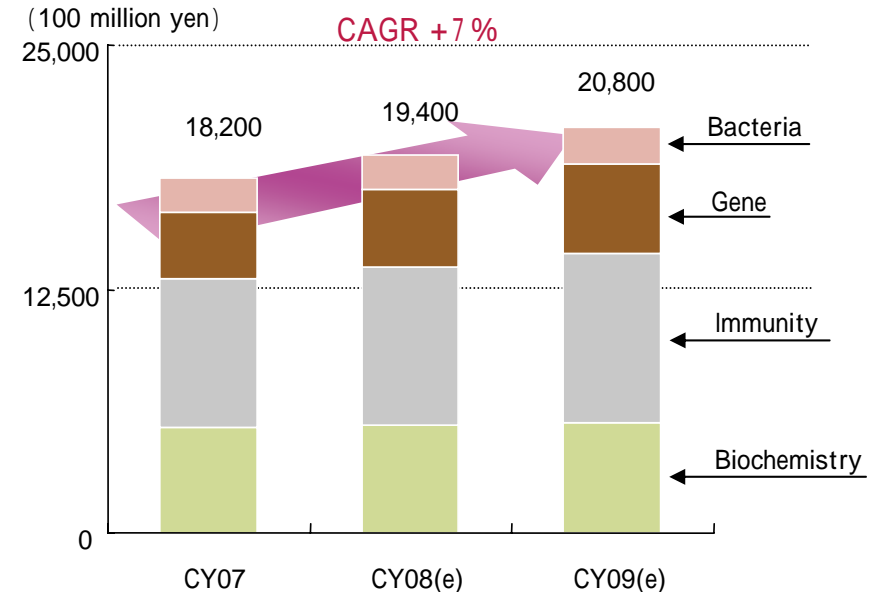
## Overview of Lab Analysis & Life Science Equipment Market



(Source)HHT's estimation based on SDi Report 9th Edition(06) data

- DNA sequencers: Market is saturated
- Mass spectrometry market: Predict solid 8% growth
  - Development of biomarkers (for diagnosis, toxicity etc.) from protein structure analysis
- General analysis field: Growth to slow
  - Liquid chromatographs to grow 6%
  - Rapid growth predicted in ultra high-speed liquid chromatographs

## Overview of In-vitro Diagnostics-related Market



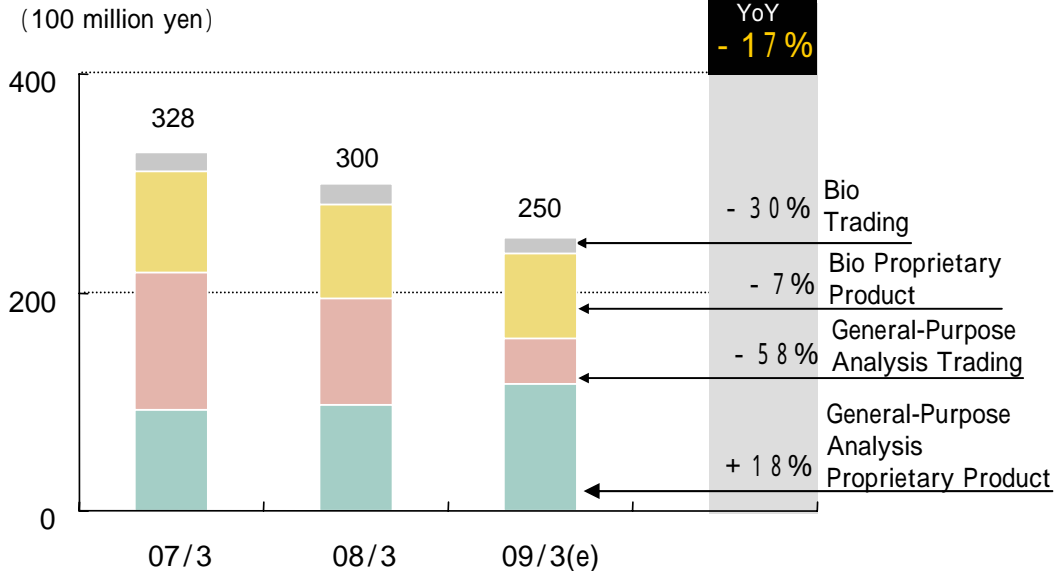
(Source)HHT's estimation based on Kalorama Information 5th Edition(06) data

- \* Overview of in vitro diagnostics market (HHT-related fields): 7% growth
  - Genetic testing: 16% growth, mainly in infectious diseases
  - Immunology area: 7% growth
  - Biochemistry area: Remain flat
- \* Japanese market to slow to 3% growth due to measures aimed at curbing overall medical costs



# Changes in Sales (Biotechnology-related Business)

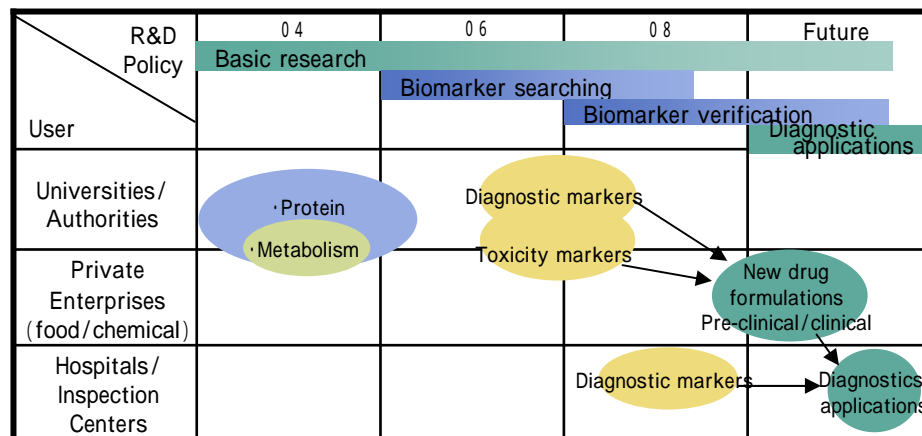
## Changes in Sales



## Explanation of YoY Variations / Future Actions

- Products revision and stronger focus on HHT products leading to business restructure
- Investment in new applications and peripheral equipment with startup of ultra high-speed liquid chromatographs
- Investment in top-end LC-MS equipment applying Electron Capture Dissociation (ECD) technology leading to improved protein analysis functions and move into biomarker search market.
- Strengthening of market response in gene identification and clinical applications leading to securing of DNA sequencing operations

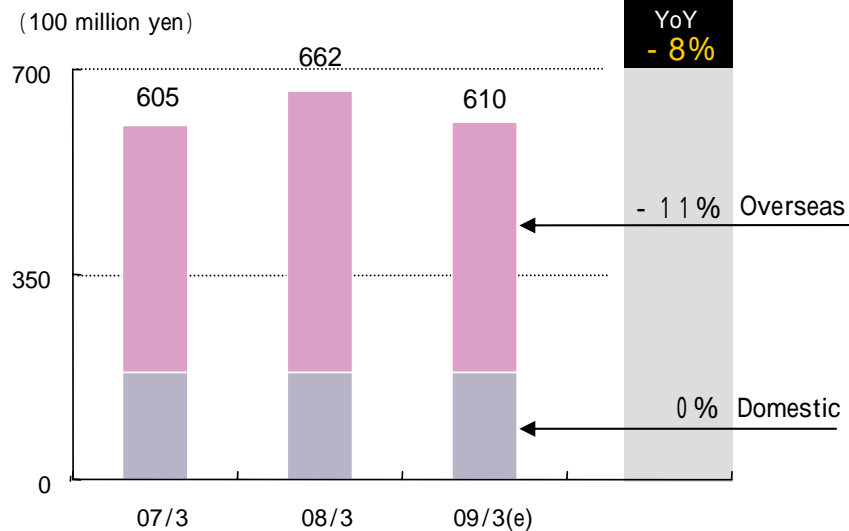
## Future Directions



- Structural analysis of proteins and low-molecular substances using LC-MS and move into biomarker search market
- Collaborative research with National Cancer Center: Promotion of collaboration on development of medical and diagnostic applications of analyzers for laboratory use

# Changes in Sales (Medical-related Business)

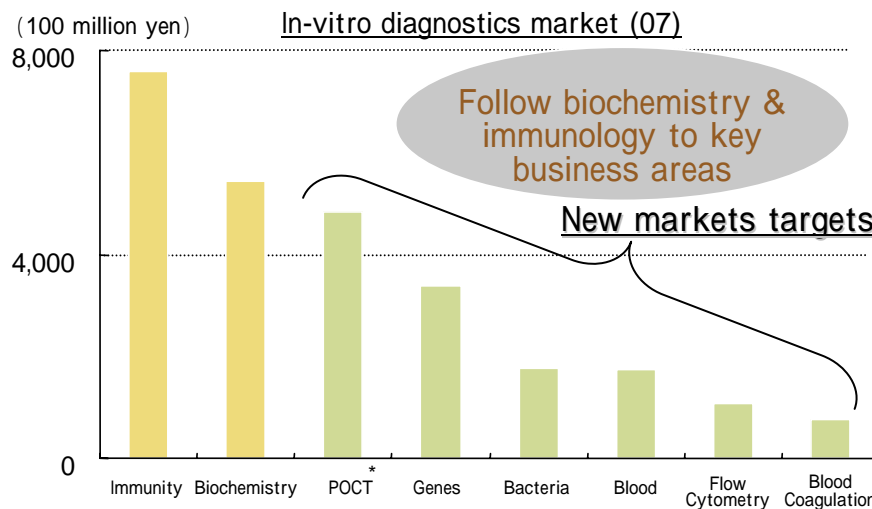
## Changes in Sales



## Explanation of YoY Variations / Future Actions

- Outperforming the market (with a CAGR of 10% between FY05 and FY08), but results were down YoY due in part to adjusted risk in the latter half of the year
- In addition to continued growth in medium-scale products for overseas markets, also aim to expand sales of new more compact immunology-related products
- Domestically, stimulate demand by providing new added value accompanied by remote support services

## Future Directions

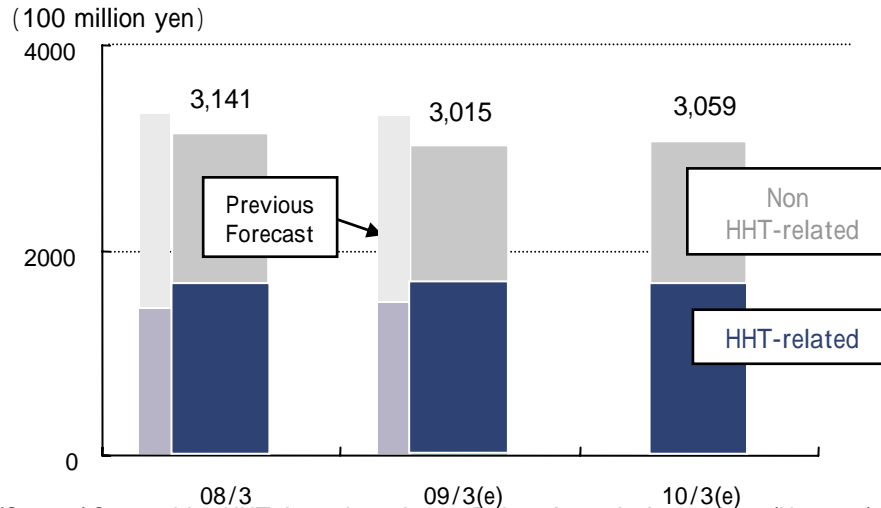


- Follow up automatic clinical chemical analysers (launched in 1970) and immunodiagnostic analyzers (introduced in 1995) with key contributors.
- Start up an alliance for collaborative system development with French company bioMérieux (Euronext:BIM) focusing on bacteria inspection business (in Feb. 08)

\*POCT: Point of Care Testing  
(Source)HHT's estimation based on Kalorama Information 5th Edition(06) data

# Market Trend/Changes in Sales (Chip Mounter)

## Chip Mounter Market



## Contexts

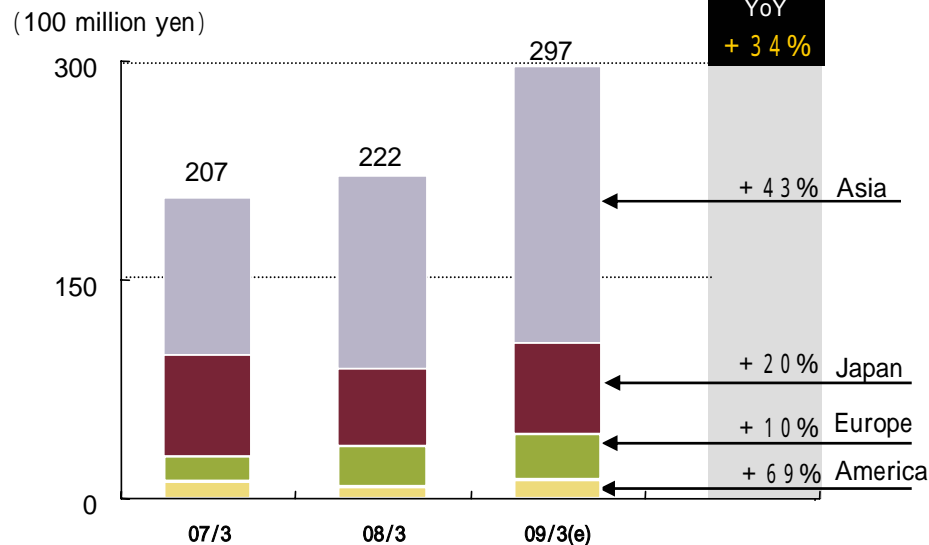
- Capital investment in the first half of FY07 in China and SE Asia slowed in the second half
- Capital investment in EMS\* etc. is expected to fall during FY08 due to the economic slowdown in the US, but this should be covered by stronger investment in the BRICS markets resulting in flat growth

\*Electronics Manufacturing Service

## Explanation of YoY Variations / Future Actions

- Market share is predicted to expand due to the appeal of high-density mounting and effective productive performance leading to significant YoY growth.
- Future initiatives
  - Improvement in CS driven by stronger global sales and service capabilities and ongoing buildup of staff at overseas bases.
  - Improvement in production efficiency with a new factory (operations began in April 08) and speed up product development.

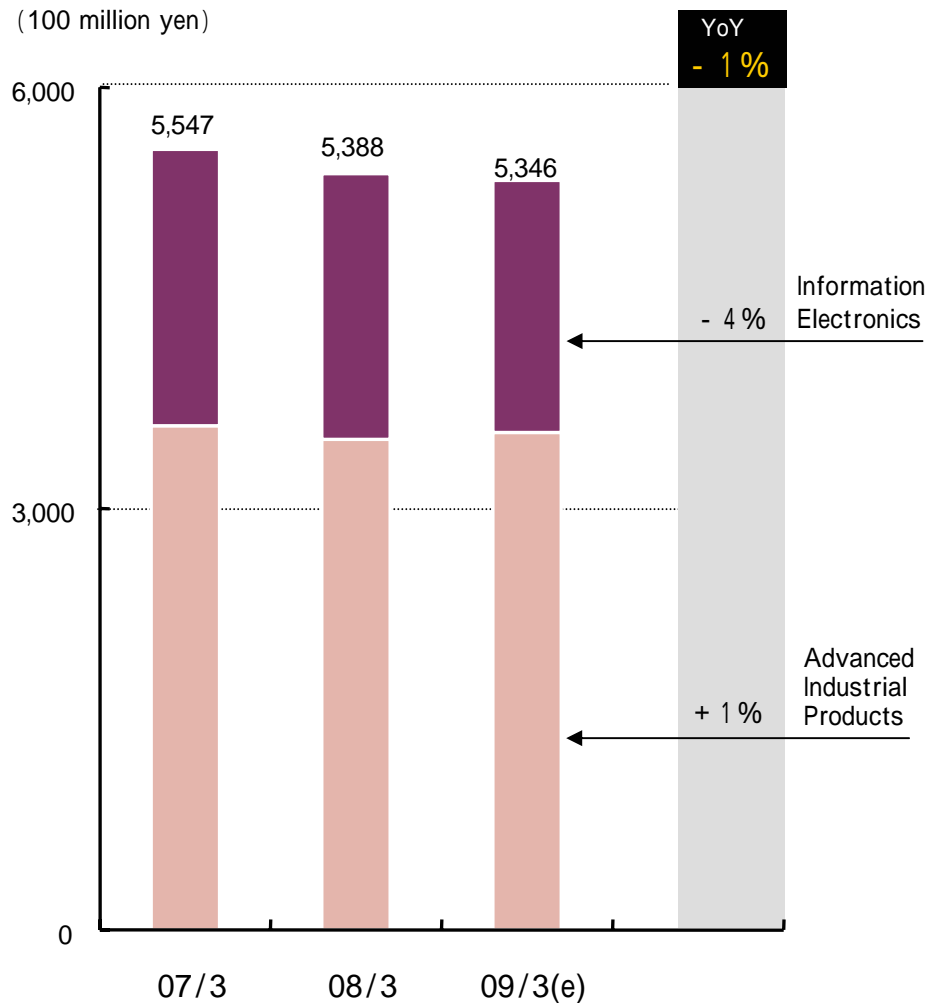
## Changes in Sales



\*Previous forecast is based on the announcement for FY06 (Apr. 07)

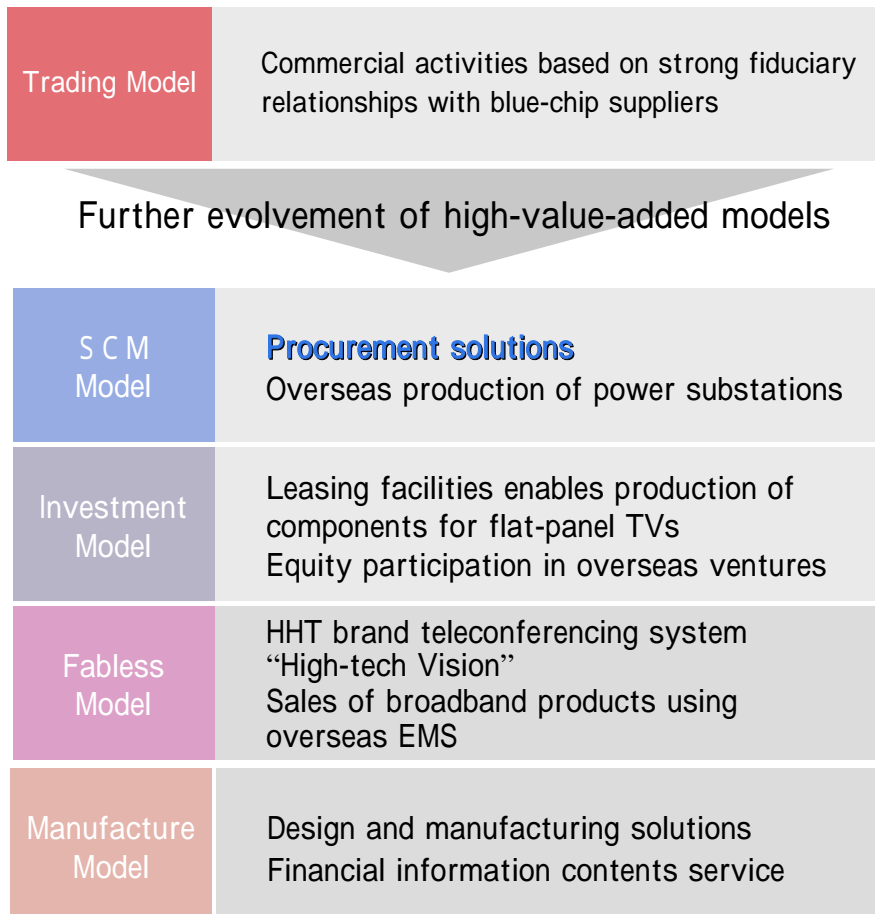
# Trading Division

## Changes in Sales

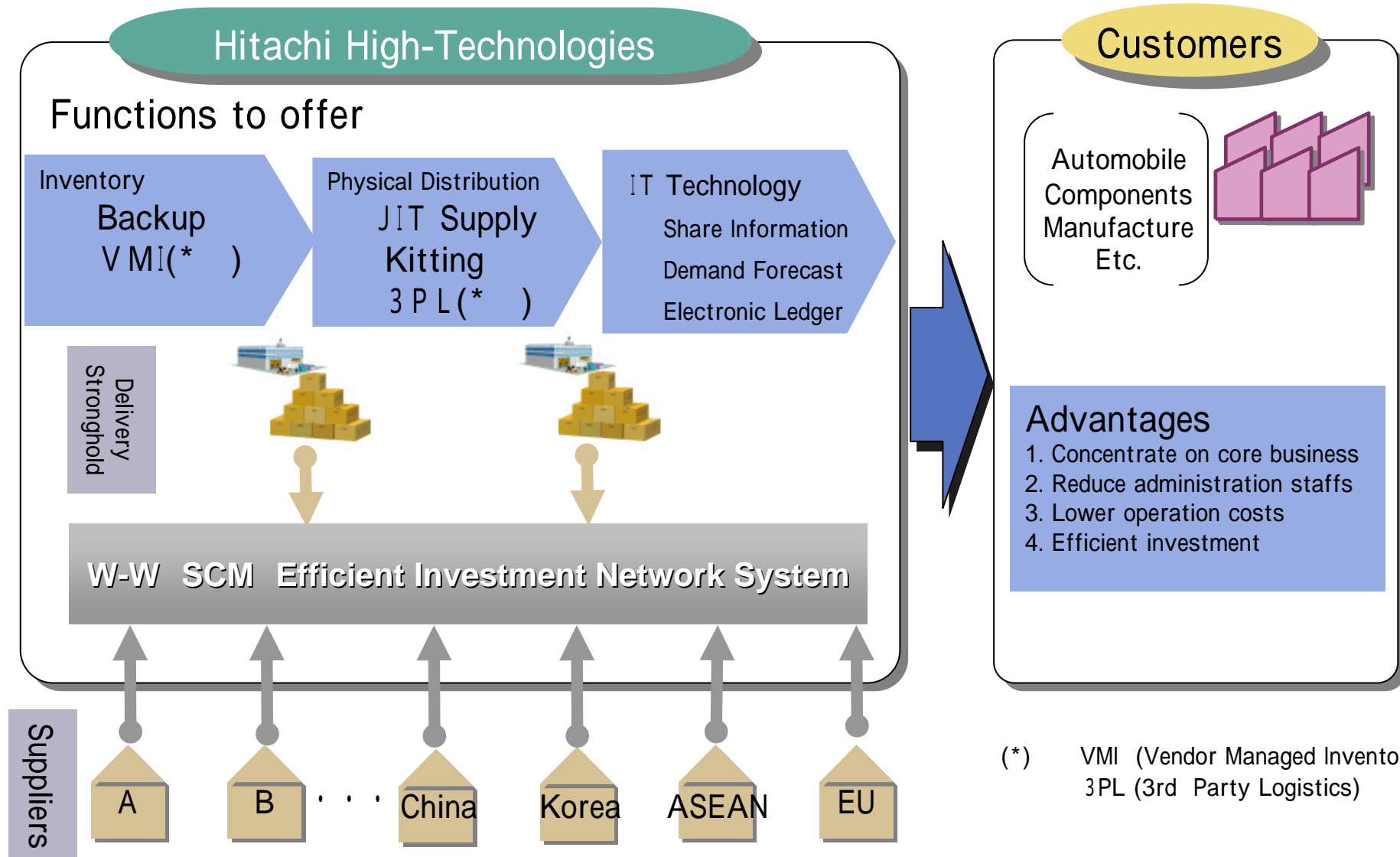


\*Excludes proprietary products such as chip mounters etc.

## Basic Policy



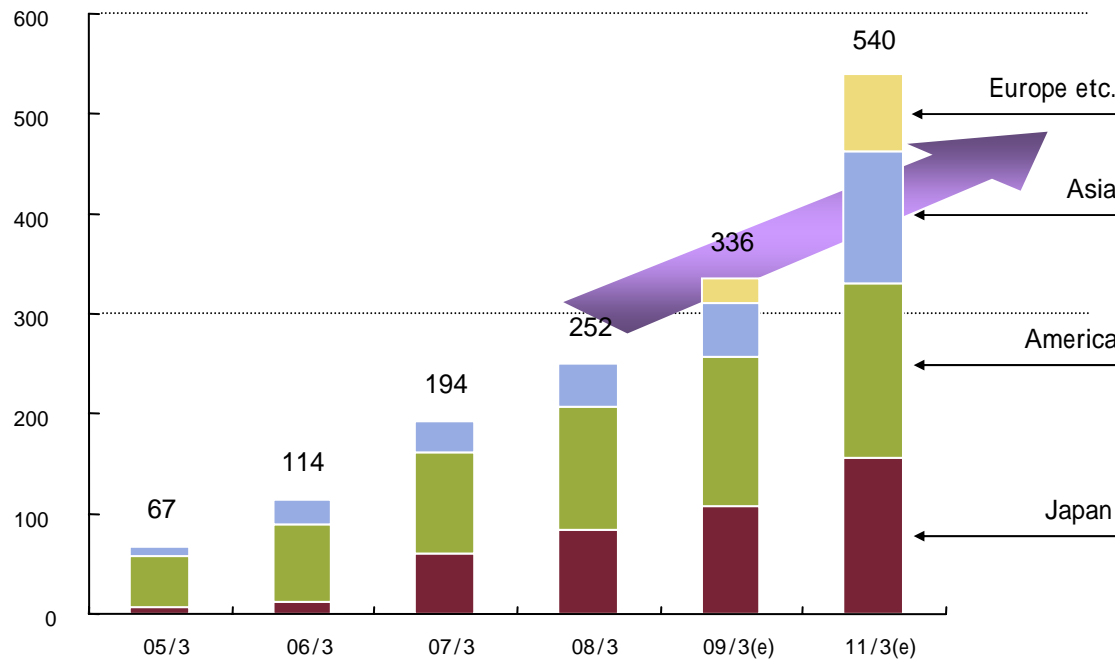
## Business Outline



# Procurement Solution Business (Changes in Sales)

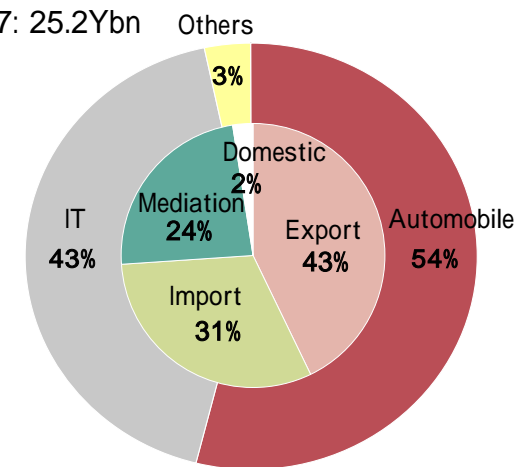
Changes in Sales by Region

(100 million yen)

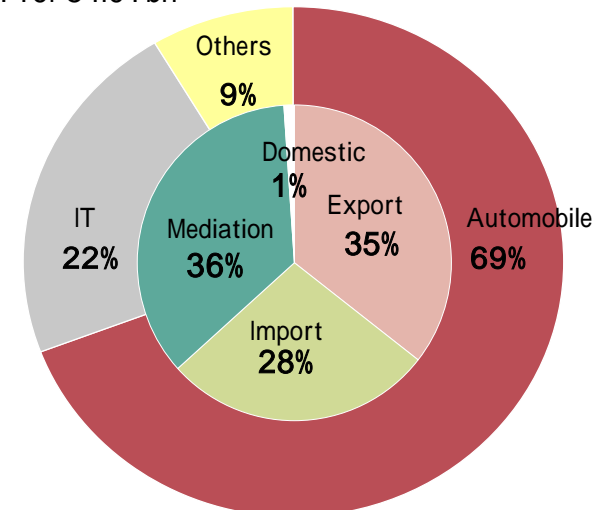


Sales Ratio by Field/Business Form

FY07: 25.2Ybn



FY10: 54.0Ybn



## Future Actions

- Aim to double FY07 sales by FY10
- Promote development in automotive and other fields (such as apparel etc.)
- Expand out-to-out transactions

## Financial Data

Note: Dates at (e) are prospective.

# Quarterly Results

(100 million yen)

	06/Q1	06/Q2	06/Q3	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4
Sales	2,226	2,467	2,339	2,484	2,251	2,621	2,263	2,296
Operating Income	88	121	108	134	87	146	81	178
Ordinary Income	98	124	107	114	91	147	86	164
Net Income	59	72	65	65	57	90	55	67

## Sales by Segment

(100 million yen)

	06/Q1	06/Q2	06/Q3	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4
Electronic Device Systems	571	662	628	760	635	766	587	661
Life Sciences	213	239	217	265	196	243	261	261
Information Systems & Electronic Components	583	633	576	583	546	700	543	539
Advanced Industrial Products	859	933	919	876	874	913	873	834



# Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	FY06	FY07	YoY	FY08(e)	YoY
Capital Expenditure	106	113	+6%	147	+31%
Depreciation Costs	76	89	+16%	103	+16%
R&D	191	206	+8%	240	+17%

\*Capital Expenditure is based on an acquisition bases


## Context (FY07)

- Capital investment: 0.7Ybn increase
  - Build new factories for producing chip mounters etc.
- R&D: 1.5Ybn increase
  - Develop elemental technology Electronic Device Systems and Life Sciences etc.

# Sales Trends by Main Group

(100 million yen)

	FY06	FY07	YoY	FY08(e)	YoY
<u>Electronic Device Systems</u>	2,622	2,648	+1%	2,345	-11%
Process Equip.	627	748	+19%	488	-35%
Metrology/Analysis Syst.	877	902	+3%	959	6%
LCD Manufacturing Equip.	515	500	-3%	510	2%
HD Manufacturing Equip.	247	140	-43%	107	-24%
Others	356	358	1%	281	-22%
<u>Life Sciences</u>	933	962	+3%	860	-11%
Bio-related Business	232	213	-8%	218	2%
Medical-related Business	563	631	+12%	585	-7%
Others	138	118	-14%	57	-52%
<u>Information Systems &amp; Electronic Components</u>	2,374	2,327	-2%	2,365	2%
Information Syst.	837	910	+9%	817	-10%
Module Syst.	292	334	+14%	411	+23%
Semiconductor	432	394	-9%	374	-5%
Media Devices & Communication Equip.	279	313	+12%	264	-16%
Others	534	376	-30%	499	+33%
<u>Advanced Industrial Products</u>	3,587	3,495	-3%	3,530	1%
Industrial Materials	1,680	1,714	+2%	1,700	-1%
Electronic Device Materials	524	764	+46%	832	9%
Optical-related Components	309	284	-9%	286	1%
Others	1,074	733	-32%	712	-3%



[Notes on the data]

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All financial statement summaries and results predictions included in this presentation are on a consolidated basis unless otherwise stated.

Numerical data is rounded off to the nearest 100 million yen.

Rates of change up or down are generally calculated in units of yen.

The predictions in this presentation that relate to the future results of the Company were based on information that could be known at the current time.

In the industry in which we are active, the rate of technological change is rapid and competition is fierce.

Various external factors, including the world economy, the semiconductor market, and exchange rates also directly and indirectly affect results.

Accordingly, please be aware of the possibility that future results may differ from those in this presentation.

Any major differences will be publicly announced as they occur in accordance with the timely disclosure regulations of the stock market and the voluntary decisions of the Company.

\*The information included in this material is for reference when investing, and not a canvass to invest. Brand selection and the final decision is at your own judgment.

END

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April 24<sup>th</sup>, 2008

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***Hitachi High-Technologies***

**Bringing the frontier to the forefront.**