The "High-Value Creator" of Leading-Edge Technology

ANNUAL REPORT 2002

Hitachi High-Technologies Corporation

Profile

On October 1, 2001, the consolidation of Nissei Sangyo Co., Ltd. and the Instruments Group and Semiconductor Manufacturing Equipment Group of Hitachi, Ltd. gave birth to Hitachi High-Technologies Corporation.

The integration of Nissei Sangyo's marketing capabilities and global network with Hitachi's world-class technology and product development skills enabled us to create an organization encompassing all phases of development, production, marketing, and service in the sphere of nanotechnology, a vital aspect of technical advances in semiconductor manufacturing equipment, biotech products and other fields.

At an early date, we realized that nanotechnology would be the driving force of scientific and technological advancement in the 21st century. We specialize in nanotechnology-centered solutions that anticipate the needs of the times in four segments: Electronic Device Systems, Life Science, Information Systems & Electronic Components, and Advanced Industrial Products.

As of September 2002, our network consisted of 16 affiliates in Japan and 19 in other countries. We intend to take full advantage of this network as we redouble our efforts to solidify our position in markets inside and outside Japan.

Electronic Device Systems

Applying our time-tested production to stay a step ahead of the demand for miniaturization technologies

Life Science

Our DNA sequencers, automatic clinical chemistry analyzers, and other are key contributors to the biotechnology and medical industries

Information Systems & Electronic Components

High-reliability, high-performance hardware and software-flexibility across a wide range of fields

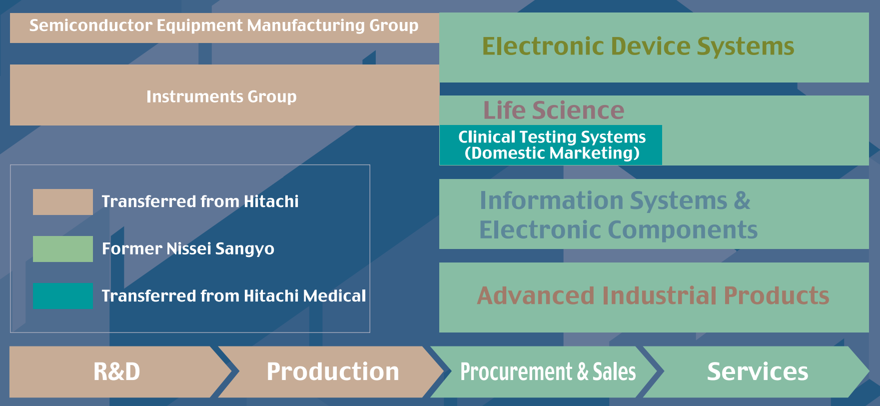
Advanced Industrial Products

From electronic components to advanced materials–a trading company that meets demands for advanced technologies

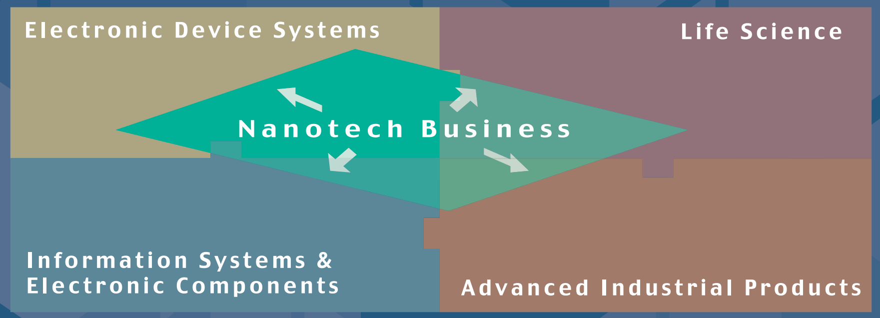
New organization

Hitachi High-Technologies is an integrated organization active in all phases, from R&D and production to marketing and services. Built around a core of nanotechnology, our business on four main segments: Electronic Device Systems, Life Science, Information Systems & Electronic Components, and Advanced Industrial Products.

New Organization of Hitachi High-Technologies



Business Domain Centering on Nanotech Core



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Message from the Top Management

The birth of Hitachi High-Technologies, an integrated organization with total capabilities in the emerging field of nanotechnology

On October 1, 2001, the integration of the global high-tech trading capabilities of Nissei Sangyo Co.,Ltd. the development and production skills of the Instruments Group and Semiconductor Manufacturing Equipment Group of Hitachi, Ltd., and the domestic sales division in charge of clinical testing systems for Hitachi Medical Corporation, gave birth to Hitachi High-Technologies Corporation. Hitachi High-Technologies is active in four main segments: Electronic Device Systems, Life Science, Information Systems & Electronic Components and Advanced Industrial Products.

This consolidation was undertaken to strengthen its Group management foundations, improve levels of business efficiency, and make more effective use of shared assets. It constitutes a reorganization and revision in pursuit of higher corporate value, with the objective of strengthening the performance of the Group as a whole.

The consolidation enables Hitachi-High Technologies to field an integrated system of operations encompassing all phases, from development and production to sales and service, for nanotechnology-centered business in fields such as semiconductor manufacturing equipment and biotech related products. Hitachi High-Technologies represents the fusion of the world-class technological prowess of Hitachi and Nissei Sangyo’s powerful global sales force for high-tech products, giving us an even greater ability to supply optimal solutions attuned to the changes in the market and to customer needs. Our aspiration is emergence as a “High-Value Creator,” generating new levels of value.

In order to promote management that is directly linked to the market, we have initiated a “sales division-specific profit system.” The aim of this scheme is to encourage business divisions closest to the market to play a leading role in speedy development of new products and businesses grounded in market needs. It is also designed to boost our solutions capabilities through wider incorporation of products from other manufacturers into our systems, fueling our pursuit of operating profit. The adoption of this profit system is the first among members of the Hitachi Group with manufacturing capability.

Our additional aims are strengthening competitiveness in the market through expansion of our business, more rapid accommodation of markets needs through integration of development and manufacturing with sales and service know-how, creation of new business, and management streamlining based on better integration with operations of the Hitachi Group.

Yoshiro Kuwata
Chairman of the Board
President

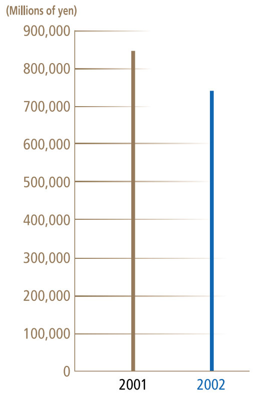
Our name, “Hitachi High Technologies,” clearly expresses our character as a nanotechnology-driven high-tech company and the one staffed by the finest corps of engineers in the world. The domain of nanotechnology encompasses products in numerous fields, as diverse as semiconductors and biotechnology. Our name manifests our steadfast resolve to be the top nanotech company worldwide.

Consolidated Financial Highlights

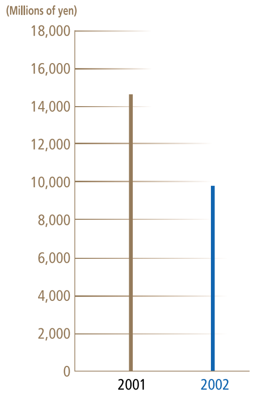
	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Operating results			
Net sales	¥738,289	¥848,700	$5,540,631
Operating profit	9,940	14,688	74,597
Net income	5,507	7,691	41,328
	Yen		U.S. dollars
	2002	2001	2002
Net income per share	49.71	87.66	0.37

Notes: U.S.dollar amounts in this report are translated from yen, for covenience only, at the rate of ¥133.25=U.S.$1.00

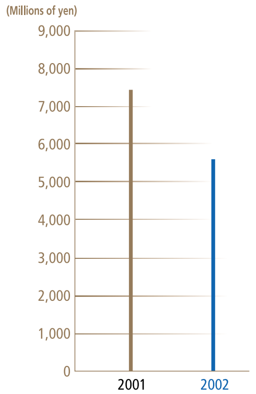
Net sales



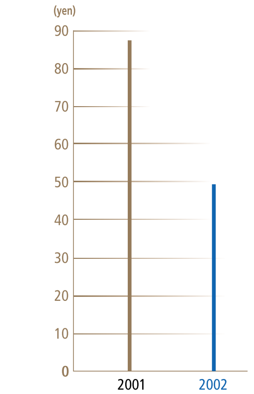
Operating profit



Net income



Net income per share



Maximizing synergies of our integration

During the year ending March 31, 2001, our operations faced harsh circumstances due to the worldwide downturn in the IT and semiconductors markets. The Life Science segment turned in a favorable performance thanks to sales of medical systems in Japan and DNA sequencers in the United States. However, the segments of Electronic Device Systems, Information Systems & Electronic Components and Advanced Industrial products (primarily semiconductor manufacturing equipment and optical communications components) showed year-on-year declines in sales. As a result, the Company posted sales of ¥738,289 million, operating profit of ¥9,940 million, and net income of ¥5,507 million (respective declines of 13%, 32.3%, and 28.4% from fiscal 2000), and paid a total cash dividend of ¥2,193 million. On a per-share basis, our net income amounted to ¥49.71, and our cash dividend to ¥15, for a dividend payout ratio of 51%.

Our new start coincided with an unprecedented severe climate. Nanotechnology, however, is indispensable for the development of new technology in a range of fields, including semiconductors, electronic devices, biotechnology, medicine, information & communications, and the environment. It therefore has promising potential for fast-paced growth. Our business territory encompasses nanotechnology and all the fields applying it. We are determined to conduct our business in a manner that maximizes the synergies of our consolidation, with the aim of triggering a strong momentum in this growth-oriented area.

In the year ending March 31, 2003, the initial year of our new Consolidated Mid-term Management Plan, we shall work to attain our business objectives through the maximum utilization of our synergistic capabilities and concentrated input of resources into high-growth fields.

Consolidated Mid-term Management Plan aims for emergence as the world's leading corporate group in the vanguard of nanotechnology

Hitachi High-Technologies has launched its first consolidated Mid-term Management Plan, targeting the three-year period ending March 31, 2005. This plan for action aims us to expand our business in advanced technology areas and emerge as the worldwide leader in nanotechnology fields such as semiconductor manufacturing equipment and analytical instrumentation for biotechnology.

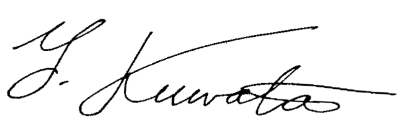
Our targets for fiscal 2004 (ending March 31, 2005) include net sales of ¥1 trillion, operating profit of ¥30 billion, net income of ¥15 billion, and a return on equity (ROE) of 8.7%. Over the three-year period of the plan, we are also targeting average growth rates of 9.6% in sales, 36.4% in operating profit, and 31.0% in net income.

Note: Figures for the year ending March 31, 2002 utilized in the calculation of these growth rates are trial balance figures based on the assumption that the integration had taken place on 1 April 2001, and have not been examined by an auditor.

Promoting leading-edge R&D as a technology-oriented company

Aggressive development of new products and markets plays a key role in our Consolidated Mid-term Management Plan. Against the backdrop of our "sales division-specific profit system," our goal is for the share of all contracts based on newly developed products and markets to grow from an estimated 30% as of March 31, 2003, to 50% as of March 31, 2005.

In closing, we ask all of our shareholders for their continued support and understanding. We shall persist with our efforts to increase profit and strengthen our business foundation to ensure a healthy return to our shareholders. To this end, we are committed to concerted action by all of our employees with a keen awareness of profit and steady progress toward our goals.

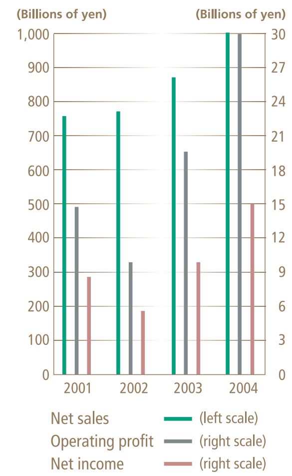


Yoshiro Kuwata
Chairman of the Board
President

Consolidated Mid-Term Management Plan

Targets

Our targets for sales, operating profit, net income and ROE from fiscal 2002 (ending March 31, 2003) to fiscal 2004 (ending March 31, 2005) in each segment are presented below. The outlook for the global economy remains clouded in uncertainty, and our profit growth depends heavily on the trend of recovery in the semiconductor market. In light of these factors, we shall strive to expand our business in other fields and aim for rapid maximization of synergies realized by the consolidation of our business operations.



- **Sales target: AAGR of 10%, with a target of ¥1 trillion in the year ending March 2005.**
- **Operating profit: To double, driven by the Electronic Device Systems and Information Systems & Electronic Components Segments**
- **Net income and ROE: Net income of ¥15 billion and ROE of 8.7% in the year ending March 2005.**

Strategy

Our Consolidated Mid-term Management plan rests on a central management strategy shared by all segments and business strategies distinctive to each segment.

Company-wide management strategy

1. Promoting business investment

We aim to strengthen our focus on new products and markets and increase the share of all contracts attributable to new development. To add impetus to our operations, we are planning active and continuous investment in R&D and facilities (plant and equipment). A particular focus is next-generation device manufacturing equipment such as electron beam lithography system, etching system, and inspection systems, as well as tools in the life science field, such as new products in the genome/proteome field and next-generation clitical testing system. Facility investment will be directed to expanding and improving demonstration centers, production facilities for next-generation products, facilities for prevention of interference from electromagnetic waves, and other items to support expanded sales.

To develop new products and markets, we also intend to promote strategic alliances for provision of total solutions in Electronic Device Systems; reinforce activities in the genome/proteome applications in Life Science, and mediate production consignment to overseas EMS company in Information Systems & Electronic Components and Advanced Industrial products.

- **Actively promote development of new products and markets**
- **Active investment in R&D and facilities**
- **Developement of alliances**

2. Strengthening product competitiveness

Production lines will be optimized, with comprehensive information-sharing through the entire process from order receipt to production, based on newly implemented SAP/R3 integrated services package software, combined with shrinkage of lead time required for procurement and manufacturing. With our new Procurement Renewal Project (PRP), we expect to reduce variable costs through measures such as the sharing of components and materials, promotion of a strategic Value Engineering for Customers (VEC) program in collaboration with priority partners, and construction of a new PRP to meet the demands of expanded production in China. (The improvement effect of PRP is estimated at ¥5.7 billion.)

- **Increase in cost competitiveness and decrease in lead time through supply chain management (SCM) and just-in-time (JIT) production**

3. Strengthening consolidated management

Consolidated subsidiaries are expected to make a significant contribution to the profit picture. To this end, we aim to strengthen the total power of the Hitachi High-Technologies Group. Specific agenda items include expansion of solution services and globalization of business at Hitachi Instruments Service Co., Ltd, which is engaged in maintenance services for the Electronic Device Systems and Life Science segments; an expansion of business in electronic devices and information home electronics at Hitachi High Technologies America, Inc. and an expansion of business in hardware such as electron microscopes and related systems and software at Hitachi Science Systems, Ltd. These and other steps will be implemented with the aim of increased income and profit.

- **Rapid expansion of business and reinforcement of solution proposals through autonomous management of consolidated subsidiaries**

High Profit Subsidiaries

Billions of yen

		2002	2003	2004
Hitachi Instruments Service Co., Ltd.	Net sales	39.5	45.2	53.6
	Operating profit	2.1	2.5	3.5
Hitachi High Technologies America, Inc.	Net sales	135.7	160.1	186.5
	Operating profit	0.9	2.4	3.4
Hitachi Science Systems, Ltd.	Net sales	18.4	19.8	21.6
	Operating profit	0.4	0.7	0.9

Scanning electron microscopes as semiconductor testing and evaluation equipment

Business Strategies

Electronic Device Systems

In this segment, we are aiming for an increase in market share held by major products and the development of new products with a focus on priority customers and markets.

Targets for expanded market share are electron beam lithography system (100nm mask compatible), etching equipment for 300mm design rules, and photolithography units in the area of manufacturing equipment; SEM (Scanning Electron Microscopes, 100nm compatible) and wafer inspection units in the area of inspection & assessment systems; FE-SEM (Field Emission Scanning Electron Microscopes), TEM (Transmission Electron Microscopes), and FIB (Focused Ion Beam) equipment in the area of nanotechnology products; and liquid crystal dispensers. Special emphasis will be laid on the highly profitable CD-SEM and optical systems for external inspection.

In the area of manufacturing, the main subjects of our development activities are etching equipment premised on cultivation of the market for nonvolatile storage units, and SIMOX equipment for SOI (Silicon-On-Insulator) wafers for production of next-generation high-speed, high-voltage devices. Development efforts are also focused on equipment for Wafer Inspection System; a FE-SEM capable of high-performance, high-resolution observation in the field of semiconductors; and vacuum lamination devices for large-size circuit boards in the field of liquid crystal substrates.

We are also aiming for rapid product development and an increase in levels of management efficiency and speed through early creation of synergistic effects.

Furthermore, promotion of APC (advanced process control) should raise the overall efficiency of equipment operation and stimulate expanded sales of assessment & analysis products.

Focus on priority customers

- Promote joint development with priority customers
- Responding to semiconductor maker alliances
- Early development of large U.S. customers

Focus on priority markets and cultivation of new markets

- Expansion of sales and forging of alliances in Europe, North America, Korea, Taiwan, and China

Strengthening of core competence and construction of schemes for prompt creation of synergistic effects

- Rapid development of products through seamless linkage of sales and manufacture
- Management streamlining and expedition through integration of manufacturing, sales, and services
- Provision of yield solutions consolidating process equipment and systems for inspection and analysis
- Increase in production efficiency through APC promotion

Electronic Device Systems

Electron Beam Lithography System

Plasma etching Systems

Automatic blood chemistry analyzers,which hold the top share of the global market

Life Science

The 21st century is said to belong to life science, which also constitutes an important field when viewed from the standpoint of nanotechnology. In countries around the world, enormous expenditures are being budgeted and planned for life science in industry, government, and academia. We regard this trend as an opportunity and are placing top priority on development of formidable new products in this segment.

Our basic policy lies in reinforcement of our core business and approaches to growth fields. In the field of biotechnology, we plan to create and market strategic products for genome/proteome work through the combination of our own unique technology and alliances with other leading company. In the medical field, we will strive to increase the market share held by our core products (automatic biochemical and automatic immuno-analysis equipment) and concentrate activities in high-return businesses.

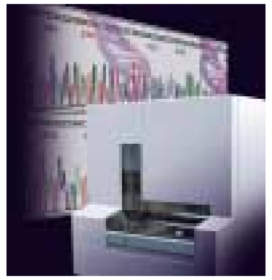
Focus biotechnology business on the genome/proteome field

- Expansion of business in the genome market through entry into the field of SNP analysis through DNA sequencers
- Rapid start up and expansion of business on the proteome field by the release of new products
- Cultivation of the market through joint development with universities anticipating of expansion of sugarchain-related business

Reinforcement of existing business and development of new business in clinical testing system

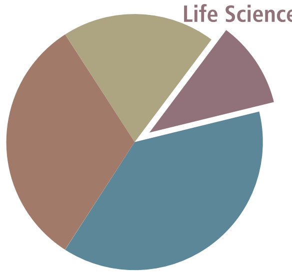
- Development of a modular series of the integrated Automatic Analyzers, Chemistry & Immunology testing onto one instrument, and reinforcement of business in clinical testing system through increased cost competitiveness and system proposal capabilities, aiming to capture a larger share of the global market
- Strengthening of cost competitiveness through coordination with affiliates inside and outside Japan and make the production capability in China larger
- Widening of business scope through launch of reagents business based on sales of equipment-plus-reagent systems, marketing of MGA (Magneto Cardio Graphy) Systems, and start-up of new business in areas such as genetic and allergic examination

High Perfomance Liquid Chromatography



DNA sequencers

Life Science



Chip mounters manufactured by SANYO High Technology Co., Ltd. These are achieving strong results both in Japan and abroad

Information Systems & Electronic Components

In our efforts to develop deeper ties with priority customers and make greater inroads into the global market, we intend to expand our business through growth in operations involving semiconductors and information home electronics equipment. In the field of semiconductors, we are strengthening our sales to key customers. In that of information home electronics, we are planning to bring out new products in the area of digital media such as DVD players and projection TV sets through closer collaboration with the U.S. company Sears, a partner of ours for nearly 30 years. In addition, we have a global involvement in the market for cellular telephones, all types of information terminals, and other communications equipment.

To boost high value-added development, we will mobilize our sales engineering skills and global network to promote high value-added IT solution business and expand our operations for all sorts of assembly and fabrication equipment.

Reinforcement of proposal-oriented, customer-tailored sales of semiconductors and Flat Panel Displays (FPD) with a focus on priority customers

- System solutions for cellular telephones and radio communications
- Expansion of sales in Europe and development of products in the financial field through tie-up with the German firm Giesecke & Devrient GmbH in the field of microprocessors using IC cards

Expansion of business in secondary batteries and other electronic components

- Deeper ties with key customers and development of the Chinese market in the field of electronic components such as secondary batteries for mobile terminals, optical pick-ups, and SAW (surface acoustic wave) filters

Cultivation of the market for information home electronics equipment with specialization in digital media and Information & Communication Technology (ICT)

- Increase in sales of new products in step with the digitization of home appliances

Promotion of high value-added IT solution business

- Field-specific solutions for electronic device manufacturers; manufacturers of automobiles and automotive parts; food product, pharmaceutical, and chemical company; and securities and financial company

Expansion of business in assembly and manufacturing equipment

- Expansion of business with a focus on growth markets for chip mounters, and marketing of new HMT (high-speed non-turret module mounters)
- Extension and reinforcement of the overseas business network for the Organic EL (Electro-luminescent) mass-production equipment

Information Systems & Electronic Components

Organic Electro-Luminescence Manufacturing Equipment

Semiconductor products used in mobile devices

A global network facilitates trading company functions

Advanced Industrial Products

As part of our global development of business in growing fields, we are planning development and sales concentrated in the fields of semiconductors, FPD, communications, digital media, and automobiles. A particular aim is the promotion of development and sales tied to local markets through aggressive formation of overseas alliances and sales investment, strengthening of sales organization, and expansion of locations, with a focus on China and ASEAN countries.

We are establishing a new business model such as overseas alliances and procurement solutions in a bid to revamp our management Structure through evolution from a trader (i.e., mediator) to a business creator. Through our business of supporting consignment production, we already have experienced in minimizing business risks for customers through unified dynamic control of commercial distribution and logistics based on a ledger-on-the-web system. This system covers all phases from supply of materials and components to shipment of consigned production back to Japan.

Expansion of sales in the optical communications business

- Expanded sales of materials for the trunk-line market based on new technology
- Development of new products and expanded sales for optical communications metro and access lines
- Priority development of the Chinese market

Expansion of sales in silicon wafer business

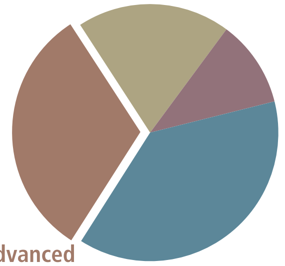
- Expanded sales of 300mm wafers
- High-frequency devices, Bluetooth and other wireless LAN devices, and SOI wafers used in broadband processors
- Development of business with new IG (Intrinsic Gettering) wafer products

Overseas alliance

- Development of alliances with EMS company in China and ASEAN countries for promotion of business in support of the rapidly increasing from Japan (in fields such as optical pick-up materials, printer ribbons, LCD materials, half-finished laser printers, automotive components, and heated toilet seats etc.)

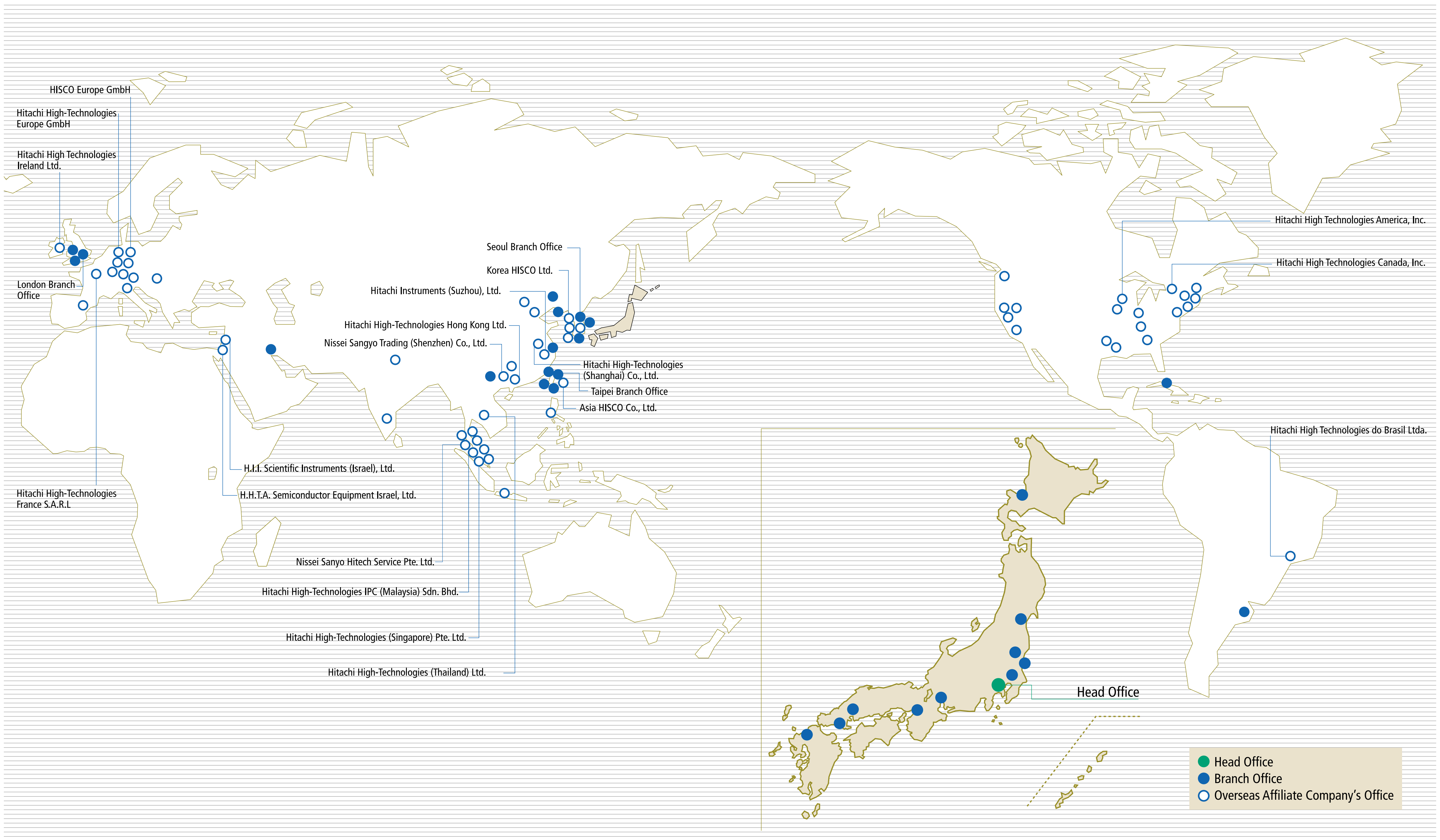
Opto-electronics products

Optical Engine Projection Lens



Advanced Industrial Products

World Network



Overseas Affiliated Companies

Sales and Service Companies

America

- Hitachi High Technologies America,Inc.
- Hitachi High-Technologies Canada,Inc.
- Hitachi High-Technologies do Brasil Ltda.

Europe

- Hitachi High-Technologies Europe GmbH
- Hitachi High-Technologies France S.A.R.L.
- HISCO Europe GmbH
- H.I.I. Scientific Instruments(Israel),Ltd.
- H.H.T.A. Semiconductor Equipment Israel,Ltd.
- Hitachi High Technologies Ireland Ltd.

Asia

- Hitachi High-Technologies(Singapore) Pte.Ltd.
- Hitachi High-Technologies IPC (Malaysia)Sdn.Bhd.
- Hitachi High-Technologies (Thailand)Ltd.
- Nissei Sanyo Hitech Service Pte.Ltd.
- Hitachi High-Technologies Hong Kong Ltd.
- Nissei Sangyo Trading (Shenzhen)Co.,Ltd.
- Hitachi High-Technologies(Shanghai) Co.,Ltd.
- Korea HISCO Ltd.
- Asia HISCO Co.,Ltd.

Manufacturing Company

Asia

- Hitachi Instruments(Suzhou),Ltd.

Domestic Affiliated Companies

Sales and Service Companies

- Hitachi Instruments Service Co.,Ltd.
- Nissei Electronics,Ltd
- Nissei Mecs Corp.
- Nissei Engineering Inc.
- Nissei Software Inc.
- Nissei Service Inc.
- Nissei Science,Ltd
- Nissei Denki Co.,Ltd.
- Terrawin,Inc.
- Giesecke&Devrient K.K.
- HISCO Solution Co.,Ltd.
- Instruments Technology Co., Ltd.

Manufacturing Companies

- Hitachi Science Systems, Ltd.
- Hitachi Naka Electronics Co.,Ltd.
- Naka Instruments Co.,Ltd

Board of Directors and Auditors

Representative Director
Chairman of the Board
President
Yoshiro Kuwata

Representative Director
Senior Executive Managing Director
Toshihiro Sanematsu

Representative Director
Senior Executive Managing Director
Ikuo Kinokuni

Executive Managing Director
Yuichi Tsunoda

Executive Managing Director
Katsuji Yamashita

Executive Managing Director
Wasuke Nakano

Executive Managing Director
Kazuhiko Wakino

Executive Managing Director
Seiji Okubo

Executive Managing Director
Noriyuki Ichikawa

Board Director
Tadataka Okitsu

Board Director
Iwao Ito

Board Director
Hidehito Obayashi

Board Director
Masumi Miyauchi

Board Director
Hiroshi Kanauchi

Board Director
Yasuhiko Nishimura

Board Director
Akihisa Inagaki

Corporate Auditor
Yasuhiko Kobata

Corporate Auditor
Toru Kawachi

Corporate Auditor
Shigemichi Matsuka

Corporate Auditor
Kazuo Miura

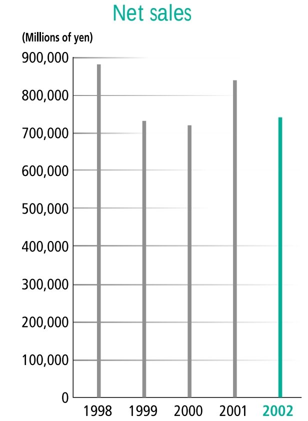
Consolidated Financial Section

Consolidated Five-Year Summary of Selected Financial Data

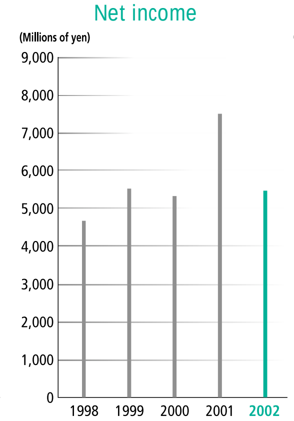
Years ended March 31	Millions of yen 2002	2001	2000	1999	1998	Thousands of U.S. dollars 2002
For the year:						
Net sales	¥ 738,289	¥ 848,700	¥ 725,348	¥ 733,204	¥ 872,160	$ 5,540,631
Electronic Device Systems	126,258	133,256	—	—	—	947,527
Life Science	79,024	62,759	—	—	—	593,051
Information Systems & Electronic Components	281,593	345,752	—	—	—	2,113,269
Advanced Industrial Products	251,414	306,933	—	—	—	1,886,784
Operating Profit	9,940	14,688	8,275	9,167	8,974	74,597
Net income	5,507	7,691	5,386	5,540	4,771	41,328
Net cash provided by (used in) operating activities	(8,824)	1,097	17,261	—	—	(66,221)
Net cash provided by (used in) investing activities	547	(3,980)	(1,902)	—	—	4,105
Net cash provided by (used in) financing activities	1,139	(3,653)	(4,767)	—	—	8,548
At the year-end:						
Total assets	¥ 382,533	¥ 354,895	¥ 305,483	¥ 283,713	¥ 307,643	$ 2,870,792
Total Shareholders' equity	155,154	117,220	106,173	98,091	94,066	1,164,383
Cash and cash equivalents at end of year	42,811	42,995	48,260	—	—	321,283
Number of employees (Persons)	7,945	3,033	3,088	—	—	—
Other data:						
Equity ratio (%)	40.6	33.0	34.8	34.6	30.6	—
Return on equity (%)	4.0	6.9	5.3	5.8	5.1	—
Price-earnings ratio (Times)	35.9	18.1	19.3	18.5	21.4	—

Notes: U.S.dollar amounts in this report are translated from yen, for covenience only, at the rate of ¥133.25=U.S.$1.00

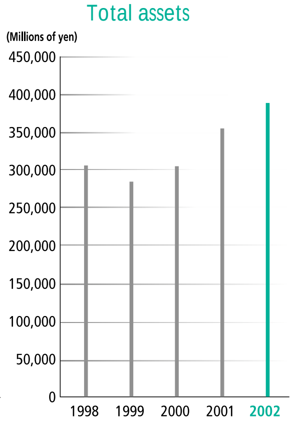
Net sales



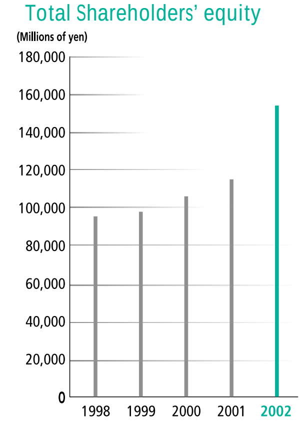
Net income



Total assets



Total Shareholders' equity



Management Discussion and Analysis

Performance Review

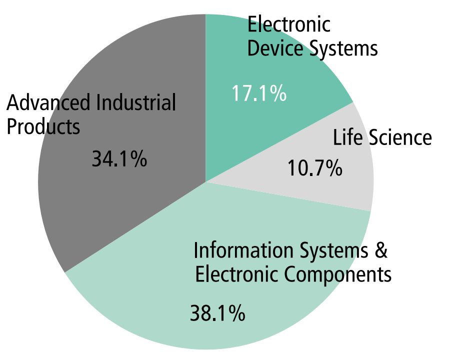
•Sales

Consolidated net sales for the fiscal year ended March 2002 decreased 13.0% compared with the previous year, amounting to ¥738,289 million, a result that can be attributed to deteriorating business environments worldwide Domestic sales decreased 10.0%, to ¥401,190 million. Foreign sales decreased 16.4%, to ¥337,099 million. The ratio of foreign sales to consolidated net sales decreased 1.9%, to 45.6%. (See graph).

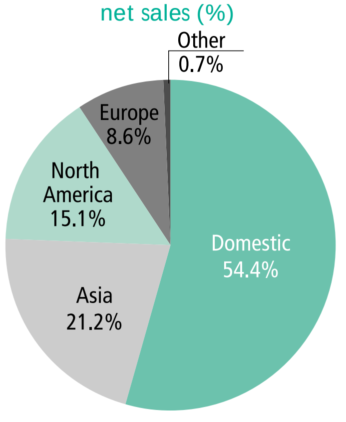
The Electronic Device Systems segment began to sell etching systems in the U.S. and Europe as a result of the consolidation, and recorded steady sales growth. Active promotion of new products and development of new accounts generated strong sales of electron beam lithography system and wafer inspection systems. On the other hand, due to the effects of restrained capital investments in the global semiconductor industry, sales of CD-SEM, which are a major product category, fell sharply, and those of etching system for domestic and Asian markets were also sluggish. As a result, sales in this segment decreased 5.3% compared with the previous year, to ¥126,258 million.

In the Life Science segment, sales of medical analysis equipment to the U.S. and Europe decreased, affected by cutbacks in medical spending, but sales to the Chinese market, for which the company has been promoting developmental activities, grew steadily. In addition, as a result of the consolidation, the Life Science segment began to sell medical analysis equipment in the domestic market and DNA sequencers in the US market and recorded steady growth. Sales for this segment increased 25.9% compared with the previous year, to ¥79,024 million.

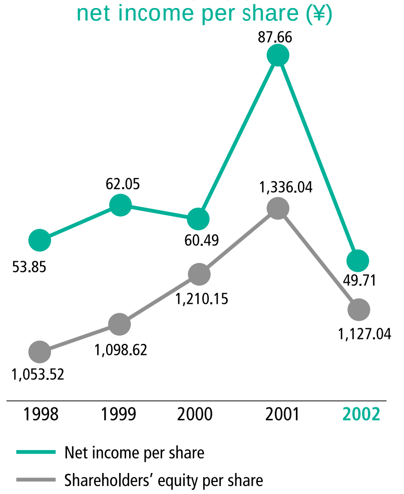
Net sales by segment (%)



Domestic and overseas net sales (%)



Shareholders' equity per share and net income per share (¥)



In the Information Systems & Electronic Components segment, sales of SMT/Surface Mount System and semiconductor devices fell sharply due to the slowdown in the cellular phone market. In addition, sales of color display tubes, which have been facing severe price competition, fell sharply. On the other hand, sales of IT-related products other than cellular phones, such as organic EL manufacturing equipment, Pick-up for DVD, and information appliances were strong. Sales for this segment decreased 18.6% compared with the previous year, to ¥281,593 million.

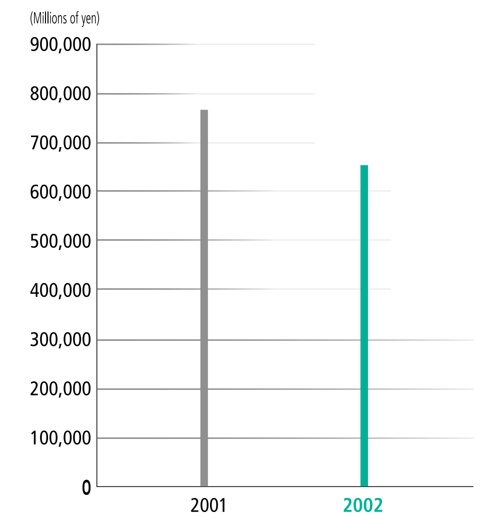
In the Advanced Industrial Products segment, sales of optical communication components used in optical wavelength division multiplexing (WDM) system fell sharply, affected by the worldwide decline in IT investment, and sales of silicon wafer and substrate materials were also sluggish. On the other hand, sales of PC-related products and optical parts for liquid crystal projectors were strong. As a result, sales in this segment decreased 18.1% compared with the previous year, to ¥251,414 million.

•Cost of Sales, SG & A Expenses, R&D Expenses

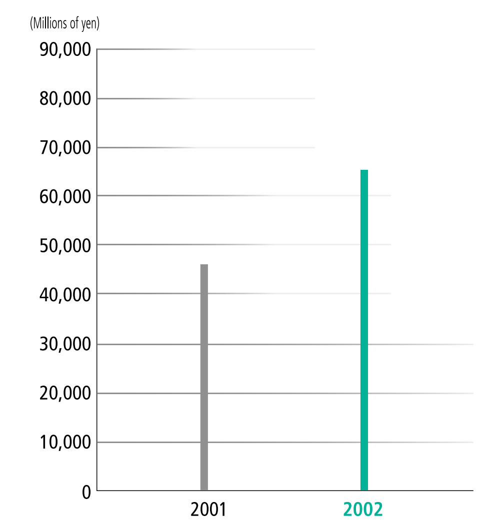
Cost of sales decreased 15.9% compared with the previous year, totaling ¥662,257 million. The cost of sales ratio recoverd 3.1percentage points from 92.8, to 89.7%. Gross profit increased 24.5% to ¥76,032 million; the gross profit ratio increased 3.1 percentage points to 10.3%.

Selling, general and administrative expenses increased 42.5% compared with the previous year, totaling ¥66,092 million. Research and development expenses included in selling, general and administrative expenses amounted to ¥5,656 million. Research and development expenses by segment totaled ¥3,661 million for Electronic Device Systems, ¥1,759 million for Life Science, and ¥236 million for Information Systems & Electronic Components.

Cost of sales



Selling general and administrative expenses



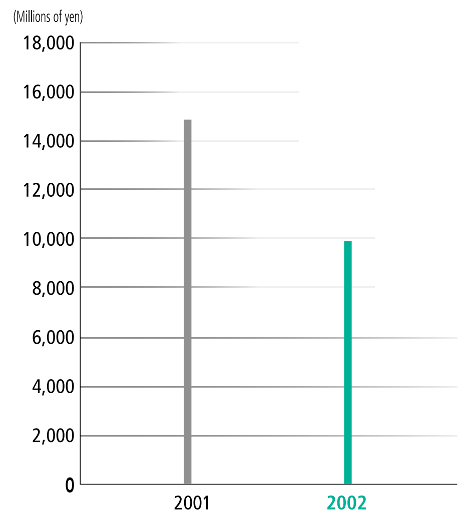
•**Operating Profit, Net Income**

Operating profit decreased 32.3% compared with the previous year, totaling ¥9,940 million. Operating profit for Electronic Device Systems, Information Systems & Electronic Components and Advanced Industrial Products decreased 25.4%, 30.1% and 94.0%, totaling ¥3,430 million, ¥3,265 million and ¥235 million, respectively. On the other hand, operating income for the Life Science segment increased 13.5%, totaling ¥3,172 million.

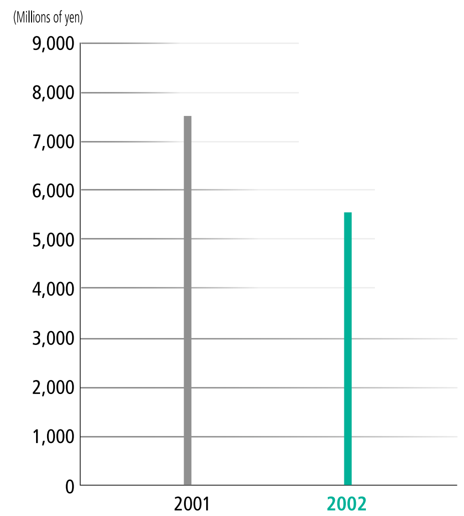
Income taxes decreased 22.7%, to ¥4,682 million, and minority interest in net income increased 450% to ¥132 million. As a result, net income decreased 28.4% compared with the previous year, totaling ¥5,507 million.

Net income per share was ¥49.71, a decrease of ¥37.95 from ¥87.66 in the previous year.

Operating profit



Net income



Financial Position

Total assets increased 7.8% year on year, to ¥382,533 million. Current assets increased 2.1% compared with the previous year, totaling ¥274,386 million due to increase in inventories, prepaid expenses, etc. Net property, plant and equipment increased 73.5%, to ¥56,584 million, primarily due to an increase in buildings and structures, machinery and equipment, tools, furniture and fixtures. Depreciation and amortization increased 148.3%, totaling ¥4,882 million. Investments and other assets decreased 8.9% compared with the previous year, totaling ¥48,376 million.

Total liabilities decreased 5.5% compared with the previous, totaling ¥224,332 million. Current liabilities decreased 10.6% to ¥199,766 million, due to the increase in short-term debt and accrued expenses and a decrease in notes and accounts payable, etc. Long-term liabilities increased 74.9%, totaling ¥24,566 million, due to an increase in allowances for retirement and severance benefits for employees and provisions for retirement vested payments for directors and statutory auditors.

Total shareholders' equity increased 32.4% compared with the previous year, to ¥155,154 million. Total shareholders' equity per share decreased ¥209.00, to ¥1,127.04.

Cash Flows

Net cash used in operating activities amounted to ¥8,824 million, a decrease of ¥9,921 million compared with the previous year. This can be attributed to ¥10,321 million for income before income taxes and minority interests, ¥4,882 million for depreciation and amortization, ¥47,784 million for the decrease in notes and accounts receivable, ¥68,691 million for the decrease in notes and accounts payable, and ¥9,898 million for income taxes paid.

Net cash provided by investing activities amounted to ¥547 million, an increase of ¥4,527 million compared with the previous year. This was primarily due to proceeds of ¥6,323 million from the sales and redemption securities and the capital expenditure of ¥5,204 million for property, plant and equipment, and goodwill.

As a result, free cash flows, which consist of cash flows from operating activities and cash flows from investing activities, decreased ¥5,394 million compared with the previous year.

Net cash provided by financing activities amounted to ¥1,139 million, an increase of ¥4,792 million over the previous year. This was primarily due to the cash receipts of ¥3,450 million, resulting from an increase in short-term loans and a cash expenditure of ¥2,193 million for dividends paid.

As a result, cash and cash equivalents decreased ¥184 million compared with the previous year, totaling ¥42,811 million.

Outlook

Some bright signs are beginning to show in the IT business area such as semiconductors as a whole. In these circumstances, we have set our performance target at sales of ¥787 billion and net income of ¥5.6 billion for the fiscal year ending March 2003. We are striving to take maximum advantage of synergic effects from the consolidation of operations, concentrating management resources on high-growth areas, and aiming to achieve our performance targets.

Forward-Looking Statements

Matters concerning future prospects for business plans, performance forecasts, management strategies, etc., included in this annual report were prepared based on available information and the judgment of the management of Hitachi High-Technologies. Accordingly, performances and the progress of strategies may differ from these due to fluctuations in the business environment.

Consolidated Balance Sheets

Hitachi High-Technologies Corporation and its Subsidiaries

March 31, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (note 2)
	2002	2001	**2002**
ASSETS			
Current assets:			
Cash (note 3)	**¥ 43,193**	¥ 43,563	**$ 324,150**
Short-term investments (note 4)	**2,098**	4,417	**15,745**
Notes and accounts receivable (note 5)	**177,127**	193,240	**1,329,283**
Inventories	**37,448**	18,407	**281,036**
Advances to suppliers (note 5)	**2,917**	2,813	**21,891**
Prepaid expenses and other current assets (Note 8)	**5,662**	3,180	**42,491**
Deferred tax assets (note 6)	**8,036**	5,079	**60,308**
Less: allowance for doubtful receivables	**(2,095)**	(1,889)	**(15,722)**
Total current assets	**274,386**	268,810	**2,059,182**
Property, plant and equipment:			
Land	**20,842**	19,614	**156,413**
Buildings and structure	**36,816**	19,404	**276,293**
Machinery and equipment	**31,711**	973	**237,981**
Tools, furniture & fixtures	**21,101**	5,920	**158,356**
Construction in process	**836**	—	**6,274**
	111,306	45,911	**835,317**
Less: accumulated depreciation	**(54,722)**	(13,292)	**(410,672)**
Net property ,plant and equipment	**56,584**	32,619	**424,645**
Intangible assets	**3,187**	387	**23,918**
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates	**3,290**	5,768	**24,690**
Investments in securities (note 4)	**28,038**	35,259	**210,417**
Long-term loan	**1,817**	3,557	**13,636**
Deferred tax assets (note 6)	**8,137**	2,582	**61,066**
Other assets	**8,523**	7,248	**63,962**
Less: allowance for doubtful receivables	**(1,429)**	(1,335)	**(10,724)**
Total investments and other assets	**48,376**	53,079	**363,047**
	¥382,533	¥354,895	**$2,870,792**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (note 2)
	2002	2001	**2002**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt (note 7)	**¥ 29,425**	¥ 2,557	**$ 220,826**
Notes and accounts payable (note 5)	**129,371**	188,790	**970,889**
Accrued expenses	**19,416**	—	**145,711**
Income taxes (note 6)	**2,805**	7,082	**21,051**
Advances from customers (note 5)	**9,579**	12,236	**71,887**
Other current liabilities	**9,170**	12,757	**68,818**
Total current liabilities	**199,766**	223,422	**1,499,182**
Long-term liabilities:			
Retirement and severance benefits (note 8)	**24,440**	13,141	**183,415**
Deferred tax liabilities (note 6)	**—**	907	**—**
Other liabilities	**126**	—	**945**
Total long-term liabilities	**24,566**	14,048	**184,360**
Total liabilities	**224,332**	237,470	**1,683,542**
Minority interests	**3,047**	205	**22,867**
Shareholders' equity:			
Capital (notes 5 and 9)	**7,938**	5,438	**59,572**
Additional paid-in capital (notes 5, 9 and 10)	**35,723**	9,695	**268,090**
Retained earnings (note 10)	**106,733**	96,084	**800,998**
Net unrealized holding gain on securities	**4,581**	6,645	**34,379**
Foreign currency translation adjustments	**290**	(639)	**2,177**
Treasury stock, at cost, 73,499 shares in 2002 and 1,863 shares in 2001 (note11)	**(111)**	(3)	**(833)**
Total shareholders' equity	**155,154**	117,220	**1,164,383**
Commitments and contingent liabilities (note 12)			
	¥382,533	¥354,895	**$2,870,792**

Consolidated Statements of Income

Hitachi High-Technologies Corporation and its Subsidiaries

Years ended March 31, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (note 2)
	2002	2001	**2002**
Net sales (note 5)	**¥738,289**	¥848,700	**$5,540,631**
Cost of sales (note 5)	**662,257**	787,632	**4,970,034**
Gross profit	**76,032**	61,068	**570,597**
Selling, general and administrative expenses	**66,092**	46,380	**496,000**
Operating profit	**9,940**	14,688	**74,597**
Other income (expense)			
Interest & dividends income	**1,207**	1,917	**9,058**
Interest expenses	**(183)**	(146)	**(1,373)**
Equity income	**159**	863	**1,193**
Exchange gain (loss)	**334**	(51)	**2,506**
Other,net	**(1,136)**	(3,501)	**(8,525)**
	381	(918)	**2,859**
Income before income taxes and minority interests	**10,321**	13,770	**77,456**
Income taxes (note 6):			
Current	**4,574**	9,717	**34,326**
Deferred	**108**	(3,662)	**811**
	4,682	6,055	**35,137**
Income before minority interests	**5,639**	7,715	**42,319**
Minority interests	**132**	24	**991**
Net income	**¥ 5,507**	¥ 7,691	**$ 41,328**

	Yen		U.S. dollars (note 2)
Net income per share	**¥ 49.71**	¥ 87.66	**$ 0.37**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Hitachi High-Technologies Corporation and its Subsidiaries

Years ended March 31, 2002 and 2001

	Millions of yen						
	Issued and outstanding shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Net unrealized holding gain on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2000	87,739	¥5,438	¥ 9,695	¥ 91,044	¥ —	¥ —	¥ (4)
Net income	—	—	—	7,691	—	—	—
Cash dividends	—	—	—	(2,413)	—	—	—
Bonuses to directors	—	—	—	(238)	—	—	—
Cumulative effect of changes in accounting principle	—	—	—	—	6,645	—	—
Net change during the year	—	—	—	—	—	(639)	—
Decrease in treasury stock	—	—	—	—	—	—	1
Balance at March 31, 2001	87,739	5,438	9,695	96,084	6,645	(639)	(3)
Net income	—	—	—	5,507	—	—	—
Cash dividends	—	—	—	(2,193)	—	—	—
Bonuses to directors	—	—	—	(233)	—	—	—
New shares issued upon business acquisition (note 5)	50,000	2,500	26,028	7,568	—	—	—
Net change during the year	—	—	—	—	(2,064)	929	—
Increase in treasury stock	—	—	—	—	—	—	(108)
Balance at March 31, 2002	**137,739**	**¥7,938**	**¥35,723**	**¥106,733**	**¥4,581**	**¥290**	**¥(111)**

	Thousands of U.S. dollars (note 2)						
	Issued and outstanding shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Net unrealized holding gain on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2001	87,739	$40,810	$ 72,758	$ 721,081	$ 49,869	$(4,795)	$ (23)
Net income	—	—	—	41,328	—	—	—
Cash dividends	—	—	—	(16,458)	—	—	—
Bonuses to directors	—	—	—	(1,749)	—	—	—
New shares issued upon business acquisition (note 5)	50,000	18,762	195,332	56,796	—	—	—
Net change during the year	—	—	—	—	(15,490)	6,972	—
Increase in treasury stock	—	—	—	—	—	—	(810)
Balance at March 31, 2002	**$137,739**	**$59,572**	**$268,090**	**$800,998**	**$34,379**	**$2,177**	**$(833)**

Consolidated Statements of Cash Flows

Hitachi High-Technologies Corporation and its Subsidiaries

Years ended March 31,2002 and 2001	Millions of yen		Thousands of U.S. dollars (note 2)
	2002	2001	2002
Cash flows from operating activities:			
Income before income taxes and minority interests	¥10,321	13,770	$ 77,456
Adjustments to reconcile to net income before income taxes to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,882	1,966	36,638
Increase in provision for doubtful receivables	81	1,144	608
Decrease (increase) in retirement and severance benefits	(408)	6,115	(3,062)
Interest and dividend income	(1,207)	(1,917)	(9,058)
Interest expenses	183	146	1,373
Exchange (gain) loss	(335)	42	(2,514)
Equity income	(159)	(863)	(1,193)
Loss (gain) on sale of property and equipment	234	(1,935)	1,756
Loss on sale and devaluation of securities	21	239	158
Decrease (increase) in notes and accounts receivables	47,784	(30,079)	358,604
Decrease (increase) in inventories	3,732	(5,419)	28,008
Decrease (increase) in notes and accounts payables	(68,691)	22,241	(515,505)
Bonuses paid to directors	(233)	(180)	(1,749)
Other	3,767	(553)	28,270
	(28)	4,717	(210)
Interest and dividends received	1,277	1,941	9,583
Interest paid	(175)	(146)	(1,313)
Income taxes paid	(9,898)	(5,415)	(74,281)
Net cash provided by (used in) operating activities	(8,824)	1,097	(66,221)
Cash flows from investing activities:			
Decrease (increase) in time deposits	186	(483)	1,396
Purchase of securities	(285)	(10,058)	(2,139)
Proceeds from sale and redemption of securities	6,323	5,273	47,452
Capital expenditures	(5,204)	(2,065)	(39,054)
Proceeds from sale of property and equipment	56	2,233	420
Other	(529)	1,120	(3,970)
Net cash provided by (used in) investing activities	547	(3,980)	4,105
Cash flows from financing activities:			
Increase (decrease) in short-term debt	3,450	(1,233)	25,891
Dividends paid	(2,193)	(2,413)	(16,458)
Other	(118)	(7)	(885)
Net cash provided by (used in) financing activities	1,139	(3,653)	8,548
Effect of exchange rate changes on cash and cash equivalents	1,381	1,271	10,364
Net decrease in cash and cash equivalents	(5,757)	(5,265)	(43,204)
Cash and cash equivalents at beginning of year	42,995	48,260	322,664
Cash and cash equivalents of newly consolidated subsidiaries	3,814	—	28,623
Acquisition of business, net cash acquired (note 5)	1,759	—	13,200
Cash and cash equivalents at end of year (note 3)	¥42,811	42,995	$321,283

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Hitachi High-Technologies Corporation and its Subsidiaries

1.Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Hitachi High-Technologies Corporation (the Company) and its subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and its foreign subsidiaries in accordance with those of the countries of their domicile.

The consolidated financial statements, including the notes to the consolidated financial statements, presented herein have been compiled from the consolidated financial statements filed with the Ministry of Finance as required by the Security and Exchange Law of Japan (the MOF Report), and certain reclassifications have been made in the MOF Report and additional information which is not required under accounting principles generally accepted in Japan is included for the convenience of readers outside Japan.

(b) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its effectively controlled subsidiary companies, which in general are majority-owned. Investments in entities in which the Company does not have effective control but has the ability to exercise significant influence over operating and financial policies, generally 20 to 50 percent-owned, are accounted for by the equity method. All the significant intercompany accounts and transactions have been eliminated in consolidation.

(c) Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value which have maturities of generally three months or less when purchased to be cash equivalents.

(d) Short-term Investments and Investments in Securities

Effective April 1, 2000, the Company adopted "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council. Under this standard, securities are to be classified into one of following three categories and accounted for as follows:

- Securities that the company held with the objective of generating profits on short-term differences in price are classified as trading securities and measured at fair value, with unrealized holding gains and losses included in earnings.
- Securities that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and measured at amortized cost
- Securities classified as neither trading securities nor held-to-maturity securities are classified as available-for-sale securities and measured at fair value, with either unrealized holding gains and losses excluded from earnings and reported as net unrecognized holding gain (loss) in a separate component of shareholders' equity until realized, or with unrealized holding losses included in earnings and unrealized gains excluded from earnings and reported as unrecognized holding gains in a separate component of shareholders' equity until realized.

The Company measured available-for-sale securities at fair value and reported unrealized holding gains and losses as "Net unrealized holding gain (loss) on securities" in a separate component of shareholders' equity. Available-for-sale securities without fair values are carried at cost. In computing realized gain or loss, cost of available-for-sale securities was principally determined by the moving-average method.

Previously, marketable securities were stated principally at the lower of cost or market. Investments in other than marketable securities were stated at cost. The adoption of this standard did not have a material effect on net income for the year ended March 31, 2001.

(e) Inventories

Inventories are mainly stated as following methods :

Merchandise	: Stated at cost, cost being determined by the moving-average method
Finished goods Semi-finished goods Raw materials	: Stated at lower of cost or market, cost being determined by the moving-average method
Work-in-process	: Stated at lower of cost or market, cost being determined by specific identification method

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated over the estimated useful lives of the respective assets by the declining-balance method, except for certain buildings which are depreciated by the straight-line method.

(g) Income Taxes

Deferred income taxes are accounted for under the asset and liability method in accordance with "Accounting Standards for Deferred Income Taxes" issued by the Business Accounting Deliberation Council. Under the asset and liability method of the standards, deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(h) Retirement and severance benefits

Effective April 1, 2000, the Company and its domestic subsidiaries adopted "Accounting Standards for Retirement and Severance Benefits" issued by the Business Accounting Deliberation Council. Under this standard, retirement and severance benefits for employees is provided based on the projected benefit obligation and the pension assets.

Previously, under the unfunded defined benefit pension plans, retirement and severance benefits had been made for the estimated accrued liability to which employees were entitled if they were to voluntarily retire or sever immediately at the balance sheet date, and under the funded defined benefit pension plan, annual contributions had been charged to income when paid.

As a result of application of this standard, income before income taxes and minority interest for the year ended March 31, 2001 decreased by ¥4,580 million compared with the previous accounting treatment.

(i) Translation of foreign currency accounts

Effective April 1, 2000, the Company adopted the revised "Accounting Standards for Foreign Currency Transaction" issued by the Business Accounting Deliberation Council. Under this standard, foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction date or, if only the relation between a foreign currency transaction and related firm forward exchange contracts meets the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments", those covered by firm forward exchange contracts can be translated at such contract rates. At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for those, as described above, translated at related contract rates. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to income as incurred.

The financial statements of the consolidated foreign subsidiaries are translated into the reporting currency of yen as follows: all assets and liabilities are translated at the rates of exchange in effect at the balance sheet date; shareholders' equity accounts are translated at historical rates; income and expenses are translated at an average of exchange rates in effect during the year; and a comprehensive adjustment resulting from translation of assets, liabilities and shareholders' equity is reported as "Foreign currency translation adjustments", a separate component of shareholders' equity.

Previously, foreign currency transactions were translated into yen on the basis of the rates in effect at the transaction date, except for those covered by firm forward exchange contracts which were translated at such contract rates. At year-end, monetary current assets and current liabilities denominated foreign currencies were translated into yen at the rates of exchange in effect at the balance sheet date, and other monetary assets and liabilities denominated in foreign currencies were translated into yen at historical rates, however material unrealized translation losses on other monetary assets and liabilities had to be computed using the rates of exchange in effect at the balance sheet date. On the translation of the financial statements of the consolidated foreign subsidiaries, a comprehensive adjustment resulting from the translation of assets, liabilities and shareholders' equity was presented as "Foreign currency translation adjustments" in the consolidated balance sheets as an assets or liabilities.

The adoption of this standard did not have a material effect on net income for the year ended March 31, 2001.

(j) Derivative Financial Instruments

Effective April 1, 2000, the Company adopted "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council. Under this standard, in principle, net assets or liabilities arising from derivative financial transactions are measured at fair value, with unrealized gains or losses included in earnings. Hedging transactions, which meets the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments", are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as an asset or liability until gains or losses relating to the hedge objects are recognized.

In addition, certain foreign currency swap transactions and certain interest rate swap transactions are accounted for using the allocation method and the special method, respectively, which are regulated in the standard. The allocation method requires recognized foreign currency receivables or payables covered by firm foreign currency swap transactions to be translated at such swap rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to underlying borrowings and debentures.

As a result of application of this standard, income before income taxes and minority interest for the year ended March 31, 2001 decreased by ¥359 million compared with previous accounting treatment.

(k) Lease

Finance lease except for those where the legal title of the underlying property is transferred from the lessor to the lessee at the end of the lease term, is accounted for as operating lease.

(l) Net Income Per Share

Net income per share is computed based upon the weighted average number of shares outstanding during the respective years.

(m) Reclassifications

Certain reclassifications have been made in prior year's consolidated financial statements to conform to classification used in current year.

2.Basis of Financial Statement Translation
The accompanying consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into the U.S. dollars at the rate of ¥133.25=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 29, 2002. This translation should not be construed as a presentation that any amounts shown could be converted into U.S. dollars.

3.Cash and Cash Equivalents
Reconciliations between consolidated balance sheet captions and cash and cash equivalents are as flows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash	¥ 43,193	¥ 43,563	$ 324,150
Time deposit with maturity over three months	(382)	(568)	(2,867)
Cash and cash equivalents	¥ 42,811	¥ 42,995	$ 321,283

4. Short-term Investments and Investments in Securities
Investments in securities as of March 31, 2002 and 2001 are classified as available-for-sale securities. A summary of cost, unrealized holding gross gains, unrealized holding gross losses and aggregate fair value by major type of securities is as follows:

	Millions of yen							
	2002				2001			
	Cost	Gross Gains	Gross losses	Aggregate fair value	Cost	Gross gains	Gross losses	Aggregate fair value
Available-for-sale securities:								
Equity securities	¥ 3,198	¥ 7,835	¥ (45)	¥10,988	¥ 3,688	¥11,155	¥ (68)	¥14,775
Debt securities	10,002	153	-	10,155	15,410	297	-	15,707
Other securities	9,059	26	(92)	8,993	9,123	71	-	9,194
	¥22,259	¥ 8,014	¥ (137)	¥30,136	¥28,221	¥11,523	¥ (68)	¥39,676

	Thousands of U.S. dollars			
	2002			
	Cost	Gross Gains	Gross losses	Aggregate fair value
Available-for-sale securities:				
Equity securities	$ 24,000	$ 58,799	$ (337)	$ 82,462
Debt securities	75,062	1,148	-	76,210
Other securities	67,985	195	(690)	67,490
	$167,047	$ 60,142	$(1,027)	226,162

Debt securities consist mainly of national, local and foreign governmental bonds and corporate bonds.
Other securities consist mainly assets back securities, common shares of private companies and investment trust. It is not practicable to estimate the fair value of investments in non-marketable securities because of the lack of a market price and difficulty in estimating fair value without incurring excessive cost. The carrying amount of these investments classified as available-for-sale securities at March 31, 2002 and 2001 totaled ¥559 million ($4,195 thousand) and ¥523 million, respectively.

The Aggregate fair value recognized in the consolidated balance sheets consist of:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Short-term investments	¥ 2,098	¥ 4,417	$ 15,745
Investments in securities	28,038	35,259	210,417
	¥ 30,136	¥ 39,676	$226,162

The following represents the maturities of debt securities and other securities with contractual maturities as of March 31,2002.

	Millions of yen	Thousands of U.S. dollars
	2002	2002
Within 1 year	¥ 2,098	$15,745
After 1 year trough 5 years	¥ 6,542	$49,095
After 5 years trough 10 years	3,927	29,471
	¥12,567	$94,311

The proceeds from sale of available-for-sale securities for the year ended March 31, 2002 amounted to ¥713 million ($5,351 thousand), and the gross realized gains and gross realized losses on the sale of those securities for the year ended March 31, 2002 amounted to ¥304 million ($2,281 thousand) and ¥184 million ($1,381 thousand), respectively. The proceeds from sale of available-for-sale securities for the year ended March 31, 2001 amounted to ¥1 million, and the realized losses on the sale of those securities for the year ended March 31, 2001 amounted to ¥3 million.

5.Balances and Transactions with Related Companies
72.32% of the Company's outstanding common stock is owned by Hitachi, Ltd. (the parent company). Balances and transactions with the parent company as of and for the years ended March 31, 2002 and 2001 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Principal balances:			
Accounts receivable	¥ 14,972	¥ 13,650	$112,360
Advances to suppliers	¥ 543	¥ 1,764	$ 4,075
Trade accounts payable	¥ 15,807	¥ 46,300	$118,627
Advances from customers	¥ 508	¥ 938	$ 3,812
Principal transactions:			
Sale	¥ 93,581	¥ 96,638	$702,296
Purchase	¥104,705	¥150,607	$785,779

On October 1, 2001, the Company purchased the net assets of parent company's business - the Instruments and Semiconductor Manufacturing Equipment group. This acquisition was made by issuance of 50,000,000 shares of unregistered common stock valued at ¥570.56 per share. This acquisition has been accounted for as pooling-of-interest. The operating results have been included in the Company's results of operations from the date of acquisition.
The components of the purchase price are as follows:

	Millions of yen	Thousands of U.S. dollars
Accounts receivable	¥ 43,601	$327,212
Inventories	15,366	115,317
Other current assets	4,967	37,276
Property, plant and equipment	18,027	135,287
Intangible assets	954	7,159
Investments and other assets	3,874	29,073
Short-term debt	(20,000)	(150,094)
Accounts payable	(23,853)	(179,009)
Other current liabilities	(7,348)	(55,144)
Retirement and severance benefits	(7,060)	(52,983)
Net assets acquired	¥ 28,528	$214,094
Issuance of common stock:		
Capital	¥ 2,500	$ 18,762
Additional paid-in capital	26,028	195,332
	¥ 28,528	$214,094

6.Income taxes

The Company and its subsidiaries are subject to a number of taxes based on income. The aggregate normal tax rate for domestic companies was approximately 42.1% for the years ended March 31, 2002 and 2001.
Reconciliations between the normal income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests are as follows:

	2002	2001
Normal income tax rate	42.1%	42.1%
Expenses not deductible for tax purpose	5.5	5.3
Tax credit on dividend income	(1.8)	(2.0)
Other	(0.4)	(1.4)
Effective income tax rate	45.4%	44.0%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2002 and 2001 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Total gross deferred tax assets:			
Allowance for doubtful receivables	¥ 1,019	¥ 683	$ 7,647
Accrued bonus	2,236	915	16,780
Accrued business tax	195	535	1,463
Accrued expenses	2,268	2,472	17,021
Intercompany profit on inventories	881	-	6,612
Devaluation of inventories	354	-	2,657
Depreciation	671	-	5,036
Membership deposit	574	513	4,308
Investments in securities	269	212	2,019
Retirement and severance benefits	8,771	4,518	65,824
Special termination benefits	235	-	1,763
Others	2,008	1,736	15,069
	19,481	11,584	146,199
Total gross deferred tax liabilities:			
Net unrealized holding gain on securities	(3,308)	(4,830)	(24,825)
	(3,308)	(4,830)	(24,825)
Net deferred tax assets	¥ 16,173	¥ 6,754	$121,374

Net deferred tax assets as of March 31, 2002 and 2001 are reflected in the consolidated balance sheets under the following items:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred tax assets-current	¥ 8,036	¥ 5,079	$ 60,308
Deferred tax assets-noncurrent	8,137	2,582	61,066
Deferred tax liabilities-noncurrent	-	(907)	-
Net deferred tax assets	¥ 16,173	¥ 6,754	$121,374

7. Short-Term Debt

Short-term debt as of March 31, 2002 and 2001 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Unsecured bank borrowing	¥ 25,241	¥ -	$189,426
Export bill discounted	4,184	2,557	31,400
	¥ 29,425	¥ 2,557	$220,826

The weighted average interest rates on short-term debt outstanding as of March 31, 2002 and 2001 are 0.693% and 4.817%, respectively.

8.Retirement and Severance Benefits

The Company and its domestic subsidiaries have following defined benefit pension plans to provide pension benefits to substantially all employees.

- Employees Pension Fund stipulated by the Japanese Welfare Pension Law (funded contributory defined benefit pension plan)
- Tax Qualified Pension Plan (funded defined benefit pension plan)
- Retirement and Severance Benefit Plan (Unfunded defined benefit pension plan)

The funded status of the Company and its subsidiaries' pension plans as of March 31, 2002 and 2001 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Projected benefit obligation	¥ (83,766)	¥ (44,685)	$(628,638)
Plan assets at fair value	45,473	26,374	341,261
Funded status	(38,293)	(18,311)	(287,377)
Unrecognized transition gain	(302)	-	(2,267)
Unrecognized actuarial loss	19,673	6,065	147,640
Unrecognized prior service cost	(4,268)	-	(32,030)
Amount recognized in the consolidated balance sheet	¥ (23,190)	¥ (12,246)	$(174,034)
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid expenses and other current assets	¥ 93	¥ -	$ 698
Retirement and severance benefits	(23,283)	(12,246)	(174,732)
	¥ (23,190)	¥ (12,246)	$(174,034)

Net periodic benefit cost for the Company and its subsidiaries' pension plans for the years ended March 31, 2002 and 2001 consisted of the following components:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Service cost	¥ 2,394	¥ 1,584	$17,966
Interest cost	2,664	1,712	19,993
Expected return on plan assets for the period	(1,725)	(1,318)	(12,946)
Amortization of transition difference	(36)	4,612	(270)
Amortization of actuarial loss	639	-	4,795
Amortization of prior service cost	(109)	-	(818)
	¥ 3,827	¥ 6,590	$28,720

Actuarial assumptions used in accounting for the Company and subsidiaries' plan are principally as follows:

	2002	2001
Discount rate	3.7%	3.8%
Expected rate of return on plan assets	3.0-4.5%	4.5%

The program described above does not cover directors and statutory auditors. However, provision has been made in the accompanying balance sheets for the estimated accrued liability based on informal retirement plan. At March 31, 2002 and 2001, such obligation recognized as retirement and severance benefits amounted to ¥1,157 million ($8,683 thousand) and ¥895 million, respectively. Benefits payable to directors and statutory auditors upon retirement are subject to the approval of shareholders.

9. Common Stock

The Japanese Commercial Code (JCC) had required that at least 50% of the issue price of new shares, with minimum of the par value thereof, were designated as stated capital. Proceeds in excess of amount designated as stated capital are credited to additional paid-in capital.

Effective October 1, 2001, the JCC amended to eliminate the provision of common stock par value resulting in all common stock being recorded with no par value. Under the amended JCC, at least 50% of the issue price of new shares is designated as stated capital, and proceeds in excess of amount designated as stated capital are credited to additional paid-in capital.

Conversion of convertible bond issued subsequent to October 1, 1982 into common stock were accounted for in accordance with the provision of the JCC by crediting one-half of the conversion price to each of the stated capital and the additional paid-in capital.

Authorized shares and issued shares for the years ended March 31, 2002 and 2001 are summarized as follows:

	Authorized shares	Issued shares
Balance as of March 31, 2000	148,450,000	87,738,730
Balance as of March 31, 2001	148,450,000	87,738,730
Authorized	201,550,000	-
New shares issued upon business acquisition	-	50,000,000
Balance as of March 31, 2002	350,000,000	137,738,730

10. Legal Reserve and Dividends

The JCC had provided that an amount equal to at least 10 % of appropriations of retained earnings to be paid in cash, such as cash dividends and directors' bonuses, be appropriated as a legal reserve until such reserve equals 25 % of stated capital. The legal reserve was not available for dividends but may be used to reduce a capital deficit by resolution of the shareholders meeting or might be transferred to capital by resolution of the Board of Directors.

Effective October 1, 2001, the JCC was amended to require an amount of equal to at least 10% of appropriations of retained earnings to be paid in cash be appropriated as a legal reserve until total of additional paid-in capital and legal reserve equals 25% of stated capital. In addition to reduction of a deficit and transfer to stated capital, either additional paid-in capital or legal reserve may be available for dividends by resolution of the shareholders meeting to the extent that the amount of total additional paid-in capital and legal reserve exceeds 25% of stated capital.

Cash dividends and appropriations to the legal reserve charged to retained earnings during the years ended March 31, 2002 and 2001 represent dividends and directors' bonuses paid out during those periods and the related appropriations to the legal reserve. The accompanying consolidated financial statements do not include any provision for the semiannual dividend of ¥7.50 ($0.06) per share, aggregating ¥1,032 million ($7,745 thousand), or related appropriations for directors' bonuses amounted to ¥100 million ($750 thousand). These appropriations were approved at the general shareholders' meeting held on June 25, 2002 in respect of the year ended March 31, 2002.

11. Treasury Stock

The JCC had imposed certain restrictions on acquisition and disposal of treasury stock.

Effective October 1, 2001, the JCC eliminated the provisions of these restrictions and allowed acquisitions of treasury stock to the extent of distributable funds appropriated by resolution of the shareholders' meeting.

12.Commitments and contingent liabilities

At March 31, 2002 and 2001, the Company and its subsidiaries are contingently liable for following amounts:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Export bill discounted	¥ 956	¥ 1,329	$ 7,174
Notes receivable endorsed to suppliers	281	280	2,109
Guarantees given for employees' housing loans	2,252	941	16,901
Guarantees given for associated companies' business fulfillment	14	34	105
	¥ 3,503	¥ 2,584	$26,289

13.Research and Development expenses

Research and development expenses charged to income for the year ended March 31, 2002 amounted to ¥5,656 million ($42,446 thousand).

14.Financial instruments

The Company and its subsidiaries are exposed to market risks arising from fluctuations in foreign currency exchange rates. The Company and its subsidiaries enters into forward exchange contract and cross currency swap agreements for the purpose of hedging these risk exposures. Forward exchange contracts and cross currency swap agreements are utilized to manage foreign currency exchange rate risk from receivables and payables which are denominated in foreign currency.

The Company has no derivative financial instruments for trading purpose. In addition, the Company may be exposed to losses in the event of nonperformance by counterparties to financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are authentic financial institutions. The Company has also developed hedging policies to control various aspects of derivative financial transactions including authorization levels, transaction volumes and counterparty credit guidelines.

The notional amounts, estimated fair values and unrealized gains (losses) of the derivative financial instruments other than derivative financial instruments accounted for using deferral hedge accounting for the years ended March 31, 2002 and 2001 are as follows:

	Millions of yen					
	2002			2001		
	Notional amounts	Estimated fair values	Unrealized Gains (losses)	Notional amounts	Estimated fair values	Unrealized Gains (losses)
Forward exchange contracts:						
To sell foreign currency	¥ 13,372	¥ 14,070	¥ (698)	¥ 7,386	¥ 7,890	¥ (504)
To buy foreign currency	¥ 1,388	¥ 1,453	¥ 65	¥ 1,280	¥ 1,401	¥ 121
Foreign currency swap agreements						
To buy foreign currency	¥ 88	¥ 2	¥ 2	¥ -	¥ -	¥ -

	Thousands of U.S. dollars		
	2002		
	Notional amounts	Estimated fair values	Unrealized Gains (losses)
Forward exchange contracts:			
To sell foreign currency	$100,353	$105,591	$ (5,238)
To buy foreign currency	$ 10,416	$ 10,904	$ 488
Foreign currency swap agreements			
To buy foreign currency	$ 660	$ 15	$ 15

15.Segment information

Business segment information

The Company has divided its operations into four reportable segments: "Electronic device systems," "Life science," "Information system and electronic components" and "Advanced industrial products." The main products of each business segment are provided on pages 8-11 of this annual report. Following is a tabulation of business segment information as of and for the years ended March 31, 2002 and 2001.

	Millions of yen						
	2002						
	Electronic device systems	Life science	Information systems & electronic components	Advanced industrial products	Total	Elimination	Consolidated
Net sales:							
External customers	¥ 126,258	¥ 79,024	¥ 281,593	¥ 251,414	¥ 738,289	¥ -	¥ 738,289
Intersegment sales	1,845	640	537	2,740	5,762	(5,762)	-
	128,103	79,664	282,130	254,154	744,051	(5,762)	738,289
Operating expenses	124,673	76,492	278,865	253,919	733,949	(5,600)	728,349
Operating profit	¥ 3,430	¥ 3,172	¥ 3,265	¥ 235	¥ 10,102	¥ (162)	¥ 9,940
Total assets	¥ 97,037	¥ 49,568	¥ 98,524	¥ 72,091	¥ 317,220	¥ 65,313	¥ 382,533
Depreciation	2,384	877	989	632	4,882	-	4,882
Capital expenditure	2,607	1,781	1,732	456	6,576	-	6,576

	Millions of yen						
	2001						
	Electronic device systems	Life science	Information systems & electronic components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	¥ 133,256	¥ 62,759	¥ 345,752	¥ 306,933	¥ 848,700	¥ -	¥ 848,700
Intersegment sales	35	68	160	96	359	(359)	-
	133,291	62,827	345,912	307,029	849,059	(359)	848,700
Operating expenses	128,696	61,341	341,243	303,100	834,380	(368)	834,012
Operating profit	¥ 4,595	¥ 1,486	¥ 4,669	¥ 3,929	¥ 14,679	¥ 9	¥ 14,688
Total assets	¥ 70,801	¥ 28,392	¥ 122,523	¥ 67,957	¥ 289,673	¥ 65,222	¥ 354,895
Depreciation	481	193	600	692	1,966	-	1,966
Capital expenditure	514	206	812	569	2,101	-	2,101

	Thousands of U.S. dollars						
	2002						
	Electronic device systems	Life science	Information systems & electronic components	Advanced industrial products	Total	Elimination	Consolidated
Net sales:							
External customers	$947,527	$593,051	$2,113,269	$1,886,784	$5,540,631	$ -	$5,540,631
Intersegment sales	13,846	4,803	4,030	20,563	43,242	(43,242)	-
	961,373	597,854	2,117,299	1,907,347	5,583,873	(43,242)	5,540,631
Operating expenses	935,632	574,049	2,092,796	1,905,583	5,508,060	(42,026)	5,466,034
Operating profit	$ 25,741	$ 23,805	$ 24,503	$ 1,764	$ 75,813	$ (1,216)	$ 74,597
Total assets	$728,233	$371,992	$ 739,392	$ 541,021	$2,380,638	$490,154	$2,870,792
Depreciation	17,891	6,582	7,422	4,743	36,638	-	36,638
Capital expenditure	19,565	13,366	12,998	3,422	49,351	-	49,351

Geographic segment information

Geographic segment information as of and for the years ended March 31, 2002 and 2001 are as follows:

	Millions of yen 2002							
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	¥ 527,264	¥ 97,591	¥ 56,774	¥ 56,660	¥ -	¥ 738,289	¥ -	¥ 738,289
Intersegment sales	71,238	2,882	4,165	7,765	28	86,078	(86,078)	-
	598,502	100,473	60,939	64,425	28	824,367	(86,078)	738,289
Operating expenses	590,229	100,118	60,526	62,988	46	813,907	(85,558)	728,349
Operating profit (loss)	¥ 8,273	¥ 355	¥ 413	¥ 1,437	¥ (18)	¥ 10,460	¥ (520)	¥ 9,940
Total assets	¥ 339,886	¥ 30,396	¥ 15,790	¥ 16,890	¥ 127	¥ 403,089	¥ (20,556)	¥ 382,533

	Millions of Yen 2001						
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
External customers	¥ 613,444	¥ 113,389	¥ 77,493	¥ 44,374	¥ 848,700	¥ -	¥ 848,700
Intersegment sales	58,229	1,854	3,642	11,988	75,713	(75,713)	-
	671,673	115,243	81,135	56,362	924,413	(75,713)	848,700
Operating expenses	661,582	113,746	79,350	54,957	909,635	(75,623)	834,012
Operating income	¥ 10,091	¥ 1,497	¥ 1,785	¥ 1,405	¥ 14,778	¥ (90)	¥ 14,688
Total assets	¥ 305,477	¥ 29,368	¥ 20,262	¥ 12,992	¥ 368,099	¥ (13,204)	¥ 354,895

	Thousands of U.S. dollars 2002							
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	$3,956,953	$732,390	$426,072	$425,216	$ -	$5,540,631	$ -	$5,540,631
Intersegment sales	534,619	21,629	31,257	58,274	210	645,989	(645,989)	-
	4,491,572	754,019	457,329	483,490	210	6,186,620	(645,989)	5,540,631
Operating expenses	4,429,486	751,355	454,229	472,705	345	6,108,120	(642,086)	5,466,034
Operating profit (loss)	$ 62,086	$ 2,664	$ 3,100	$ 10,785	$(135)	$ 78,500	$ (3,903)	$ 74,597
Total assets	$2,550,739	$228,113	$118,499	$126,754	$ 953	$3,025,058	$(154,266)	$2,870,792

Overseas sales

Export sales of the Company and its domestic subsidiaries and foreign subsidiaries' sales other than sales to Japan are summarized as follows:

	Millions of yen 2002				
	North America	Europe	Asia	Other areas	Total
Net sales:	¥ 111,591	¥ 63,724	¥ 156,270	¥ 5,514	¥ 337,099
Percentage of consolidated net sales	15.1%	8.6%	21.2%	0.7%	45.6%

	Millions of yen 2001				
	North America	Europe	Asia	Other areas	Total
Net sales:	¥ 122,107	¥ 92,347	¥ 185,289	¥ 3,409	¥ 403,152
Percentage of consolidated net sales	14.4%	10.9%	21.8%	0.4%	47.5%

	Thousands of U.S. dollars 2002				
	North America	Europe	Asia	Other areas	Total
Net sales:	$837,456	$478,229	$1,172,758	$41,381	$2,529,824
Percentage of consolidated net sales	15.1%	8.6%	21.2%	0.7%	45.6%

Independent Auditors’ Report

To the Shareholders and Board of Directors of
Hitachi High-Technologies Corporation

We have audited the consolidated balance sheets of Hitachi High-Technologies Corporation and its subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders’ equity, and cash flows for each of the two years in the period ended March 31, 2002, all expressed in yen.

Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Hitachi High-Technologies Corporation and its subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the two years in the period ended March 31, 2002 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 32 to the consolidated financial statements.

Shin Nihon & Co.
Tokyo, Japan
June 25, 2002

Shin Nihon & Co.

See note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Hitachi Software Engineering Co., Ltd. and subsidiary under Japanese accounting principles and practices.

Investor Information (As of March 31, 2002)

Corporate Data

Date of Establishment	April 12, 1947
Paid-in Capital	¥7,938 million
Number of Employees	7,945
Number of Common Shares	137,738,730 (Issued and Outstanding)
Stock Exchange Listings	Tokyo, Osaka
Annual Shareholders' Meeting	June
Transfer Agent	Tokyo Securities Transfer Agent Co., Ltd. 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Independent Accountant	Century Ota Showa & Co., Tokyo, Japan
Number of Shareholders	6,358

Major Shareholders

Name	Number of shares	Percentage of total equity (%)
Hitachi, Ltd.	99,607,382	72.3
The Chase Manhattan Bank NA London	2,765,000	2.0
Japan Trustee Services Bank, Ltd.	2,735,000	2.0
Hitachi High-Technologies Employees Shareholders Association	2,522,978	1.8
The Mitsubishi Trust and Banking Corp.	2,241,000	1.6
Trust & Custody Services Bank, Ltd.	1,962,000	1.4
Mitsui Asset Trust & Banking Co., Ltd.	1,609,000	1.2
The Fuji Bank, Ltd.	1,464,021	1.1
The Norinchukin Trust & Banking Co., Ltd.	914,000	0.7
UFJ Trust Bank Limited	902,624	0.7

Type of Shareholder

	Number of shareholders	Percentage of total equity (%)	Number of shares	Percentage of total equity (%)
Financial institutions	49	0.8	14,504,965	10.5
Securities firms	22	0.3	239,896	0.2
Other corporations	173	2.7	101,836,093	74.0
Foreign corporations, etc.	95	1.5	7,209,511	5.2
Individuals and others	6,019	94.7	13,948,265	10.1
Total	6,358	100.0	137,738,730	100.0

Hitachi High-Technologies Corporation

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