

Powering visionary solutions



## A unique business model combining trading and manufacturing functions

Hitachi High-Technologies Corporation is dedicated to supplying customers with the best possible solutions. Backing up these solutions is a unique business model combining expertise in manufacturing, sales and services. All solutions draw on our skills as a specialist trading company operating globally and as a manufacturer that conceives products incorporating state-of-the-art technology.

### Oct. 2001 Establishment of Hitachi High-Technologies Corporation

#### Hitachi, Ltd.

- **Instruments Group:** Always at the leading edge of progress in measurement technologies
- **Semiconductor Manufacturing Equipment Group:** Expertise in high-density circuit integration and scaling

#### Nissei Sangyo Co., Ltd.

- **Trading functions:** Specializing in cutting-edge technology, primarily in the field of electronics
- **Skill in building new businesses:** Supported by a worldwide network

### Apr. 2003 Business integration

#### Sanyo Electric Co., Ltd.

- **Surface Mount Systems Business (Chipmounter):** Catering to a broad spectrum of finished products

### Apr. 2004 Business integration

#### Hitachi Electronics Engineering Co., Ltd.

- **LCD and HD-related Equipment:** Integrating expertise in technology and product development
- **Optical Semiconductor Inspection Equipment:** Vital to the commercial-scale production of next-generation devices

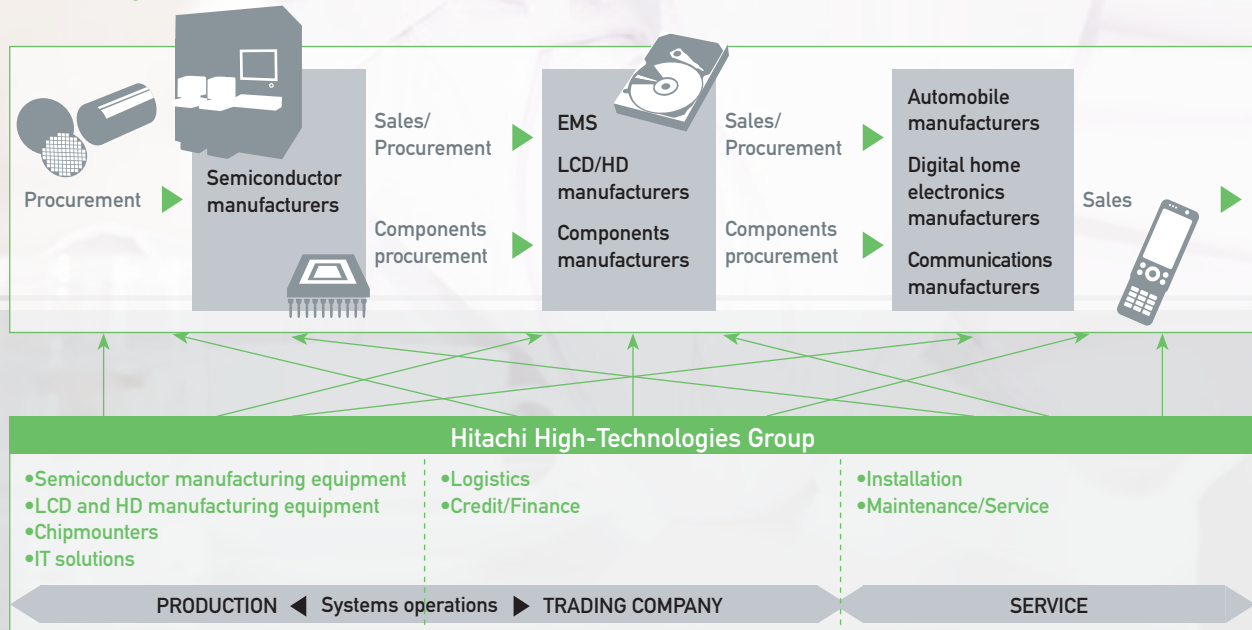
## *Our vision for* A SOCIETY LINKED BY DIGITAL NETWORKS

These days, televisions, computers, mobile phones and other IT and electronics-related products have become an indispensable part of our daily lives. What many of us fail to realize, though, is that the ongoing evolution of key devices like semiconductors and LCD panels has been vital to improving performance and adding value in these products. What is more, it is remarkable technologies that have made these improvements possible, and such breakthroughs are the result of tireless R&D on the part of companies that produce materials and manufacturing equipment, as well as device manufacturers. For our part, our job is building broad value chains that underpin these activities. Our value chain encompasses the procurement of materials, manufacturing and inspection equipment required to fabricate IT and electronics-related products. Although diverse, these activities always have the same goal: delivering the best possible solutions to customers who accept nothing less than outstanding services.

# Connecting

## EXAMPLE OF VALUE CHAIN BASED AROUND SEMICONDUCTORS

By combining R&D and manufacturing with trading company functions, we provide solutions for the entire value chain on a global basis.



A society centered in digital networks is taking shape. We are responding to resulting needs with marketing and procurement activities that draw on our global network. Developing cutting-edge technologies and innovative products is another facet of our commitment to meeting our customers' requirements. This is how we intend to continue playing a central role in the constant process of advancement in the IT and electronics industries.





Caring

*Our vision for*  
**A SAFE AND HEALTHY SOCIETY**

Populations are aging in many countries as the number of children falls, making disease prevention and the promotion of health and safety pressing issues. In this context, our work to drive advances in the field of life sciences enables us to offer pioneering solutions for medical institutions. We supply state-of-the-art medical testing systems that contribute to the prevention and treatment of life-threatening conditions, including metabolic syndrome, diabetes and other lifestyle diseases. In the biotechnology sector, meanwhile, we protect consumers in many ways. We supply analytic and measuring devices for numerous applications: monitoring residual chemicals on fruit, vegetables, cereals and other agricultural products; measuring additives in food products; and checking for pollution in streams, soil and other locations, as well as measuring concentrations of hazardous substances in factory effluents. All devices yield precise data from an objective and scientific perspective.





A large background image showing two young girls with red hair in a grassy field. The girl on the left is holding a butterfly, and both are looking at it intently. The background is a soft-focus landscape with a blue sky and green grass.

## Conserving

### *Our vision for* **AN ENVIRONMENTALLY SUSTAINABLE SOCIETY**

Fighting climate change and other environmental problems requires action on a worldwide scale. We are responding to this imperative by focusing more on our energy and environment-related businesses as a new core business. To combat global warming, for example, we plan to further expand our solar cell operations, which we started 20 years ago. We are also promoting the use of low-emission vehicles that use alternative fuels, working on total solutions extending from materials and parts to production machinery. In these endeavors, we are making use of cutting-edge technologies to conduct groundbreaking technological development, while at the same time contributing to an environmentally-conscious society through services that evolve naturally from our trading functions. In so doing, we intend to make our name synonymous with technology-based environmental conservation.





# Using foresight to pursue solutions unique to Hitachi High-Technologies

Hitachi High-Technologies aims to be Global Top in high-tech solutions, conducting its business through four business segments: **ELECTRONIC DEVICE SYSTEMS**, **LIFE SCIENCES**, **INFORMATION SYSTEMS & ELECTRONIC COMPONENTS** and **ADVANCED INDUSTRIAL PRODUCTS**. To accomplish this we combine specialist trading functions focused on cutting-edge technology with manufacturing and product development functions.

## TRADING FUNCTIONS

- Business transaction capability
- Global network (27 countries/59 locations)
- Logistics expertise
- Market development skills
- Offering value-added business modeling



## R&D AND MANUFACTURING FUNCTIONS

- R&D
- Product design and manufacturing
- Maintenance services
- World-leading products

## ELECTRONIC DEVICE SYSTEMS

- Semiconductor manufacturing equipment
- LCD and HD manufacturing equipment



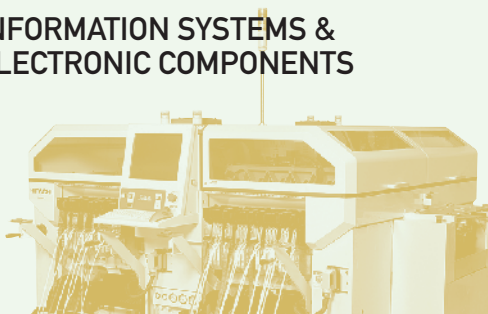
We supply semiconductor manufacturing equipment that contributes to semiconductor scaling and performance enhancement. Products include plasma etching systems, which are playing an increasingly key role in semiconductor production, CD-Measurement SEM, a sector where we are the global market leader, and field emission scanning electron microscopes (FE-SEM), which boast world-leading resolution. Activities extend to LCD manufacturing equipment to produce even larger panels and HD manufacturing equipment to fabricate disks compatible with the most advanced recording methods.

## LIFE SCIENCES



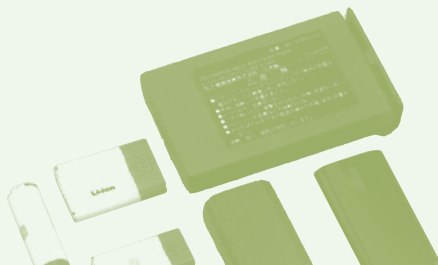
Customers rely on us for advanced biotechnology and medical systems supported by outstanding technologies and services spanning applications from general analysis to the biotechnology, medical, and environment-related fields. Major products include DNA sequencers, where demand is expected to grow for genomic analysis and clinical diagnostics; liquid chromatographs, which play an active role in a broad range of fields spanning pharmaceuticals, foods, and the environment; and clinical chemistry and immunodiagnostic analyzers, which are continuing to build on their world-class track record in the clinical diagnostics field.

## INFORMATION SYSTEMS & ELECTRONIC COMPONENTS



Our varied product lineup keeps pace with the demands of this diverse and increasingly technologically sophisticated business sector. Products include production systems, such as surface mounting systems (chipmounters) and automated assembly equipment, as well as semiconductor device products, IT-related equipment and a variety of peripherals and other devices. In addition, we leverage our outstanding software engineering capabilities and global marketing capabilities to create optimal solutions by creating new combinations of hardware and software.

## ADVANCED INDUSTRIAL PRODUCTS



This business segment takes full advantage of our global network and trading functions to create a business model offering added value. One key element is procurement solutions, which entails performing for customers all tasks involving the purchase of high-performance parts and logistics. The segment supplies a wide range of materials, including metals and plastics, specialty high-tech materials, and eco-friendly solar cell materials. We draw on our skill in business development to meet the varied needs of our customers, at times working with suppliers to develop materials jointly.



Hitachi High-Technologies Corporation aims to be a successful enterprise trusted by all our stakeholders and contributing to social progress through business activities that emphasize value creation through high-tech solutions. We are committed to open, transparent, and reliable business practices. As we continue to grow, we will value the environment and strive to build a prosperous community, fulfilling our social responsibility and contributing as a corporate citizen with passion and pride in our work.

This basic philosophy is the foundation of our corporate vision, a vision that defines our future directions and articulates concepts that all our employees should share and emulate.

### BUSINESS POLICY

- To place the customer first, growing with our customers by providing the best solutions, consistently a step ahead of market needs.
- To contribute to value creation in the global community through synergies between our strengths in cutting-edge technologies and our capabilities as an established trading company.
- To aim for reliability and excellence based on our core assets of talent and technical resources, and to maximize our corporate value.

### MANAGEMENT POLICY

- To aggressively disclose information and conduct business in a highly transparent manner.
- To exercise social responsibility as an environmentally aware corporate citizen.
- To conduct legally and ethically sound business activities.

### CORPORATE CULTURE POLICY

- To respect the abilities of every employee and inspire confidence to tackle new challenges.
- To build a vibrant, enterprising company that is open to new ideas.
- To encourage speedy and efficient performance through teamwork.



## CONTENTS

06	THE HITACHI HIGH-TECHNOLOGIES CORPORATE VISION
08	CONSOLIDATED FIVE-YEAR SUMMARY
10	TO OUR STAKEHOLDERS
16	FEATURE
20	REVIEW OF OPERATIONS
20	AT A GLANCE
22	ELECTRONIC DEVICE SYSTEMS (Semiconductor Manufacturing Equipment)
24	ELECTRONIC DEVICE SYSTEMS (LCD Manufacturing Equipment and HD Manufacturing Equipment)
26	LIFE SCIENCES
28	INFORMATION SYSTEMS & ELECTRONIC COMPONENTS
30	ADVANCED INDUSTRIAL PRODUCTS
32	RESEARCH & DEVELOPMENT
35	CORPORATE SOCIAL RESPONSIBILITY
38	CORPORATE GOVERNANCE
42	DIRECTORS AND EXECUTIVE OFFICERS
44	NETWORK
47	FINANCIAL SECTION
79	INVESTOR INFORMATION

### FORWARD-LOOKING STATEMENTS

Statements made in this annual report with respect to Hitachi High-Technologies' plans, strategies and future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Accordingly, actual performance may differ materially from expectations due to a range of factors including, but not limited to, changes in the Company's operating environment.

# CONSOLIDATED FIVE-YEAR SUMMARY

Hitachi High-Technologies Corporation and Consolidated Subsidiaries  
Years ended March 31, 2005–2009

Years ended March 31	Millions of yen					Thousands of U.S. dollars
	2005	2006	2007	2008	2009	2009
<b>For the year:</b>						
Net sales	¥ 936,865	¥ 888,293	¥ 951,619	¥ 943,124	¥ 774,950	\$7,889,140
Electronic Device Systems	229,275	227,964	262,217	264,778	168,324	1,713,571
Life Sciences	83,866	85,331	93,281	96,173	97,725	994,862
Information Systems & Electronic Components	309,801	261,536	237,444	232,716	203,758	2,074,298
Advanced Industrial Products	313,923	313,462	358,677	349,457	305,143	3,106,409
Operating profit	30,001	36,036	45,062	49,141	14,909	151,776
Net income	15,004	19,249	26,109	26,932	7,075	72,029
Net cash provided by operating activities	26,000	15,700	24,805	30,743	31,056	316,159
Net cash used in investing activities	(576)	(9,578)	(5,900)	(6,393)	(18,684)	(190,210)
Net cash used in financing activities	(21,582)	(12,762)	(4,009)	(3,685)	(9,306)	(94,737)
<b>At the year-end:</b>						
Total assets	¥ 432,501	¥ 457,837	¥ 480,191	¥ 504,873	¥ 427,576	\$4,352,800
Total net assets	173,379	193,363	221,330	235,104	234,278	2,384,992
Cash and cash equivalents	48,967	43,600	59,267	77,853	79,628	810,624
Number of employees	9,868	9,974	10,234	10,477	10,508	–
<b>Per share data (¥)</b>						
Net income	¥ 107.94	¥ 139.24	¥ 189.81	¥ 195.80	¥ 51.44	\$ 0.52
Total net assets	1,259.18	1,404.96	1,572.14	1,707.69	1,701.74	17.32
Dividend	20.00	25.00	25.00	30.00	30.00	0.31
<b>Ratio:</b>						
Operating profit ratio (%)	3.2	4.1	4.7	5.2	1.9	–
Equity ratio (%)	40.1	42.2	45.0	46.5	54.7	–
Return on equity (ROE) (%)	9.0	10.5	12.7	11.9	3.0	–
Return on assets (ROA) (%)	5.8	7.9	9.4	9.9	3.5	–
Price-earnings ratio (Times)	15.7	22.3	17.0	8.4	26.9	–

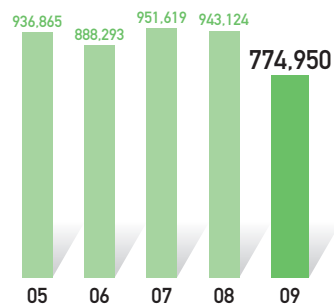
Notes: 1. U.S. dollar amounts in this report are translated from yen, for convenience only, at the rate of ¥98.23=U.S.\$1.00.

2. ROA is calculated by dividing ordinary income by total assets, and expressed as a percentage. (Ordinary income is income other than capital gains)

3. From April 1, 2008, the Company has changed its revenue recognition criteria with regard to products such as semiconductor manufacturing equipment and LCD manufacturing equipment which require post-shipment installation. In principle, revenue is now recognized on completion of installation, rather than on shipment.

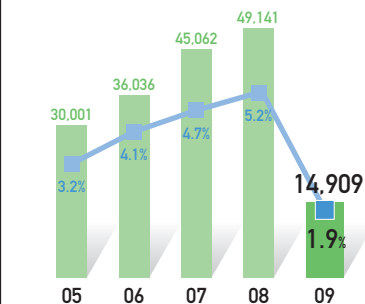
### NET SALES

(millions of yen)



### OPERATING PROFIT/ OPERATING PROFIT RATIO

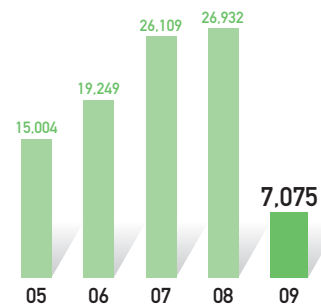
(millions of yen/%)



■ Operating Profit  
— Operating Profit Ratio

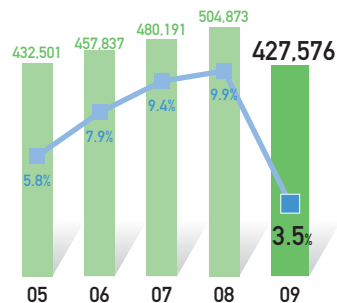
### NET INCOME

(millions of yen)



### TOTAL ASSETS/ROA

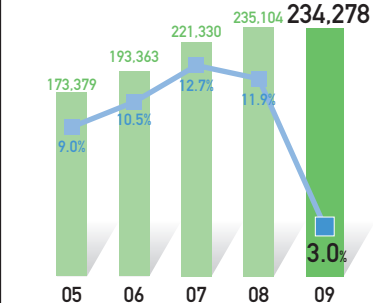
(millions of yen/%)



■ Total Assets  
— ROA

### TOTAL NET ASSETS/ROE

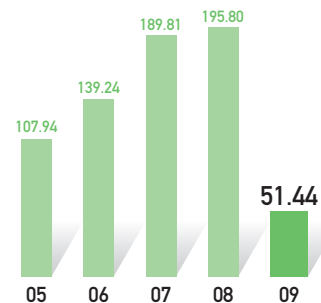
(millions of yen/%)



■ Total Net Assets  
— ROE

### NET INCOME PER SHARE

(yen)



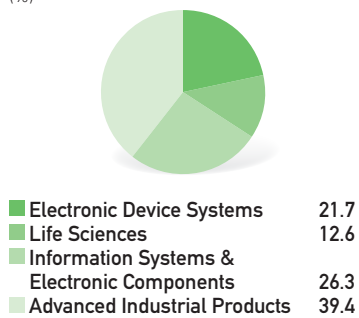
### DIVIDEND PER SHARE

(yen)



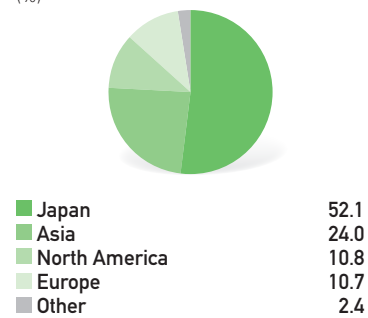
### SEGMENT SALES

(%)



### DOMESTIC AND OVERSEAS SALES

(%)





## Visionary management means rising above adversities to focus on growth

*We will take off for the next stage of growth by honing our capacity to offer solutions addressing the growth markets of the future.*



---

**HIDEHITO OBAYASHI, Ph.D.**

Representative Executive Officer  
President  
Chief Executive Officer and Director

Against the backdrop of a challenging business environment, Hitachi High-Technologies is cementing its current position and reinforcing its management, while at the same time driving forward preparations for the business to take off again in the future. Guided by its corporate vision of being Global Top in high-tech solutions, the Company is surviving these turbulent times by rallying all its employees in the effort to restructure operations and implement growth strategies as quickly as possible.

---

## FISCAL 2008: BEARING UP IN A TOUGH ENVIRONMENT

In fiscal 2008, the year ended March 31, 2009, the global recession sent shockwaves through many companies. Hitachi High-Technologies was no exception.

Net sales for the year were down 18% to ¥775 billion, while operating profit declined 70% to ¥14.9 billion. Taking the business as a whole, all our operations performed well in the first half of the year, but in the second half the sudden business downturn had an unexpectedly large impact, and we had to increase all our efforts to deal with the situation.

By segment, Electronic Device Systems suffered the most. Deteriorating capacity utilization among semiconductor manufacturers led to a marked decrease in sales of mainstay CD-Measurement SEMs and other semiconductor manufacturing equipment. LCD manufacturing equipment also struggled, as a result of overcapacity due partly to stagnant demand related to the Beijing Olympics. Meanwhile, Advanced Industrial Products segment sales dropped off sharply due to declining demand for LCD-related materials and silicon wafers.

The Life Sciences segment, by contrast, was comparatively unaffected by the deterioration in the macroeconomic environment. Clinical chemistry and immunodiagnostic analyzers, and other clinical analyzers in particular grew into world-leading products due to efforts to further the collaboration with a global partner.

The Information Systems & Electronic Components segment recorded higher sales for the year. This reflected a very positive response from the market for our video conferencing system (High-Tech Vision) incorporating proprietary software, and the high-growth business model devised by our mobile phone business targeting the U.S. market.

We didn't anticipate this deterioration in market conditions, but thanks to a strong showing from the Life Sciences segment and concerted efforts across the Company to mitigate the decline in profits, we managed to pull through the year without going into the red.

---

## ACCELERATE RESTRUCTURING MEASURES FOUNDED ON R&D

Going forward, I think market conditions will remain challenging, and real recovery will not happen until at least the second half of fiscal 2009. Thus, we reluctantly forecast an 18% drop year on year in net sales for fiscal 2009 to ¥638.0 billion, along with a ¥4.7 billion operating loss. Nonetheless, I believe that in these challenging times, it is more important than ever to look carefully at Hitachi High-Technologies' corporate fundamentals, and develop core technologies to prepare for business to take off again.

As our name suggests, advanced technologies are our lifeblood. In these turbulent times especially, we can't beat the international competition if we don't constantly keep ahead of the curve in technological development. That is why we are planning to maintain our fiscal 2008 research and development investment levels in fiscal 2009, and to carry on investing thereafter. There will be no change in the overall direction of our business.

Meanwhile, to prepare for the next leap forward, we will restructure operations as quickly as possible and reinforce our management. We are currently making progress with three specific reforms in this regard:

- (1) Radically review staff numbers and costs,
- (2) Reestablish an optimal management system, and
- (3) Accelerate growth strategies through selection and focus.

We intend to reduce staff numbers by 10% or more by the end of fiscal 2009, and reduce costs across the board by cutting inventories and reviewing selling, general and administrative expenses, among other measures.

With regard to our second reform—reestablishing an optimal management system—we focused on strategic management, particularly in Advanced Industrial Products and Information Systems & Electronic Components (excluding chipmounters)—our trading operations. To this end, we established the Global Trading Group to oversee all trading divisions and the Strategic Planning Division, which enhances synergies throughout our trading operations.

We also established the New Business Creation Council as a mechanism for generating new businesses spanning from proprietary products to trading.

---

## PUTTING THE “ECOLOGY” INTO “TECHNOLOGY”

Our third reform entails bolstering efforts to develop new businesses. Among these, we see energy- and environment-related businesses as the cornerstone of our growth strategies.

The environment is now a key issue, attracting more attention than ever. Hitachi High-Technologies has long pursued measures to reduce its environmental impact as



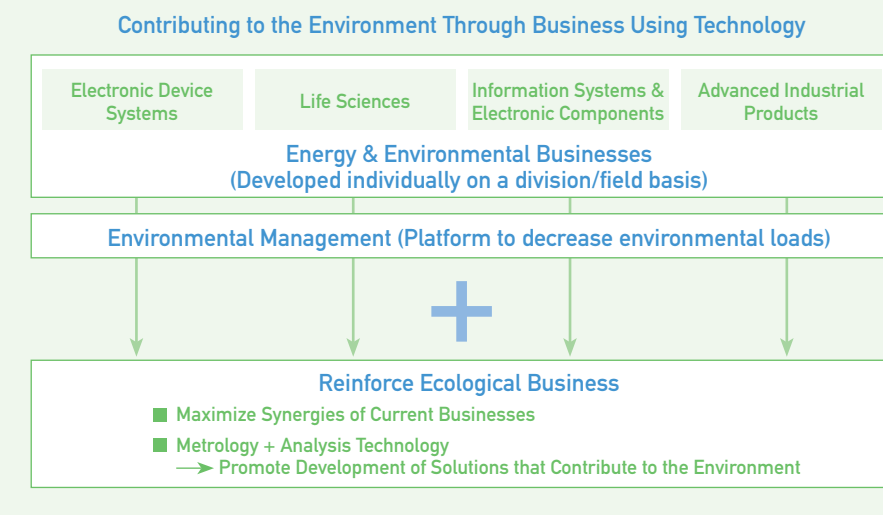
part of its CSR activities. Our efforts have earned public recognition: for six consecutive years we were ranked first in the trading companies category of the *Nikkei Inc.* newspaper's Corporate Environmental Management Survey. At the same time, we understand that environment-related business opportunities are increasing, and have made efforts throughout all divisions to develop businesses and products that contribute to environmental conservation.

We regard the burgeoning market needs in the environmental sector as business opportunities, and responded by setting up the Energy & Environmental Solutions Division in the newly established Global Trading Group in April 2009. Thanks to this move, we can now pool the energy and environment-related technological and business capabilities amassed individually by our business divisions to generate greater synergies Group-wide.

Specifically, we are targeting three fields—Environment, Vehicles and Energy—to develop environmentally friendly solutions, especially for renewable energy sources such as solar cells and fuel cells. In doing so, we make use of our core competencies in metrology and analysis technologies.

At Hitachi High-Technologies we are putting the “ecology” into “technology,” aiming to make energy- and environment-related businesses into a central pillar for future growth. At the same time, through this environmentally oriented business management approach, we aim to establish our brand image as a company that uses technology to contribute to the environment.

## MEASURES TO DEVELOP ENERGY & ENVIRONMENTAL BUSINESSES



---

## FOCUS ON TRAINING PERSONNEL AND ACCELERATE OVERSEAS EXPANSION

Looking ahead, we will also proactively expand our global business. With the Japanese market already mature, we need to look to developing markets overseas if Hitachi High-Technologies is to grow further. It will be essential to grow our overseas business, including imports, and we plan to increase our overseas sales ratio to 65% by fiscal 2011.

For some time we have been stepping up marketing efforts toward Europe and the U.S., ASEAN nations, and China, with considerable success. Going forward, we intend to boost marketing in India and Brazil, which offer even greater growth potential.

In targeting overseas markets, the key will be to cultivate personnel who “fit in” anywhere in the world. To build up our overseas bases and conduct business smoothly, Japanese employees must be able to communicate with local staff. They also need an open mind and adaptability to understand local values and business customs.

We view work experience overseas as essential, and from last year we initiated specific measures that will enable 50% of our new graduate hires to work or be trained overseas by the time they are 30 years old. From now on, a younger generation of employees who have benefited from overseas experience and acquired an international outlook will be responsible for Hitachi High-Technologies’ business development overseas.

---

## PURSUING CORPORATE INTEGRITY

Our basic philosophy is to be a successful enterprise trusted by all our stakeholders that contributes to social progress, and in this context we regard CSR as a key management concern.

I believe that the heart of CSR is responding to customer expectations and contributing to society by generating profits through sound business management. By taking concrete measures to contribute to society, a company can fulfill its responsibilities as a member of that society.

To make social contribution a way of life throughout the Company, it is paramount that every employee understand what the Company is trying to achieve. I constantly strive to instill a shared understanding in our employees by telling them that Hitachi High-Technologies needs to be a company with integrity, purpose and dignity.

Several cases of corporate misconduct have appeared in the media of late, and in my opinion nothing can justify conduct that defies the rules. I believe that for an individual or a corporation to be trusted by society, it is essential to remember the importance of ethics and integrity, focus on right and wrong rather than profit or loss, and tackle one’s day-to-day work with a resolute attitude. At Hitachi High-Technologies, every employee will continue striving to uphold a keen sense of ethics and dignified conduct.

---

## REWARDING SHAREHOLDERS THROUGH FUTURE GROWTH

Our fundamental policy is to return an appropriate amount of profits to shareholders while strengthening the Company's financial position and management base.

To achieve growth ahead of other companies once the global economic crisis has subsided, we must reinforce our financial base thoroughly now. We believe it is also crucial to retain sufficient cash reserves to provide for R&D expenses, capital investment, and to undertake M&As swiftly as required to supplement core businesses.

We regard returning profits to shareholders as another key task for management. In light of the harsh business conditions we were obliged to forecast reduced dividends for fiscal 2009, but we will continue striving to offer appropriate shareholder returns, maintaining a balance between such returns and the need to retain funds to invest for growth.

---

## EMPLOYEES JOIN FORCES FOR GROWTH

I believe that the key management issue during the year ending March 2010 will be the extent to which Hitachi High-Technologies can weather these turbulent times and set itself on the right footing for the future.

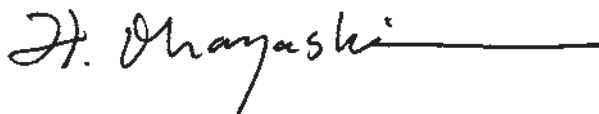
In 2011 we will celebrate our 10th anniversary; all our employees are determined to reinforce the foundations of our business and set the Company on a growth trajectory as we approach this landmark year.

We have been targeting ¥1 trillion in net sales. Even now that the business environment is drastically changed, I have not given up on this goal. We intend to achieve this target in the near future, and will continue undaunted in our efforts to that end.

Unfortunately we are forecasting a net loss for the fiscal year ending March 2010, but we will make tenacious efforts to minimize losses and achieve a turnaround.

In closing, I want to assure you that everybody at Hitachi High-Technologies believes our business will take off again, and we continue to do all in our power to meet your expectations.

JULY 2009



**HIDEHITO OBAYASHI, Ph.D.**

*Representative Executive Officer*

*President*

*Chief Executive Officer and Director*





## Bolstering our energy and environment-related businesses to establish them as a new pillar of operations

**YOSHIYUKI OGURA**

*General Manager, Energy & Environmental Solutions Division*

In April 2009, Hitachi High-Technologies established the new Energy & Environmental Solutions Division. This entity will play a central role in leveraging the technological and marketing capabilities we have cultivated thus far to focus our efforts on energy and environment-related businesses.

### **SOCIETY'S NEEDS ARE A SOURCE OF OPPORTUNITY**

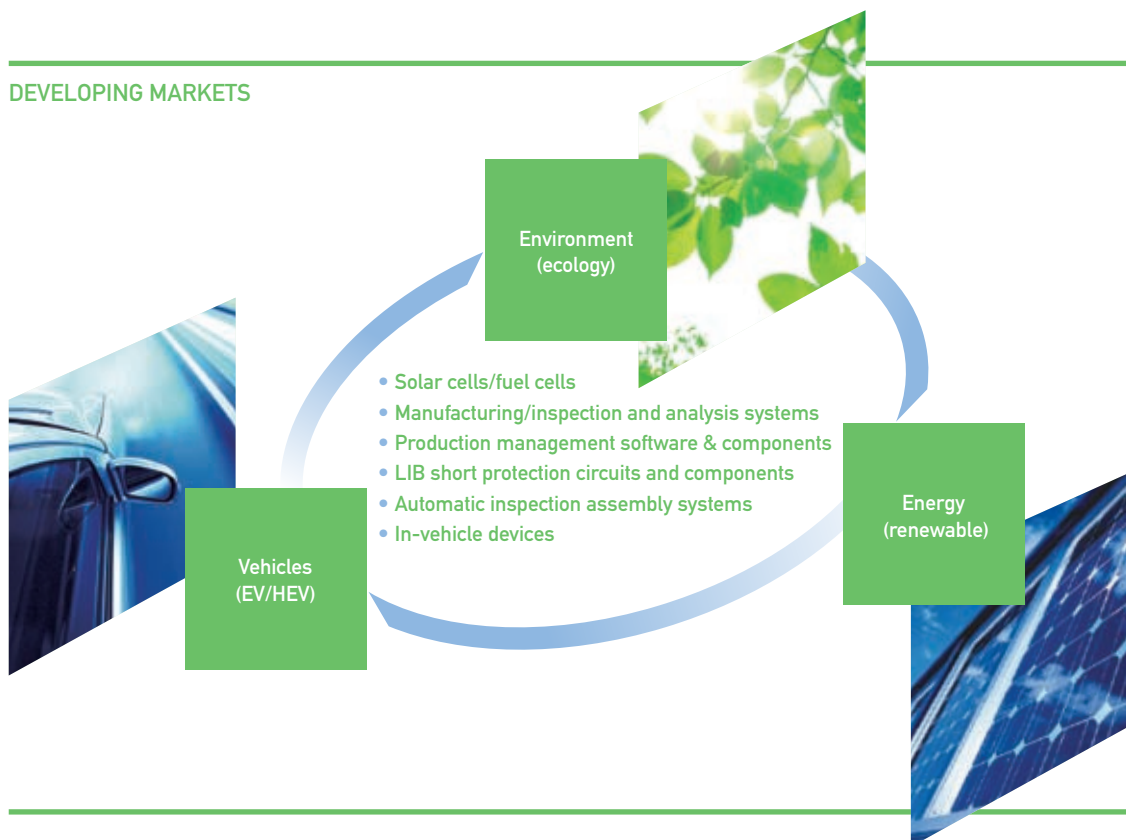
All around the world the tide is turning, ushering in a new era that requires companies to contribute to creating low-carbon societies by taking wide-ranging measures to protect the environment. Despite the challenges presented by the worldwide recession, therefore, the tide of the times suggests that environment-related businesses are likely to demonstrate increasing market potential going forward.

Hitachi High-Technologies is now responding flexibly to such social needs, embarking in earnest on business development efforts focused specifically on energy and environment-related fields.

This is not our first foray into the energy and environment-related fields. For years we have been ahead of the curve in responding to customer needs: we have extensive experience with lithium ion batteries, essential for environmentally friendly vehicles, and more than 20 years' involvement in the solar cell business, where we have not only marketed products, but also commercialized double-sided solar cells ahead of the competition.

These businesses had hitherto been handled individually by a number of different divisions, but we established the new Energy & Environmental Solutions Division to link them across the Company and build them up into core businesses.

We already had business divisions handling specific products, but this is the first time we have created a



business division targeting specific markets. We assembled a pool of talented and resourceful sales staff and engineers from other divisions, enabling us to come up with truly original products and solutions.

#### OUR KEY THEMES: ENVIRONMENT, VEHICLES AND ENERGY

The Energy & Environmental Solutions Division targets three key fields as potential markets: Environment—businesses contributing to CO<sub>2</sub> emissions reduction; Vehicles—businesses promoting the creation of environmentally friendly forms of transport such as electric vehicles (EV); and Energy—businesses that promote development of renewable energy sources such as solar cells and fuel cells. Straddling these three market segments will enable us not only to contribute to society, but also to engage in our areas of specialty, where Hitachi High-Technologies' competitive edge will come into its own.

Given the severe recent conditions for capital expenditures, there is no denying that vehicle and energy-related businesses face an uphill struggle to establish their market potential. Nonetheless, domestic automobile production is emerging from a period of inventory adjustment focused on production cuts, and we see signs of recovery. Demand is expected to increase, especially for environmentally friendly vehi-

cles, which will result in steady growth in investment in lithium ion batteries.

Investment in renewable energy sources such as solar cells and fuel cells is contracting, due largely to the worldwide financial crisis that started in 2008. However, we see that trend correcting itself in 2009, with an eventual turnaround inevitable. Developing alternative energy sources is of course a matter of the utmost importance for all humankind in the long term. I believe that the best way to create opportunities for growth in this area is to prepare for economic recovery by entering these markets now and embarking on technological innovation.

#### DEVELOP BUSINESSES THAT ENCOMPASS THE ENTIRE SUPPLY CHAIN

The Energy & Environmental Solutions Division currently comprises three teams. One handles lithium ion batteries for environmentally friendly vehicles, the second supplies in-vehicle devices such as hard disks for car satellite navigation systems, and the third handles solar cells and fuel cells.

In these markets, we aim to participate primarily in the manufacturing equipment field, our forte. This new division acting across the entire company will enable us to procure materials and handle other companies' products so we can cover the entire supply chain, which I believe will be a huge advantage for us.

In the solar cell market, for instance, we carry components for manufacturing modules incorporating solar cell panels and glass substrate handling systems manufactured by other companies. In addition to carrying other companies' products such as these, the manufacture function is also leveraging our technological expertise to develop new proprietary laser processing equipment for thin film solar cells, as well as software to control the entire production management process. This will allow Hitachi High-Tech as a whole to offer solutions that encompass the whole range of upstream to downstream processes.

### SYNERGIES DERIVED FROM INTER-DIVISION COLLABORATION ARE OUR GREATEST STRENGTH

Of all our strengths, the one that sets us apart most of all is the collaboration between our proprietary product divisions and our trading divisions.

If we think of a market as a field, then to develop a new field, it is usually necessary to start by plowing the earth and planting seeds. However, at Hitachi High-Tech our trading divisions are already active in a variety of fields. When we wanted to enter the solar cell market, for example, we already had personnel who knew the market inside out and had already planted the first seedlings. As a result, we were able to enter the market more swiftly than other companies and build competitive strength.

We are also able to inspire our customers' trust because we have engineers who are very knowledgeable about advanced technologies. They work together with our marketing staff to provide a comprehensive service that addresses all relevant technical concerns.

The same goes for our operations overseas. We have around 60 overseas bases, through which we constantly monitor local markets. We therefore already have the groundwork laid to push ahead early with new businesses, obviating the need for heavy investment.

In new fields such as energy and environment-related businesses, the key to success lies in quick adaptation to the market and launching products that meet the prevailing needs. Hitachi High-Tech will leverage the rapid response afforded by inter-division collaboration to establish an unrivalled competitive edge.

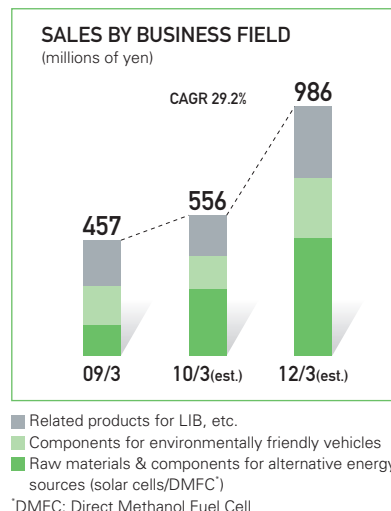
### BUILDING THE BUSINESS INTO A MAJOR LONG-TERM PILLAR OF OPERATIONS

Overall sales for our energy and environment-related businesses in fiscal 2008 were ¥45.7 billion, but we are aiming to achieve approximately twice this level of sales in three years' time: ¥98.6 billion in fiscal 2011. Although we will face an uphill struggle during fiscal 2009, we are working on the assumption that solar cells and other renewable energy sources will drive a subsequent recovery leading to even greater growth.

Thinking even further ahead, I believe these current targets will be just staging posts on the path to higher targets still.

Our ultimate goal is to grow our energy and environment-related businesses over the next 10 to 20 years until they can stand alongside our other core operations such as semiconductor manufacturing equipment, LCD production equipment and clinical analyzers in terms of sales and employee numbers. Thus we intend to develop these businesses into a major pillar of operations that will be an engine of growth for the Company as a whole.

The Energy & Environmental Solutions Division will play an important role in ensuring that growth. I intend to build the division into a platform for generating synergies with other divisions, enabling it to spearhead the Company's drive to meet the new environmentally-oriented era head-on through ready collaboration with those divisions.

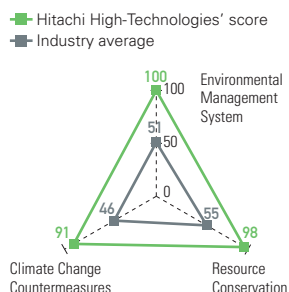


## HITACHI HIGH-TECHNOLOGIES IS COMMITTED TO ENVIRONMENTAL MANAGEMENT AND ENVIRONMENTAL BUSINESSES

### ■ RANKED FIRST BY NIKKEI ENVIRONMENTAL MANAGEMENT SURVEY FOR SIXTH CONSECUTIVE YEAR

Hitachi High-Technologies earned the top slot for the sixth consecutive year in the trading company category of the 12th Nikkei Environmental Management Survey conducted by *Nikkei Inc.* The ranking reflects our achievement of zero emissions at major domestic sites and our active involvement in environmental initiatives. We will continue working to maintain or improve the level of environmental activities throughout the Group.

#### HITACHI HIGH-TECHNOLOGIES' SCORE



### ■ TAKING AN ACTIVE APPROACH TO HELPING THE ENVIRONMENT

The Group is actively engaged in environmental conservation activities. Initiatives include tree-planting in the Hitachi High-Technologies Yasato Forest and the Hitachi High-Tech Fielding HISCO Woods, as well as campaigns to clean up the beaches at Jonan Island, Hanaguri and Shirahama.



Tree planting



Beach cleanup

### ■ HELPING CURB GLOBAL WARMING THROUGH FLUOROCARBON PROCESSING

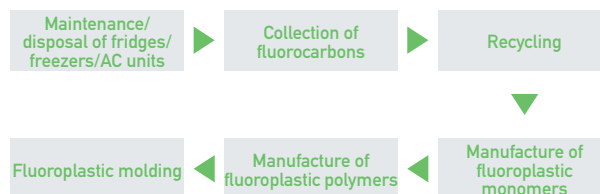
Fluorocarbons are given off by old appliances when they are recycled. Group company Hitachi High-Tech Materials Corporation operates a business that uses chemical reactions, rather than incineration, to recycle the gases into fluoroplastics.



A facility for breaking down and recycling fluorocarbons

Japan's Home Appliance Recycling Act of 2001 made it mandatory for old home appliances to be dismantled and recycled at specialized recycling facilities when they are discarded. Fluorocarbons thus recovered from recycled refrigerators and home air conditioning units are normally processed via incineration. However, making effective use of harmful fluorocarbons as a resource reduces carbon dioxide emissions by some 10% compared to incineration and also reduces waste volume compared with conventional levels.

#### THE FLUOROCARBON RECYCLING PROCESS



### ■ EFFECTIVE UTILIZATION OF USED LUBRICANTS

Hitachi High-Tech Materials' Yasugi Sales Office in Shimane Prefecture recovers and recycles industrial lubricants (hydraulic oil and gear oil) used at its business partners' factories. Such oil is normally handled as a waste product, but in this case it is processed for reuse and supplied back to the market. A total of 40,000 liters of lubricants were recycled in fiscal 2008, helping to reduce waste volume and make effective use of a limited resource.

Hitachi High-Tech Materials plans to continue developing similar environmentally conscious businesses.



## AT A GLANCE

Sales by Segment % of FY2008 Net Sales

Net Sales  
(millions of yen)

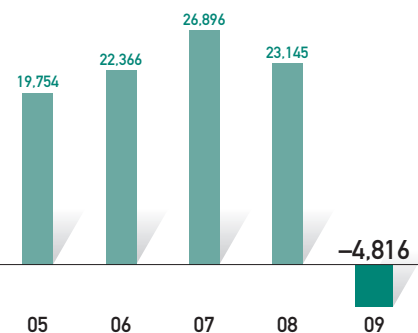
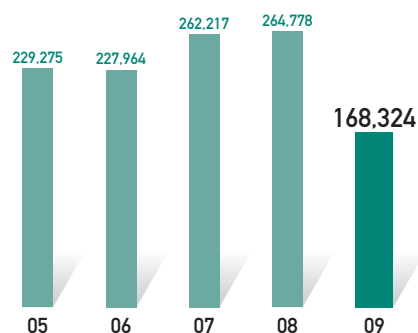
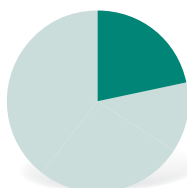
Operating Profit  
(millions of yen)

Major Products and Businesses

% of Total FY2008 Sales

### ELECTRONIC DEVICE SYSTEMS

21.7%  
¥168,324 million

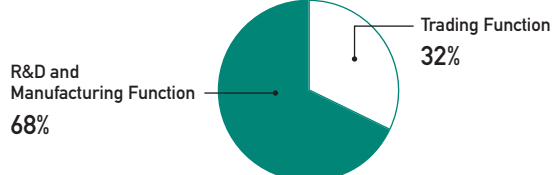


#### R&D and Manufacturing Function

- Semiconductor Process Equipment (Etching System)
- Semiconductor Metrology and Inspection System
- Electron Microscope
- Liquid Crystal Display (LCD) Manufacturing Equipment
- Hard Disk (HD) Manufacturing Equipment
- Others

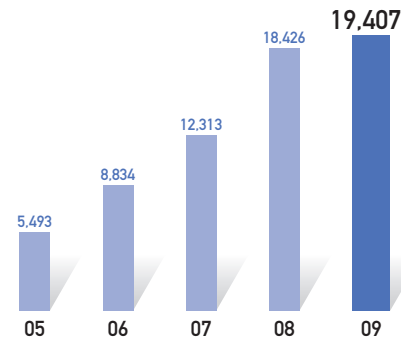
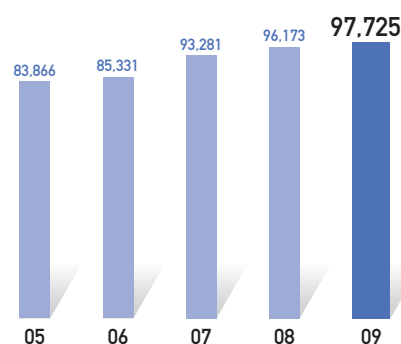
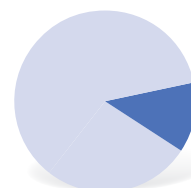
#### Trading Function

- Semiconductor Back-end Process Equipment (Die Bonder)
- Liquid Crystal Display (LCD) Manufacturing Equipment (Clean Material Handling System)
- Others



### LIFE SCIENCES

12.6%  
¥97,725 million

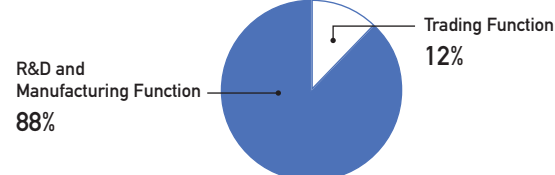


#### R&D and Manufacturing Function

- Biotechnology Equipment (DNA Sequencer and General-Purpose Analysis Equipment)
- Clinical Analyzer (Clinical Chemistry and Immunodiagnostic Analyzer)
- Others

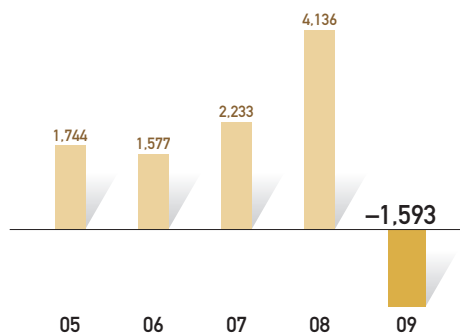
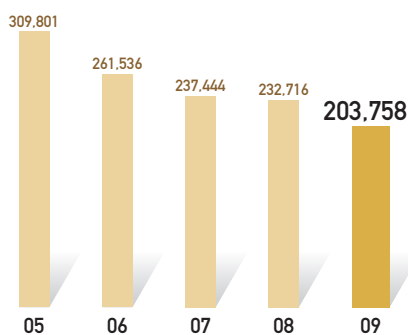
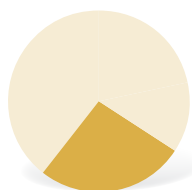
#### Trading Function

- Nuclear Magnetic Resonance Equipment (NMR)
- Gas Chromatograph Mass Spectrometer (GC-MS)
- Reagent
- Others



## INFORMATION SYSTEMS & ELECTRONIC COMPONENTS

**26.3%**  
¥203,758 million

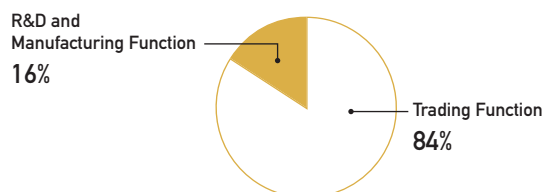


### R&D and Manufacturing Function

- Chipmounter
- Measuring Equipment
- Design and Manufacturing Solution
- Others

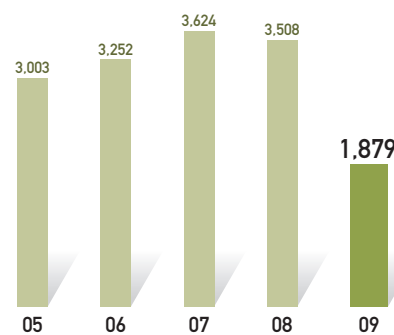
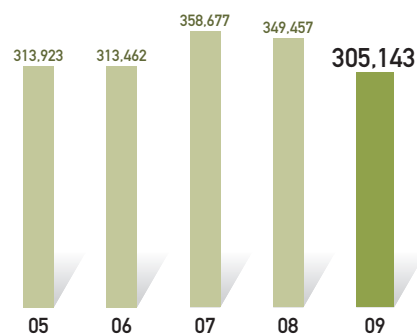
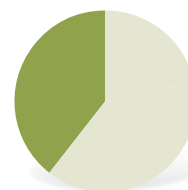
### Trading Function

- Semiconductor Device Product
- IT-related Equipment
- Thin Film Transistor (TFT) Liquid Crystal Display
- Others



## ADVANCED INDUSTRIAL PRODUCTS

**39.4%**  
¥305,143 million



### Trading Function

- Steel, Non-ferrous Material, and Plastic
- Silicon Wafer
- Procurement Solution Business
- Optical Device and Material
- Automotive-related Device and Material
- Others



# ELECTRONIC DEVICE SYSTEMS

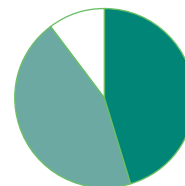
## Semiconductor Manufacturing Equipment

In a challenging business climate, now is the time to boost our competitiveness by stepping up the pace of development in fields offering growth potential or competitive advantage and collaborating with key customers in refining our own original solutions.

### SHARE OF SEGMENT SALES BY PRODUCT TYPE

Process Equipment	45.5%
Metrology and Inspection System	44.4%
Back-end Process Equipment and others	10.1%

TOTAL: ¥117.0 billion



### FISCAL 2008 OPERATING ENVIRONMENT

In the year under review, device manufacturers' balance of earnings deteriorated, reflecting factors such as falling prices due to oversupply of memory devices and other semiconductor devices. There was also a drop-off in demand for front-end process equipment, as the ramifications of the worldwide financial crisis spread into the real economy, and contraction in final demand led to a pronounced tendency among manufacturers to adjust production levels and curtail, or completely freeze, investment.

### FISCAL 2008 IN REVIEW

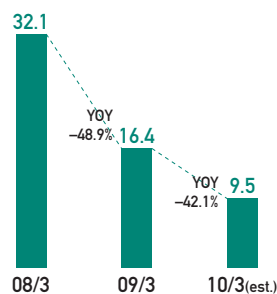
Our semiconductor manufacturing equipment business made a strong start at the beginning of fiscal 2008, but the sudden deterioration in market conditions during the year plunged the business into an extremely challenging situation. Our customers' earnings were affected as contraction in demand pushed down memory device prices in Asia and elsewhere. The resulting postponement or freezing of capital investments impacted heavily on our business, and sales slumped. We collaborated with key customers to develop and launch a new offering in our mainstay range of CD-Measurement SEMs, as well as some other metrology and inspection systems, but these efforts were unsuccessful in reversing the situation. For equipment manufacturers, the situation was not good, particularly because investment was being postponed not only in volume production, but also in scaling and R&D into next-generation processes. However, results were shored up by a strong performance from etching systems for advanced 45nm and 32nm processing, thanks to continued investment by major U.S. customers. Indeed, prospects for expanding market share in such products are increasing, with the potential to acquire new customers among memory device makers and major foundries.

### OUTLOOK FOR FISCAL 2009

Although manufacturers' curtailment of investment is likely to continue in the first half of the year, we expect a recovery in the second half, fueled by resumed investment in semiconductor scaling. In etching systems, we expect the robust sales to continue, particularly to major U.S. customers. Meanwhile, in CD-Measurement SEMs and inspection systems, we will enhance our technological competitiveness, and expand our share by capturing major new customers when investment in scaling resumes in 2009.

#### SEMICONDUCTOR MANUFACTURING EQUIPMENT MARKET (Front-End Process)

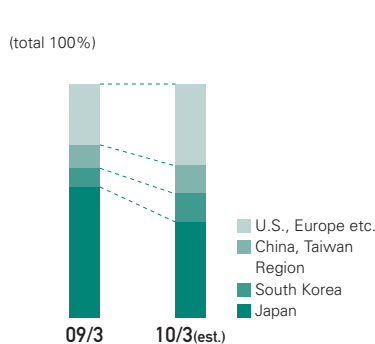
(billions US \$) (based on sales)



(Source) Actual results & estimation by HHT (Dec. 2008)

#### SALES RATIO BY REGION

(total 100%)



KEY MEASURES FOR OUR FURTHER GROWTH:

## ENHANCE TEAMWORK TO GIVE FULL PLAY TO OUR STRENGTHS



### PERSEVERE IN DEVELOPING PRODUCTS TO MEET MARKET NEEDS

The Semiconductor Equipment Business Group was hit hard by the 2008 global economic downturn. In fiscal 2009, we will maintain a heightened sense of urgency as we aim to minimize the decrease in sales and take steps to address our challenges.

The semiconductor industry still defies prediction for fiscal 2009, but capacity utilization at fabs is likely to increase slowly during the year, having bottomed out in the fourth quarter of fiscal 2008.

However challenging conditions may be, though, it is essential not to let up on product development. We expect capital investment for R&D into scaling and other advanced production processes to recover at some manufacturers from the second half of fiscal 2009. Where product development is concerned, one of our strengths is our cooperative relationships with leading companies such as major semiconductor

manufacturers. We will therefore continue collaborating closely with our business partners to develop products and expand our market share in etching systems and metrology and inspection systems.

### ENHANCE TEAMWORK TO GIVE FULL PLAY TO OUR STRENGTHS FOR FURTHER GROWTH

I believe that the way to break out of the current impasse is to motivate all the people in manufacturing, sales and service teams in our organization and improve teamwork.

To be sure, we can no longer expect the kind of rapid growth we have witnessed thus far in the semiconductor manufacturing equipment market. Nonetheless, if we improve our teamwork, there are still plenty of business opportunities we can tap.

For example, in a situation in which significant investment for mass production is unlikely, we can focus on proposal-based marketing, such as offering both hardware

and software upgrades. We can also shift development resources to new business fields based on technology derived from the semiconductor manufacturing equipment business. These moves should enable us to make steady progress in securing new business opportunities.

When our manufacturing, sales and service teams pull together as one, we can overcome our challenges, and demonstrate an unrivaled collective strength to break out and grow.



**OSAMU NAKAMURA**

*Vice President and Executive Officer  
Semiconductor Equipment  
Business Group  
General Manager*



**UHF-ECR Plasma Etch System M-8170XT**



**Ultra-High Resolution Scanning  
Electron Microscope SU8000**

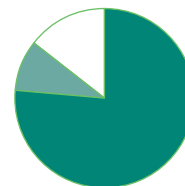
# ELECTRONIC DEVICE SYSTEMS

## LCD Manufacturing Equipment and HD Manufacturing Equipment

We will persevere with marketing activities, undaunted by the harsh business climate. At the same time, we will look ahead to the economic recovery and drive our business forward by actively developing large LCD and HD-related products, and expanding into new fields such as solar cells and organic electroluminescent manufacturing equipment.

### SHARE OF SEGMENT SALES BY PRODUCT TYPE

LCD Manufacturing System	76.4%
HD Manufacturing System	9.3%
Others	14.3%
<b>TOTAL:</b>	<b>¥51.3 billion</b>



### FISCAL 2008 OPERATING ENVIRONMENT

For fiscal 2008, we were forecasting expansion in manufacturers' capital investment with a rebound from the investment curtailment that prevailed until the previous fiscal year, and increased demand for LCD TVs associated with the Beijing Olympics. However, the actual "Olympics effect" was limited, a shortfall compounded by deterioration in supply-demand balance for panels accompanying the global economic downturn. As a result, panel manufacturers acted en masse to postpone or freeze capital investment, and conditions suddenly became extremely challenging.

### FISCAL 2008 IN REVIEW

Sales of LCD manufacturing equipment were lower than in the previous fiscal year. Although color filter proximity exposure systems started off on a strong footing as panel manufacturers embarked on large-scale investment at the beginning of the year, this was outweighed by a significant drop in sales for module assembly systems. However, we were successful in commercializing inspection equipment, proximity exposure systems and wet process equipment for cutting-edge 10th generation (G10) glass substrates. We also made progress in developing maskless exposure systems.

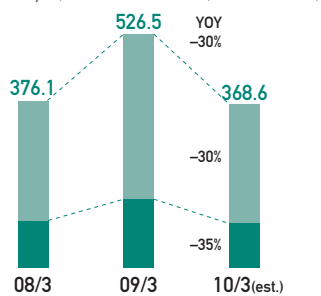
Sales of HD manufacturing equipment were sluggish, with no end to the ongoing overcapacity at manufacturers, despite continuing realignment within the industry. From 2010 we are expecting companies to begin investment in pilot production lines for DTM (Discrete Track Media), a next-generation recording medium. In preparation for this, we are channeling resources into development of equipment for nanoimprinting and similar processes, as well as various products for DTM.

### OUTLOOK FOR FISCAL 2009

We forecast a 42% decrease in net sales year on year to ¥30.0 billion for LCD and HD manufacturing equipment combined as a result of the global economic downturn since late 2008. However, we are aiming to expand market share by launching major new products, in addition to reinforcing our marketing to key customers in China, where growth in demand is likely. We will also enter new businesses such as organic electroluminescent manufacturing equipment and solar cell-related equipment. Through measures such as these, we aim to expand the reach of our operations.

#### LCD MANUFACTURING EQUIPMENT MARKET

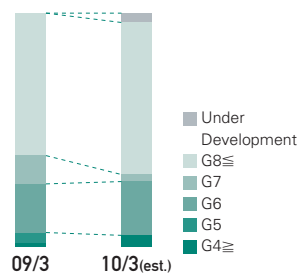
(billions of yen) (based on sales)



■ Non HHT-related ■ HHT-related  
(Source) HHT's estimation based on SEAJ (Jan. 09) data  
\*Previous Forecast (Published Values for Q2/Oct. 2008)

#### SALES RATIO BY REGION/GENERATION (Front-End)

(total 100%)





KEY MEASURES FOR OUR FURTHER GROWTH:

## AIM HIGHER AND TAKE ON NEW CHALLENGES



### RESTRUCTURE OPERATIONS TO ESTABLISH A FIRM FOOTING FOR 2010 AND BEYOND

Our LCD and HD manufacturing equipment businesses were both battered by the economic contraction in the second half of 2008. Since sales of both businesses are impacted by corporate capital investment trends, these markets are unlikely to recover fully until at least 2010. On the upside, however, sales of LCD manufacturing equipment were higher than expected thanks to Chinese government measures to boost domestic demand and strong sales of low-priced LCD TVs in the U.S. market.

Faced with these harsh conditions, Hitachi High-Technologies needs to establish itself on a firm footing for the future by restructuring its operations. Specifically, this means going all out to respond to current needs, maintaining reliability, cutting overall costs, strengthening operations fundamentally, and developing new future-focused businesses.

### ENTRY INTO MAJOR NEW BUSINESSES BEGINS IN EARNEST

One new targeted business is manufacturing equipment for organic electroluminescent panels, which offer considerable potential as the next generation of flat-screen displays. We are currently developing thin film coating and laser equipment suitable for the largest panels in the industry, aiming to secure a 30% market share by 2012. We have also started producing solar cell manufacturing equipment, focusing on laser scribes for thin film silicon cells, which offer the greatest business potential. We aim to be the market share leader.

In existing business fields, we intend to launch a steady stream of products leveraging our technological expertise. These will include module assembly systems and maskless exposure systems for the LCD manufacturing equipment business. Meanwhile, in the HD manufacturing equipment business, we are developing manufacturing and inspection systems compatible with DTM (Discrete

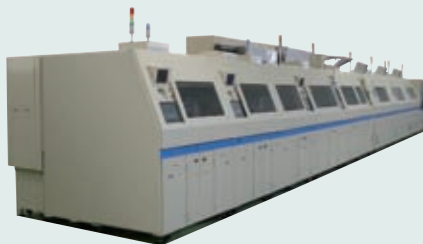
Track Media), which is garnering attention as a means of high-density recording.

Clearly, we cannot expect to establish ourselves in such new technologies and business domains overnight. Nonetheless, the technological advantages that are our forte will support us as we persevere, maintaining our sense of ambition and passion, to develop these major businesses one step at a time.



#### TOSHIO SENGOKU

Vice President and Executive Officer  
Flat Panel Display & Hard Disk  
Manufacturing System Sales Division  
General Manager



AL/AB7000 Series Module Assembly System for LCD



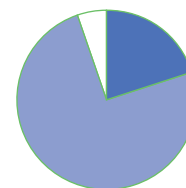
XY STEP Proximity Exposure System for Generation 10

# LIFE SCIENCES

In Life Sciences as a whole, we are steadily expanding sales and maintaining robust growth. We will continue working to reinforce our business base further by strengthening relationships with business partners, as well as channeling resources into expansion in untapped fields, and developing and promoting new products.

## SHARE OF SEGMENT SALES BY PRODUCT TYPE

■ Biotechnology-related Business	20.1%
■ Medical-related Business	74.7%
□ Others	5.2%
<b>TOTAL:</b>	<b>¥97.7 billion</b>



## FISCAL 2008 OPERATING ENVIRONMENT

Although the market for biotechnology and analytical instruments has been slowed by the global economic downturn, the market for in-vitro diagnostics, a clinical field, has been growing relatively robustly. In this context, we expanded our clinical chemistry and immunodiagnostic analyzer business through solid partnerships with key customers. Despite reduction in profitability following the rapid rise of the yen against the euro in the second half of the fiscal year, however, we continued to strengthen our partnerships and curtail costs.

## FISCAL 2008 IN REVIEW

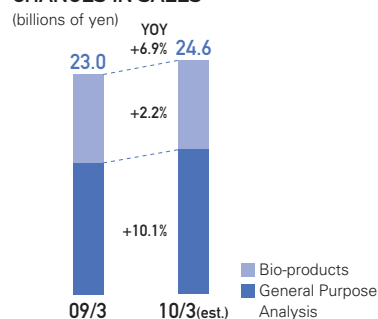
Sales for the biotechnology-related equipment field as a whole declined, despite a relatively strong performance in DNA sequencers, which was outweighed by lower sales of general purpose analytical instruments as a result of customers curbing investment, among other factors. In response, we moved to expand the business, bolstering our sales capabilities by expanding sales channels through local subsidiaries in India, China and elsewhere in Asia.

In clinical analyzers we continued to benefit from a strong partnership with Roche Diagnostics, and this enabled us to launch and expand sales for more products addressing the conspicuous demand for effective, high-quality testing. Thanks to the success of these efforts, sales of clinical chemistry and immunodiagnostic analyzers to the European and U.S. markets continued to show robust growth, and the business developed enough to become a performance driver for both the Life Sciences segment and the Company as a whole. In the domestic market, we focused on expanding market share by commencing the sale of test systems including specialist reagents under a new partnership with a domestic reagent manufacturer.

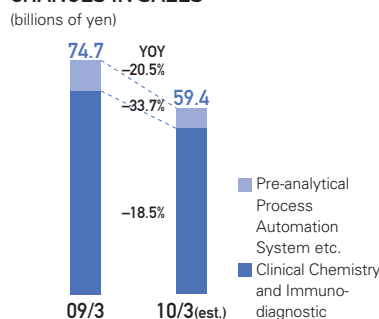
## OUTLOOK FOR FISCAL 2009

We predict a severe business environment, reflecting reduced investment and heightened price competition against a backdrop of worldwide curtailment of medical costs. Clinical chemistry and immunodiagnostic analyzers for the European and U.S. markets, which have hitherto maintained strong growth, are likely to witness declining sales amid the current hiatus in new product introduction. Nonetheless, we will seek to expand market share by strengthening our partnerships, and mitigate the decline in sales and domestic market by actively expanding sales of metabolic syndrome testing equipment, which should lead to sales of ¥84.0 billion in fiscal 2009.

### BIOTECHNOLOGY-RELATED BUSINESS CHANGES IN SALES



### MEDICAL-RELATED BUSINESS CHANGES IN SALES



KEY MEASURES FOR OUR FURTHER GROWTH:

## GREATER COMPETITIVENESS THROUGH NEW PRODUCT LAUNCHES



### DON'T TREAD WATER; KEEP ON MAKING IMPROVEMENTS

The Analytical Sciences Business Group has achieved steady growth in recent years, but in fiscal 2009 we must avoid resting on our laurels, and continue devising strategies to boost our competitiveness further.

From fiscal 2009, the electron microscope business became part of our biotechnology and analytical system operations. Looking ahead, we will use a variety of means to drive sales promotion activities for electron microscopes forward, drawing on the support of sales agents in Asia and stronger links with domestic distributors, as well as offering total solutions to customers. Fortunately, the Japanese government's economic stimulus policies have triggered increased demand from the public and academic sectors, which should help to boost sales, and we will draw on the synergies derived from our integrated organization to benefit from these conditions.

In clinical analyzer operations, we will collaborate even more closely with Roche

Diagnostics, further enhancing the capabilities of our highly competitive, jointly developed module assembled clinical chemistry and immunodiagnostic system in order to maintain sales.

We are also striving to grow our market share at an above-market rate. To do so, we are bolstering our sales force and taking proactive measures, such as establishing the Tokyo Technical Center (tentative name) to improve training and PR activities, in addition to conducting marketing closely linked to customers.

### EXPAND POSSIBILITIES IN ANALYTICAL SCIENCES BY CREATING NEW PRODUCTS

Particular highlights of fiscal 2009 include our plans to launch new general purpose analyzers for the first time in several years. We also formed a tie-up with a domestic reagent manufacturer to develop a clinical chemistry analyzer that enables automated measurement of HbA1c—one of the compounds in the blood that must be tested during screening for metabolic syndrome in Japan.

Analyzers offer a wide range of potential applications, including testing imported foods and developing influenza vaccines. As such, they can open the doors to many different markets. Looking ahead, we will cultivate the young shoots of new businesses through continued future-oriented product development, while ensuring the competitiveness of both our biotechnology analyzers and our clinical analyzers.



#### WASUKE NAKANO

*Representative Executive Officer  
Senior Vice President  
Executive Officer and Director  
Analytical Sciences Business Group  
General Manager*



**Clinical Analyzer**



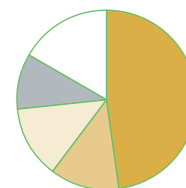
**LaChromUltra Ultra High-Speed Liquid Chromatograph**

# INFORMATION SYSTEMS & ELECTRONIC COMPONENTS

We are staying focused on worldwide market trends as we bolster our development and marketing capabilities, accelerate our prioritization of business fields offering future potential, and enhance our ability to propose solutions that will lead the way to the next generation.

## SHARE OF SEGMENT SALES BY PRODUCT TYPE

Information System	47.9%
Assembly System	12.5%
Semiconductor	13.0%
Media Device	10.1%
Others	16.5%



TOTAL: ¥203.8 billion

## FISCAL 2008 OPERATING ENVIRONMENT

In the first half of the year, capital investment was weak in the electronics market, including mobile phone, notebook PC and thin screen TV manufacturing, while there was also a lull in EMS-related capital investment. In the second half, conditions became even more severe, with all forms of capital investment virtually frozen following the dramatic slump in final consumption across all industries and regions as a result of the global recession.

## FISCAL 2008 IN REVIEW

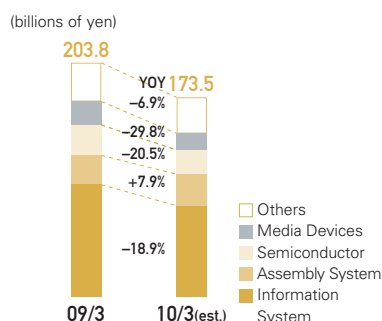
In our chipmounter operations we took measures to expand sales in Vietnam, Eastern Europe, and the BRICs nations, in anticipation of investing in production facilities in those regions. In modular chipmounters, sales were down significantly due to postponement and suspension of investment by manufacturers, despite our efforts to focus on generating sales by promoting the high-density mounting and productivity of the GHX-3 model to customers.

The harsh telecommunications business environment notwithstanding, sales of our video conferencing system were strong, while mobile phones for the U.S. market also performed well thanks to the launch of new handsets. The video conferencing system (High-Tech Vision) offers outstanding picture quality by combining our proprietary software with U.S.-made hardware. However, the overall situation was extremely difficult, with marked sales declines in semiconductors for consumer goods and media devices, impacted heavily by the global recession as our customers adjusted their production levels.

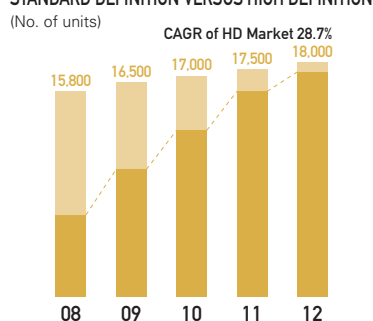
## OUTLOOK FOR FISCAL 2009

In fiscal 2009 we expect sales of chipmounters for mainstay EMS to decline considerably, especially in Asian regions, as the general freeze on capital investment continues. The situation will also remain challenging for information electronics-related products and solutions, with the current decline in demand likely to be protracted. Thus, we expect sales of ¥173.5 billion in fiscal 2009. Even in the face of such challenges, however, we will find a way to restore growth. Boosting the competitiveness of our products by rigorously cutting costs and reinforcing our marketing capability will be the means to that end.

### CHANGES IN SALES



### VIDEO CONFERENCING SYSTEMS IN JAPAN: STANDARD DEFINITION VERSUS HIGH DEFINITION



Standard Definition (Conventional Type)  
High Definition  
Note: Figures for 2008 are forecasts; figures for 2009 onwards are projections  
(Source) Seed Planning, Inc.

KEY MEASURES FOR OUR FURTHER GROWTH:

## HONE SALES CAPABILITIES THROUGH PRIORITIZATION



### IDENTIFY GROWTH FIELDS, FOCUS SALES CAPABILITIES

The Information Systems & Electronic Components segment has achieved tangible success by focusing on solutions combining hardware and software. In fiscal 2009, we will continue concentrating on our competitive advantages as we refine our solutions capabilities.

One case in point is our video conferencing system (High-Tech Vision), which has seen sales grow steadily. Here, we combined another company's hardware with our proprietary software, yielding added value. The system has earned plaudits for helping reduce business expenses and preserving the environment, and we expect it to continue recording strong sales. Meanwhile, in mobile phones for the U.S. market, our strategy of targeting heavy users is paying off; we intend to maintain sales at the same level during fiscal 2009.

We integrated our chipmounter operations into the semiconductor manufacturing equipment business as part of operational

restructuring, and now our capacity to propose solutions has increased. We will continue to pursue a strategy of business prioritization, focusing our sales capabilities on solutions in growth fields.

### OPTIMAL SOLUTIONS FOR ENHANCING EFFICIENCY

Many people are concerned that the current business slump may drag on, but I believe there are still opportunities to expand business. The key phrase here is "boosting efficiency."

For corporations, the more challenging the times, the more important it is to improve operational efficiency and enhance productivity, and the more demand there is for technologies that achieve this. There is still ample scope for developing technologies that can contribute to efficiency, and we can make use of our uniquely flexible approach to create new markets.

One example is "Business Microscope\*," a knowledge management support solution developed with Hitachi, Ltd. We are actively

proposing solutions like this that match customer needs, making the most of our technological expertise and combining the best software and hardware features of a variety of products spanning different fields.

Unconfined by convention, we are taking a flexible approach to identifying those fields where we can exert our strengths and expand the Company's scope of operations.

\* The first system of its kind in the world. Clearly tracks previously difficult-to-quantify processes such as white-collar workers' progress with work tasks, overall work progress and communication within an organization. Currently available only in Japan.



### MASUMI MIYAUCHI

Senior Vice President and  
Executive Officer  
Global Trading Group  
General Manager



Mobile Phones



High-Definition Video Conferencing System



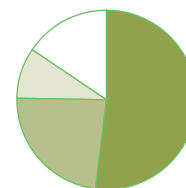
# ADVANCED INDUSTRIAL PRODUCTS

Learning our lesson from the harsh realities of the current business environment, we will build up our marketing globally, and pioneer new business domains, including those related to the environment and social infrastructure. In this way we will strive to establish a stable earnings structure that can withstand changes in market conditions.

## SHARE OF SEGMENT SALES BY PRODUCT TYPE

Industrial Material	52.1%
Electronic Material	23.2%
Optical-related Component	9.4%
Others	15.3%

TOTAL: ¥305.1 billion



## FISCAL 2008 OPERATING ENVIRONMENT

Following protracted escalation in prices for crude oil, steel and non-ferrous metals, plastics and other raw materials, the deterioration in market conditions accompanying the global economic downturn brought a turnaround, seeing prices drop dramatically. Markets for materials and parts of all kinds were challenging, with production of automobiles, construction machinery, and industrial machinery experiencing an unprecedented slump, and stagnation in demand for components for solar cells and other environmentally friendly energy sources in the second half of the year.

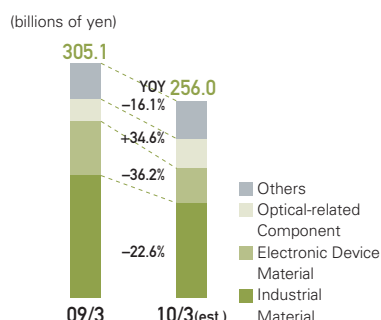
## FISCAL 2008 IN REVIEW

The sudden drop in raw material prices meant that businesses performing well in the first half of the year, such as TVs, automobiles, construction materials and battery materials, were faced with rapid changes in market conditions in the second half, which impacted heavily on our operations. Sales of liquid crystal (LC) materials and automotive components declined due to customers' adjustment of production levels and other factors, while silicon wafers also recorded lower sales due to sluggish demand for semiconductors. On a positive note, sales of solar cell components and manufacturing equipment overcame the sudden drop-off in demand in the key European market to post an overall increase on the back of higher sales to the Chinese market. Hitachi High-Technologies is now pursuing energy and environment-related businesses in earnest, viewing them as new growth fields. Businesses we are expanding as strategic domains at present include lithium ion battery materials and manufacturing equipment, and materials for alternative energy sources such as solar cells and fuel cells.

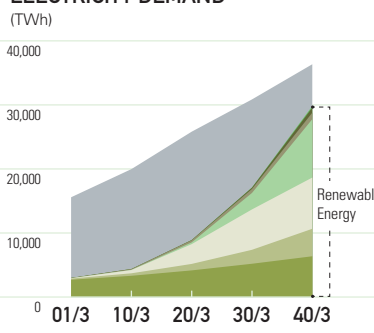
## OUTLOOK FOR FISCAL 2009

We expect net sales to decrease by 16% to ¥256.0 billion. This reflects the severe environment, in which worldwide economic contraction has led to a slump in prices for materials and electronic devices such as semiconductors and LCDs, as well as declining sales of automobiles and stagnation in demand for solar cell components. In response, we will seek a recovery in sales by taking a global approach in our businesses to develop new products in growth fields.

### CHANGES IN SALES



### PROJECTIONS FOR WORLDWIDE ELECTRICITY DEMAND



Other Marine Hydro Solar thermal Geothermal Biomass Solar PV Wind

(Source) Compiled by Hitachi High-Technologies from the Renewable Energy Scenario to 2040 (published by the European Renewable Energy Council)

KEY MEASURES FOR OUR FURTHER GROWTH:

## ENHANCE GLOBAL EXPANSION TO OPEN UP NEW OPPORTUNITIES



### CULTIVATE OUR CAPACITY TO IDENTIFY SUPPLIERS

The challenging operating environment for the Advanced Industrial Products segment is expected to continue during fiscal 2009. In this context, we will focus on expanding operations in automobiles, electronics, semiconductors and other fields. To that end, we will further globalize our businesses to uncover new opportunities.

In the past, our competitive advantage has been most apparent in Japan-originated export businesses where materials procured and processed in Japan are sold overseas. In recent years, however, materials manufacturers in China, South Korea and Taiwan have become more competitive in this type of business, expanding their operations globally. For instance, materials procured in South Korea may be processed in that country, then sold to Japan and the U.S.

The key to success in our trading businesses, therefore, is identifying the right

suppliers. To find and build good relationships with the best suppliers, regional sales staff need to be discerning and enthusiastic. That is why we are now acting worldwide to develop talented sales staff who can identify more suppliers—even if it takes time—and use them to bring products to market in a timely manner.

### PIONEER NEW BUSINESS DOMAINS OVER THE MEDIUM TO LONG TERM

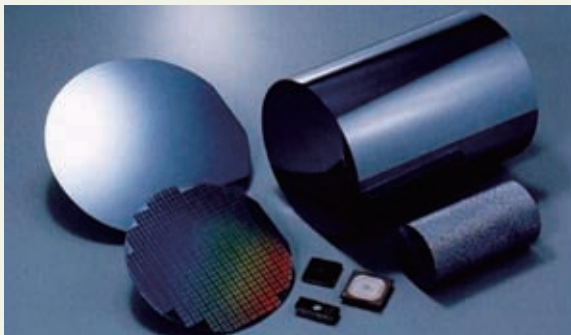
The stagnation in the automobile and electronics markets resulting from the global recession in 2008 significantly impacted earnings in Advanced Industrial Products. Having learned from this, we are now actively pursuing business opportunities outside the Hitachi Group in fields related to social infrastructure, such as nuclear power generation and railways. In so doing, we aim to establish a stable earnings structure that can withstand changes in market conditions. Nonetheless, we understand

that we must take a fairly long-term view in establishing such new businesses. We started developing our solar cell materials business more than 10 years ago, and only now are we finally seeing the fruits of those efforts. By continuing to pursue new businesses, we believe we can successfully address the issues of enhancing our earnings power and bolstering our business base.

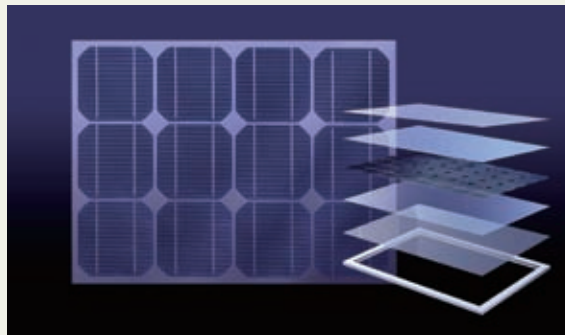


**MASANORI KAZAMAKI**

*Vice President and Executive Officer  
Global Trading Group  
Deputy General Manager*



**Silicon Wafer**

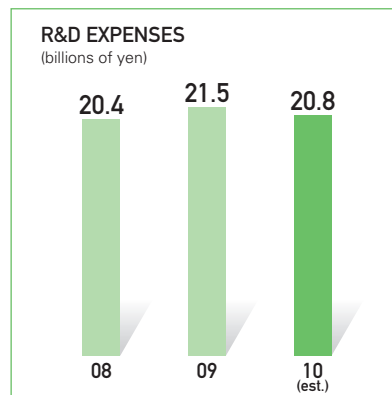


**Solar Cell**

## RESEARCH & DEVELOPMENT

Aiming to be Global Top in high-tech solutions, the Hitachi High-Technologies Group conducts R&D into new products and next-generation technologies in the rapidly advancing electronics and life sciences fields. The Group conducts its own independent research, and also works closely with the research laboratories of Hitachi, Ltd., as well as universities and other external research bodies.

Consolidated R&D expenses totaled ¥21.5 billion in fiscal 2008. We expect these expenses to be ¥20.8 billion in fiscal 2009. This section highlights a number of recent accomplishments in major business fields.



### ELECTRONIC DEVICE SYSTEMS

In fiscal 2008, semiconductor manufacturers continued to develop cutting-edge processes, including 32nm prototype devices and processes, despite the sharp downturn in the global semiconductor market in the fourth quarter. Our state-of-the-art CD-Measurement SEMs (Scanning Electron Microscopes) command some 80% of the global market for advanced semiconductor metrology, and they are being used, together with our DesignGauge® mask design data measuring systems, to develop pioneering scaling technologies such as double patterning. One research body using these products is IMEC (Interuniversity MicroElectronics Center), a leading-edge semiconductor research consortium in Belgium, and IBM Corp. and Hitachi, Ltd are also using them in their joint research.

In recognition of the contribution our SEMs make by applying metrology to semiconductor scaling, Hitachi High-Technologies was awarded the historic 54th Okochi Memorial Production Prize in April 2008.

In the semiconductor inspection systems field, we automated the review process and upgraded inspection capabilities in the RS-5000 series of Defect Review SEM systems, which have an excellent reputation for their outstanding image quality and high throughput. We made improvements in the LS series of unpatterned wafer inspection systems as well, improving optical performance

so these systems are better able to function with different generations of process technologies.

Where semiconductor process equipment is concerned, in addition to our business handling the M Series of etching systems using microwave ECR (Electron Cyclotron Resonance) as the plasma source, we applied advanced technologies to revamp the E Series of etching systems for non-volatile materials.

High-resolution observation using a low accelerating voltage is becoming vital for studying increasingly fine-patterned semiconductors, low-conductivity materials and surface structures in nanotechnology materials. To meet these needs, we developed the SU8000, a new type of field emission scanning electron microscope (FE-SEM). This FE-SEM can produce compositional and channeling contrast of sample surfaces using a low accelerating voltage. Furthermore, shallow surface information for samples can be visualized even at ultra-low landing voltages (100V).

In the LCD field, a factory is scheduled to start operations in fiscal 2009 using 10th generation (G10) glass substrates measuring more than 3m on one side. We have already developed several products for G10 plants: a proximity exposure system, glass substrate inspection equipment and wet process equipment. In addition, work



CG4000 CD-measurement System and DesignGauge® Mask Design Data Measuring System



Ultra-High Resolution Scanning Electron Microscope SU8000

continues on the development of new proximity exposure systems, in addition to module assembly systems for back-end processes that offer higher productivity while reducing manufacturing expenses.

In the hard disk industry, from the end of fiscal 2009 manufacturers are due to start major R&D programs

involving DTM (Discrete Track Media), a technique for achieving an even higher recording density. We are at work on a number of new products for DTM applications. For example, we plan to add a new function that will make our read/write inspection systems compatible with DTM disks.

## LIFE SCIENCES

In medical systems, we developed a clinical chemistry analyzer that automates hemolysis and other pre-processing needed to test for hemoglobin A1c (HbA1c), a key diabetes indicator. Conventionally, this test was performed using a liquid chromatograph or immunological method, which necessitated dedicated equipment and a pre-processing unit, but still failed to offer optimum blood processing capabilities and accuracy of results. Hitachi High-Technologies' new pre-processing function

can be added to the widely-used Model 7180 general purpose clinical analyzer, making it possible to automatically measure HbA1c as part of blood tests for liver and kidney functions and other requirements. Using this new analyzer will thus make clinical tests much faster and less labor-intensive.

In a separate development, we moved to launch a new business, starting to market activities and technology evaluation work for bacterial and genetic diagnostic systems with bioMérieux of France.

In the field of biotechnology analysis systems, we started selling the NanoFrontier eLD, a liquid chromatograph mass spectrometer that has improved precision and speed for the analysis of proteins associated with diseases. This new model adds to the previous model electron capture dissociation (ECD) technology, which is effective at studying the structure of protein following modification.



*NanoFrontier eLD  
Liquid Chromatograph Mass Spectrometer*



*Model 7180 Clinical Analyzer*

## INFORMATION SYSTEMS & ELECTRONIC COMPONENTS

For the manufacture of electronic devices, one priority is to devise technologies for providing the best solutions as production methods continue to diversify. To improve our chipmounters, we developed application software that simplifies set-up procedures. Shorter set-ups mean more productive operating time. For solder printing, we developed a next-generation printer that can handle larger circuit boards and features a streamlined set-up procedure.

Meanwhile, in response to rising public concerns about the safety of food products, we developed a highly reliable hair detection system (KD-1000) that can find hair on the surface of food. Conventional inspection systems have difficulty detecting hair, whereas this unit uses spectroscopic and image processing technology to perform this task with much greater reliability.

Food processing companies will be able to use this system to eliminate the time-consuming manual inspection process currently used.



*Hair Detection  
System KD-1000*

# RESEARCH AND DEVELOPMENT IS THE ENGINE THAT CREATES GLOBAL PRODUCTS

At Hitachi High-Technologies, R&D is cherished. In particular, R&D is considered to be the engine that creates “global products.” Based on our clear-cut business philosophy—which includes foreseeing market needs and pursuing cutting-edge technologies—and harnessing the strong will of every employee, we are advancing our R&D with our minds firmly fixed on the future.

## HIROSHI OHKI

*Vice President and Executive Officer  
Research and Development Division, General Manager  
Chief Technology Officer*



At Hitachi High-Technologies, consolidating the power of R&D is ranked as an important business challenge. Accordingly, substantial managerial resources—such as top-class personnel and R&D funds—are being poured into R&D. The directional character of R&D for developing our business in future years is determined according to the following three perspectives.

The first perspective is market needs. When our customers willingly use our products and services for creating business, their contribution to society and genuine worth shines through for the first time. Consequently, foreseeing “changing market needs” is a major challenge of R&D. To meet this challenge, we are fully exploiting the strength of our company—starting with our commercial division’s unbeatable strength in sales and marketing—in setting our R&D goals.

The second perspective is engineering innovation. Up until now, engineering innovation, such as that underpinning computers, semiconductors, and IT, has greatly changed the world around us. At Hitachi High-Technologies, in partnership with the research group of Hitachi Ltd. (for example, Central Research Laboratory) as well as in collaboration with academic research centers and other research institutes, we have taken up the challenge of creating innovative technologies.

The third perspective is “the sophistication of general-purpose products and specialization of dedicated machines”—which we value as so-called “mother products.” Together with lead users of our general-purpose

products, we can constantly follow changes in the world.

At Hitachi High-Technologies, we have clearly defined our business philosophy such that the most important management resource is people. In particular, for R&D during which out-of-the-box work is done, our motto is “people are the key to R&D.” Nurturing human resources in regard to every employee is our highest priority. We are upgrading our well-developed education system and strengthening measures for cultivating global human resources. For example, it has recently been proposed that more than 50% of new recruits entering the company receive overseas education or on-the-job training at overseas companies. Moreover, considering the basis of creative thinking to be the diversity of human resources, we are actively promoting the application of human resources without regard to age, gender or nationality.

Our company has developed Global Top products such as biochemistry and immunization integrated analysis systems as well as semiconductor and liquid crystal manufacturing equipment. The business environment up until spring 2010 will, however, continue to be tough. All the same, I consider this tough economic situation a golden opportunity. As the structure of industry changes dramatically, our engineers have a burning desire to develop new products. By harnessing this desire and vigorously engaging in technological development in new fields such as the environment, energy, and life sciences, we are creating new businesses through actively pushing ahead R&D underpinned by all our employees’ motivation and conviction.



## AS A FIRST FOR A HITACHI GROUP COMPANY, HITACHI HIGH-TECHNOLOGIES RECEIVES THE “OUTSTANDING PATENT STRATEGY COMPANY AWARD” FROM THE MINISTER OF ECONOMY, TRADE AND INDUSTRY

Hitachi High-Technologies received the “Commendation from the Minister of Economy, Trade and Industry” at the 2008 Excellence in Intellectual Property Awards. Conferred on companies that effectively utilize the industrial intellectual property system and contribute to its smooth running and development, this award went to a Hitachi Group company for the first time. By striving to link together our business strategy, R&D strategy and intellectual property strategy, and to draft and execute an excellent patent strategy, we are continually improving the value of the company.



## CORPORATE SOCIAL RESPONSIBILITY

### CONTRIBUTING TO SOCIETY THROUGH HIGH-TECH SOLUTIONS AND THE PRACTICES OF EACH EMPLOYEE

Hitachi High-Technologies regards corporate social responsibility (CSR) as an important management task. We are therefore implementing more rigorous corporate governance conducting business based on a law-abiding spirit and promoting activities to help conserve the environment. At the same time, we are striving to contribute to society through business activities leveraging competitive advantage in cutting-edge technologies.



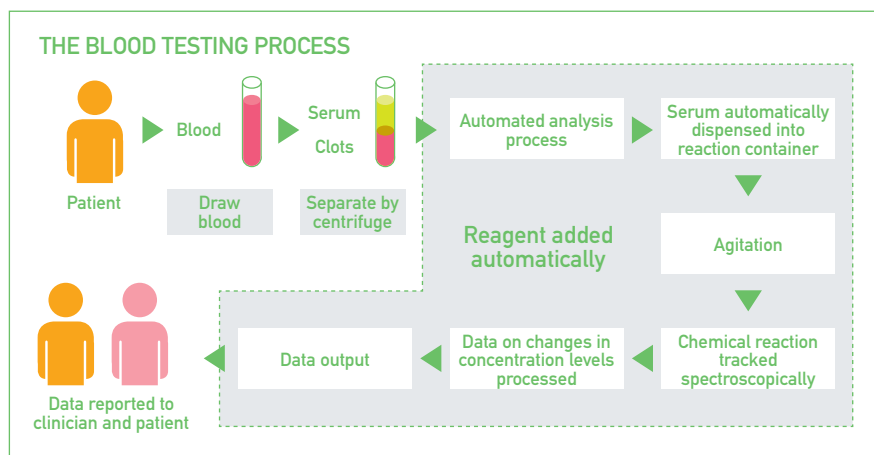
### CONTRIBUTING TO SOCIETY THROUGH BUSINESS ACTIVITIES: HELPING KEEP PEOPLE HEALTHY

#### ■ BIOCHEMICAL ANALYSIS TECHNOLOGY HELPS PEOPLE MANAGE THEIR HEALTH

##### Automating and Streamlining Laboratory Testing

Blood tests during medical exams and checkups involve testing the biochemical components of the patient's blood serum for cholesterol, proteins, enzymes and substances to help assess that patient's state of health.

The blood is put into a centrifuge to separate clots from the serum, then reagents are added to the serum—the sample used for testing. The serum sample is agitated, and the target substances measured using chemical reactions. The resulting data is then processed. Our



clinical chemistry analyzers can now automate this process of analyzing blood serum, previously performed manually by the clinician. Their capacity to measure levels of multiple blood components quickly has shortened the time required for blood tests, improving efficiency.

### Quick Test Results for Patients

Recently, demand for higher quality blood tests has been increasing. Laboratories test both sets of items required for certain tests, and specific items requested by physicians. With a huge range of potential components for testing, the process is complex, and reports must be provided quickly. Clinical chemistry analyzers address these issues.

Quick reporting entails returning test data to physicians 30 minutes to one hour after the patient's blood is drawn, and meeting this requirement is a pressing issue at clinical testing labs. Our clinical analyzer, LABOSPECT 008, boasts one of Japan's top processing capacities, an important feature for an analyzer. One unit can test eight items per patient for 250 people in just one hour. This level of high-speed processing has been achieved thanks to progress in the field of mechatronics. High-speed pipetting systems that use robotic technologies, agitation via ultrasound obviating the need for contact with a reaction solution, and other cutting-edge technologies help ensure the reliability of analytical data and enhance efficiency.

### Ensuring Total Reliability with Analytic Technology and Services

Hitachi High-Technologies commands around one-third of the domestic market for clinical chemistry analyzers. Indeed, we have established ourselves as a top manufacturer of these analyzers worldwide, a position underpinned by analytical technologies and services cultivated over many years.

To further improve performance by enhancing compatibility between devices and reagents, we are currently partnering with reagent manufacturers to have reagents developed specifically for LABOSPECT 008. Specialized reagents help improve reliability and ease-of-use because manufacturers, items, expiration dates, lots and other information are precisely managed with barcodes. As of the end of March 2009, we had partnered with 15 reagent manufacturers in Japan and two overseas as we continue to work to strengthen our support system. Hitachi High-Tech Fielding Corporation, which is responsible for managing maintenance of our analyzers, has reinforced its maintenance system by developing a remote support service called LABOSPECT Net\*, which supplements standard maintenance services.

\*LABOSPECT Net is available only in Japan.

### THREE ANALYZERS DONATED TO REGION HIT BY SICHUAN EARTHQUAKE



LABOSPECT 008

The major earthquake that struck the Sichuan region of China in May 2008 damaged a large number of medical facilities. Hitachi High-Technologies, which had already supplied some 3,500 clinical chemistry analyzers to various regions of the country, donated three LABOSPECT 008 units through a Chinese charity. Hitachi High-Technologies decided to make this donation immediately after the earthquake struck, with local Group employees completing the required procedures up through delivery. The analyzers played an important role in medical activities during the chaotic aftermath of the earthquake.

## ■ INITIATIVES AT BUSINESS SITES AND GROUP COMPANIES

### Support for Science Education

#### —Helping Children Learn About Science with Electron Microscopes

As part of its efforts to promote science, the Group provides ongoing support for educational programs using electron microscopes.

#### Loaning the Tabletop Microscope TM-1000

##### —Hitachi High-Technologies [Head Office]

In May 2008, the Hitachi High-Technologies head office began loaning out its tabletop microscope TM-1000. The microscope is loaned to colleges and other institutions that support our efforts to promote science education and run their own programs to get children interested in science. The educational institutions use the tabletop microscope for regular events that give students from elementary to high school age the opportunity to use an electron microscope.

#### Providing Opportunities to Observe Nature on a Micro Scale

##### —Hitachi High-Technologies [Kansai Branch Office]

In August 2008 we provided an electron microscope and other materials for a nature observation event set up by a university professor. The event is held every year and provides the opportunity for parents and children to experience the wonders of science and technology together.



Science class using the TM-1000

### Improving the Quality of Corporate Management and Promoting Environmental Management

#### —Hitachi High-Technologies (Singapore) Pte. Ltd.

Hitachi High-Technologies in Singapore aims to provide high quality products and services to customers more quickly and appropriately, whilst retaining its concern for legal and environmental considerations. In line with this goal, in September 2008, the company acquired combined ISO 14001 (environmental management) and ISO 9001 (quality management) certification. The certification was awarded simultaneously to the head office, Ang Mo Kio Office, India Branch Office and Philippines Branch Office. As business globalization proceeds, the company will promote a brand of management that inspires even greater trust and peace of mind in customers and the general public by bolstering its initiatives to conserve the environment and improve quality of business practices.



Members and certificates

Having adopted the Company with Committees System stipulated in the Company Law, Hitachi High-Technologies has separated executive and management oversight functions and is upgrading its corporate governance system. In addition, to ensure compliance with laws, ordinances and the Articles of Incorporation, the Company is actively working to develop its internal control system.

### BASIC RATIONALE REGARDING CORPORATE GOVERNANCE

In order to come out ahead in the fiercely competitive high-tech solutions field, Hitachi High-Technologies (the Company) must carry out bold and rapid decision-making and business execution. We also believe it is important to enhance business execution oversight, improve management transparency by strengthening corporate governance, and fulfill our responsibilities to society in general, including our shareholders. We have adopted the Company with Committees System as the corporate governance structure to realize these objectives.

#### Relationship with Parent Company Hitachi, Ltd.

With the aim of sharing the unified vision of the Hitachi Group, the Company has accepted external directors from Hitachi, Ltd. and the Hitachi Group. However, this has not impeded the independence of the Company's management decisions. The authority for individual business execution lies with the executive officers of the Company, and matters that exceed the decision-making authority of the executive officers are decided, in accordance with internal company rules, after discussion within the Executive Committee, which is made up of leading executive officers. In addition, the Company ensures the appropriateness of important transactions with the rest of the Hitachi Group, as in the case of other normal transactions, through checks not only by the sales department concerned, but also by the Sales

Administration Department, the Internal Auditing Division and other bodies.

### AUDITING, SUPERVISION, NOMINATION, COMPENSATION, AND BUSINESS EXECUTION FUNCTIONS

#### Auditing, Supervision, Nomination, and Compensation

The Company has set up three committees—the Nominating Committee, the Audit Committee, and the Compensation Committee. These bodies ensure that the proposal of candidates for directorship, appointment of executive officers, audits of the legality and appropriateness of business execution, and decisions on compensation for directors and executive officers are conducted separately from the business execution side of the Company.

Proposals to elect directors at the General Meeting of Shareholders are drafted by the Nominating Committee in accordance with internal policy and resolutions are voted on at the General Meeting of Shareholders.

Compensation for executives is individually decided by the Compensation Committee in accordance with basic policy, which prescribes fundamental standards on levels of compensation, and specific policies.

The Audit Committee monitors business execution through the internal control system, centered on the Internal Auditing Division, which is under the direct authority of the Company president. In addition, the Audit Committee members, who are in charge of auditing and conduct on-the-spot inspections based on independent plans, report the results to the Audit

Committee and the Board of Directors. Furthermore, based on close cooperation with the independent auditors, the Company ensures the appropriateness of matters related to accounting on both a parent company and consolidated basis.

The Board of Directors decides on the appointment of various committee members after deliberation at the Nominating Committee and the Board of Directors, while taking into consideration the duties and authority of each committee.

### **Business Execution**

Business execution is carried out based on the decisions of the executive officer responsible. However, in the case of important executive actions, decisions are made by leading executives on the basis of discussion at ordinary meetings of the Executive Committee, which are held once a month. In addition, the Executive Committee makes decisions regarding the formulation of budgets, major capital investments, and research and development expenditure for each fiscal year. These decisions are reached after deliberation at meetings held once in each fiscal year or, when an extraordinary need arises, at meetings held at the earliest convenience.

### **DEVELOPING AN INTERNAL CONTROL SYSTEM**

The Company reviewed its internal control system at a Board of Directors meeting held on March 23, 2009, reconfirming the resolutions summarized below:

#### **1. System related to the storage and management of information associated with the execution of duties by executive officers**

The Company shall stipulate precise handling of information with regard to the period of storage of approval documents and other matters based on document storage rules.

#### **2. Provisions related to the management of risk of loss and other systems**

The Company shall establish Risk Management Regulations, risk management systems and management methods.

#### **3. System to ensure that the execution of duties by executive officers is performed efficiently**

The Company shall create an internal system related to important decision-making. It shall check and improve business implementation by means of a budget management system and carry out internal audits regarding the effective use of management resources. The Audit Committee shall audit the efficiency of management.

#### **4. System to ensure that the execution of duties by executive officers and employees conforms to laws, ordinances and the Articles of Incorporation**

The Company shall establish regulations regarding legal compliance, and shall appoint an executive in charge of compliance and establish a Compliance/Risk Management Committee. It shall also conduct internal training concerning compliance, ensure internal audits are rigorously implemented, and establish an internal reporting system.

#### **5. System to ensure the appropriateness of business operations within the corporate group, comprising Hitachi High-Technologies, its parent company and subsidiaries**

Several divisions shall be responsible for checking the appropriateness of transactions with Group companies. Audits shall be conducted by the parent company, and feedback on the audit results shall be appropriately provided. The Company shall receive reports on business execution and financial position from subsidiaries, while the Audit



Committee shall regularly conduct interviews at these subsidiaries and conduct regular internal audits of their activities. In addition, the Company shall establish an internal control system to oversee financial reporting, including that of subsidiaries, and the Internal Auditing Division shall verify that system.

**6. Matters concerning the directors and employees who assist the duties of the Audit Committee**

The Company shall establish an Auditor's Office and appoint Auditor's Office staff. As the need arises, the Internal Auditing Division and administrative departments shall assist with the duties of the Audit Committee.

**7. Matters concerning independence of directors and employees mentioned above from executive officers**

With regard to personnel changes among the Auditor's Office staff, the Audit Committee shall receive a report on such changes in advance, and when required, a proposal shall be made to the executive officer in charge of personnel and general affairs setting out the reason for such changes.

If an employee belonging to the Auditor's Office is to be disciplined, the executive officer in charge of personnel and general affairs should obtain approval from the Audit Committee in advance.

**8. System to enable reporting by executive officers and employees to the Audit Committee and other systems to enable reports to the Audit Committee**

Proposals put forward at meetings of the Executive Committee and the results of internal audits carried out by the Internal Auditing Division shall be reported without delay to the Audit Committee members by the executive officer in charge or the employee concerned. With regard to the status of reporting through the internal reporting system, matters of particular importance shall be reported to the Audit Committee members by the Head of the Compliance/Risk Management Committee.

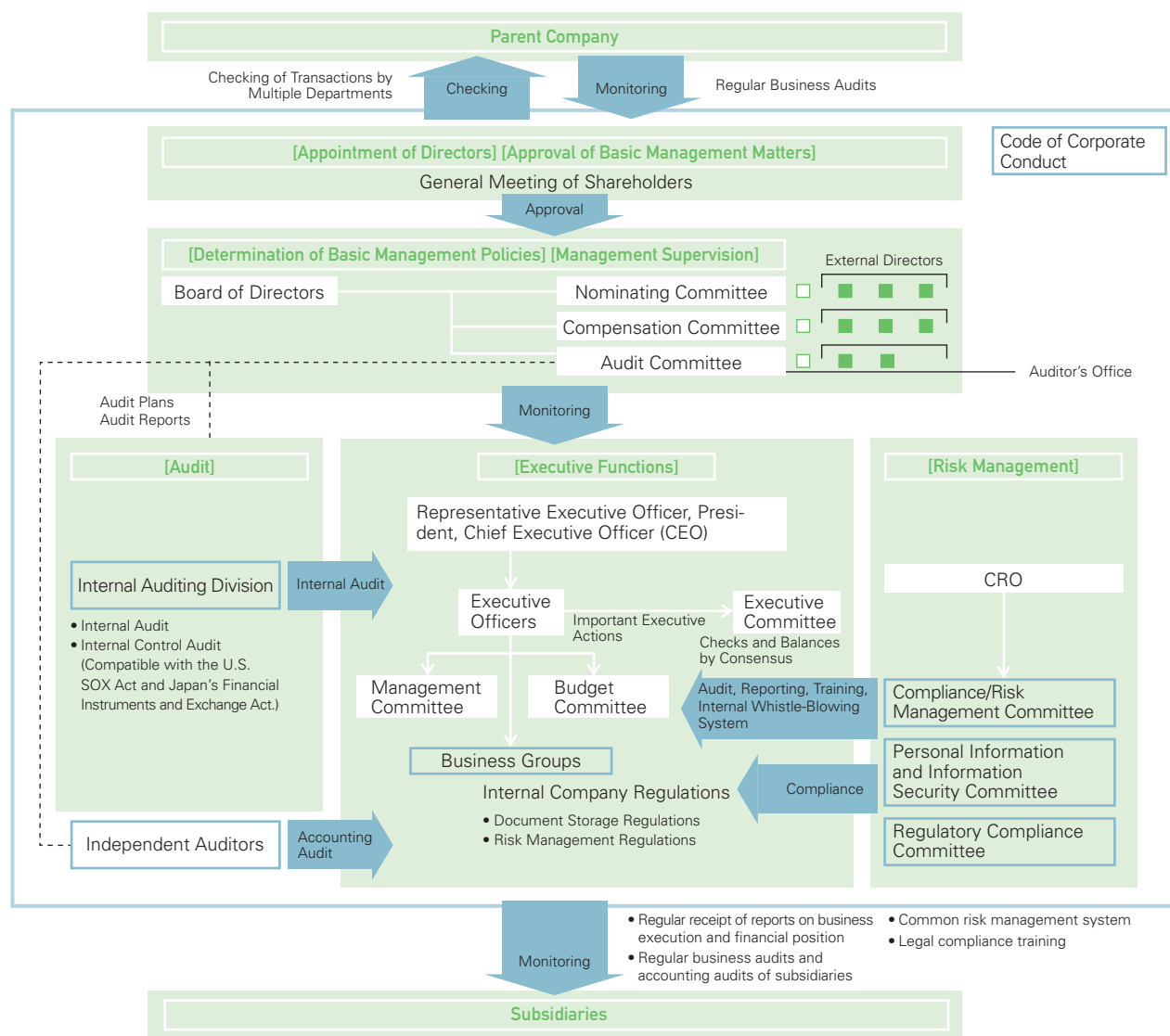
**9. Other systems to ensure that audits by the Audit Committee are effectively implemented**

As the need arises, the Audit Committee shall consign some audit matters to the Internal Auditing Division and the independent auditors, resulting in a cooperative approach where the Audit Committee receives reports on the results of audits.

The results of audits by the Audit Committee and the Internal Auditing Division shall be provided to the Board of Directors and the Executive Committee to be reflected in the execution of business.

## BUSINESS EXECUTION, MANAGEMENT OVERSIGHT AND INTERNAL CONTROL SYSTEM

(As of March 31, 2009)



Notes: 1. The Chief Risk Management Officer (CRO) is an executive officer charged with overall management of compliance-related risk, as a form of risk relevant to the whole Company. The CRO is selected by the Board of Directors, and is held responsible if a compliance-related incident occurs.

2. The SOX Act is the Sarbanes-Oxley Act, instituted in 2002. Since the Company's parent company, Hitachi, Ltd. is listed on the New York Stock Exchange, it is required to comply with the U.S. Sarbanes-Oxley Act.

## DIRECTORS AND EXECUTIVE OFFICERS

(As of June 24, 2009)

### DIRECTORS AND EXECUTIVE OFFICERS



**HIDEHITO OBAYASHI**

*Representative Executive Officer  
President  
Chief Executive Officer and Director*

*Member of the:  
Nominating Committee  
Compensation Committee*



**WASUKE NAKANO**

*Representative Executive Officer  
Senior Vice President  
Executive Officer and Director*

*Analytical Sciences Business Group  
General Manager  
CSR Promotion Division  
General Manager  
Chief Risk Officer*



**HIROSHI KANAUCHI**

*Director*

*Member of the:  
Audit Committee*



**TOSHIO SENGOKU**

*Vice President and Executive Officer*

*Flat Panel Display & Hard Disk  
Manufacturing Systems Sales Division  
General Manager*



**HIROSHI OHKI**

*Vice President and Executive Officer*

*Research and Development Division  
General Manager  
Chief Technology Officer*



**KATSUMI MIZUNO**

*Vice President and Executive Officer*

*Personnel & General Affairs Division  
General Manager  
CSR Promotion Division  
Deputy General Manager*

### OUR OUTSIDE DIRECTORS

**TADAMICHI SAKIYAMA**

*Chairman of the Board  
Outside Director*

*Member of the:  
Nominating Committee  
Compensation Committee*



Elected at the 89th Ordinary General Meeting of Shareholders held on June 25, 2008, Mr. Sakiyama has attended all eight Board of Directors meetings held since his appointment. His comments at these meetings draw on a wealth of experience in business management and a thorough knowledge and long experience in the fields of accounting and finance.

**HARUMICHI UCHIDA**

*Outside Director*

*Member of the:  
Nominating Committee  
Compensation Committee  
Audit Committee*



Mr. Uchida attended all 10 Board of Directors meetings and all 13 Audit Committee meetings held during fiscal 2008. He offers comments on all types of proposals, particularly from a legal compliance perspective, drawing on the extensive knowledge and experience he acquired as a lawyer.



**YOSHINAO KAWASAKI**

*Representative Executive Officer  
Senior Vice President and  
Executive Officer  
  
Hitachi High-Tech Instruments Co., Ltd  
President*



**MASUMI MIYAUCHI**

*Senior Vice President and  
Executive Officer  
  
Global Trading Group  
General Manager*



**SHIGERU IIZUKA**

*Vice President and Executive Officer  
  
Accounting & Finance Division  
General Manager  
Chief Information Officer*



**MASAHO MASUYAMA**

*Vice President and Executive Officer  
  
Hitachi High-Technologies (Singapore)  
Pte. Ltd.  
Managing Director*



**OSAMU NAKAMURA**

*Vice President and Executive Officer  
  
Semiconductor Equipment  
Business Group  
General Manager*



**MASANORI KAZAMAKI**

*Vice President and Executive Officer  
  
Global Trading Group  
Deputy General Manager*



**TAKASHI MATSUZAKA**

*Vice President and Executive Officer  
  
Nanotechnology Products  
Business Group  
General Manager  
  
Naka Division  
General Manager*

**KOTARO MUNEOKA**

*Outside Director*

*Member of the:  
Nominating Committee  
Compensation Committee  
Audit Committee*



Mr. Muneoka attended 9 out of the 10 Board of Directors meetings held in fiscal 2008, and all 13 of the Audit Committee meetings. His comments at these meetings are backed up by comprehensive knowledge and experience in all aspects of business and management, as well as in management auditing.

## EXECUTIVE OFFICERS

SHINICHI TACHI

NORIO KOBAYASHI

MASAHIRO MIYAZAKI

MORIHIRO NISHIDA

YUTAKA MITSUMOCHI

SHIGEKAZU KATO

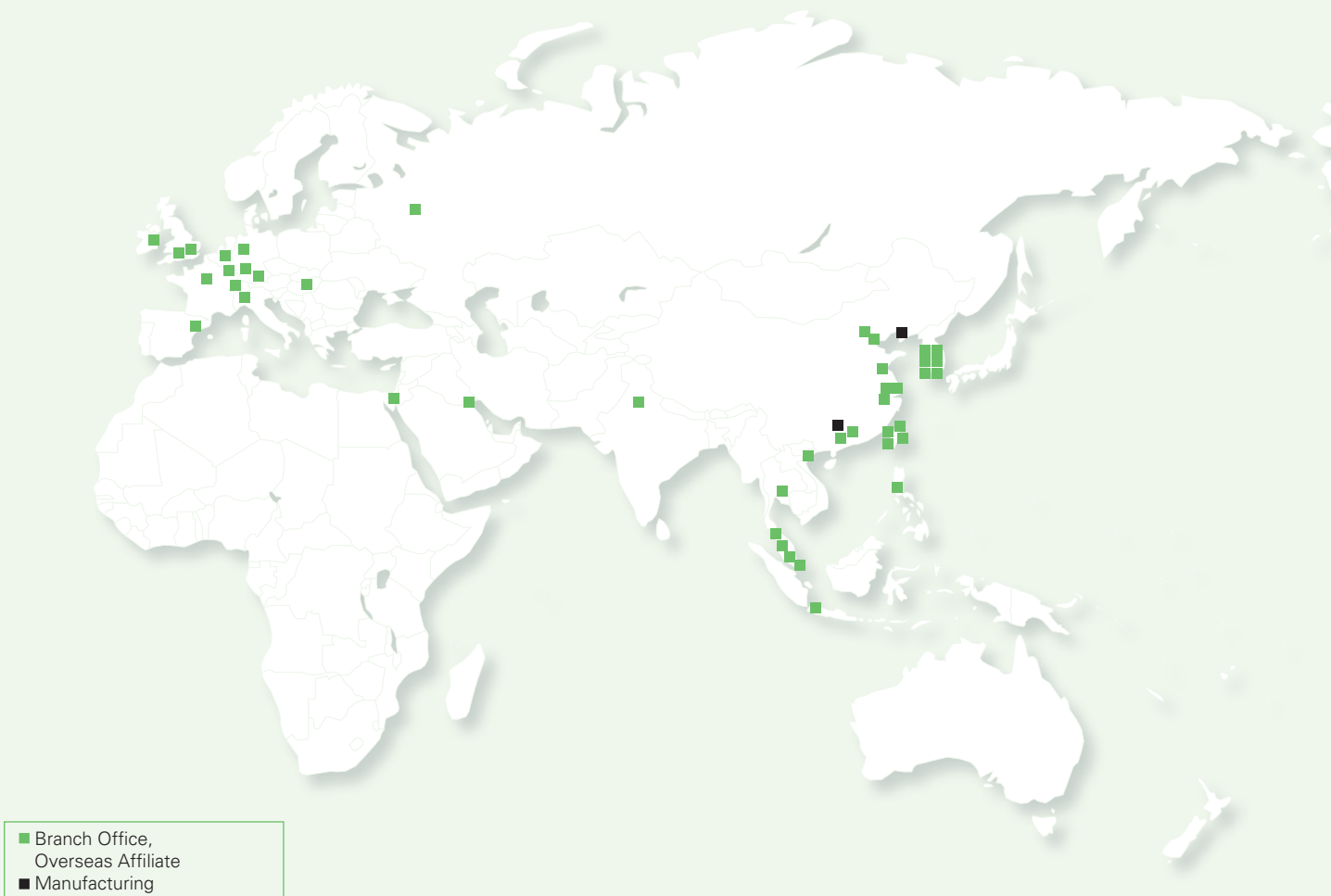
TOSHIO KAJIMOTO

HIDENORI NAGAO

## NETWORK

(As of March 31, 2009)

### OVERSEAS



## OVERSEAS AFFILIATED COMPANIES

### SALES/SERVICES

#### ■ NORTH AMERICA/SOUTH AMERICA

##### Hitachi High Technologies America, Inc.

HOLDING: 100% CAPITAL: US\$7.95 million  
10 N. Martingale Road, Suite 500, Schaumburg,  
IL 60173, U.S.A.  
TEL: 1-847-273-4141 FAX: 1-847-273-4407

##### Hitachi High-Technologies Canada, Inc.

HOLDING: (HTA) 100% CAPITAL: C\$0.5 million  
89 Galaxy Blvd., Suite 14, Rexdale, Ontario, M9W  
6A4, Canada  
TEL: 1-416-675-5860 FAX: 1-416-675-0061

##### Hitachi High-Technologies do Brasil Ltda.

HOLDING: 100% CAPITAL: R\$0.7 million  
Avenida Paulista, 854-7 Andar-Cjto.73, Edificio  
Top Center, Bela Vista, CEP 01310-913,  
Sao Paulo-SP, Brazil  
TEL: 55-11-3253-2511 FAX: 55-11-3251-2464

#### ■ EUROPE

##### Hitachi High-Technologies Europe GmbH

HOLDING: 100% CAPITAL: EUR3.1 million  
Europark Fichtenhain A12, 47807 Krefeld,  
Germany  
TEL: 49-2151-6435-0 FAX: 49-2151-6435-696

##### Hitachi High-Technologies Ireland Ltd.

HOLDING: (HTA) 100% CAPITAL: US\$0.1 million  
C/O Intel MS: 4-1-2 Collinstown Industrial Park  
Leixlip, Co., Kildare, Ireland  
TEL: 353-1-60-64206 FAX: 353-1-60-65298

##### HHTA Semiconductor Equipment Israel, Ltd.

HOLDING: (HTA) 100% CAPITAL: 1,000NIS  
P.O. Box 1000 MS: Hitachi LC2-3S Kiryat Gat  
82109, Israel  
TEL: 972-8-666-6342 FAX: 972-8-666-6939

#### ■ ASEAN

##### Hitachi High-Technologies (Singapore) Pte. Ltd.

HOLDING: (HHT) 95%, (A.C.T. Holding Pte. Ltd.) 5%  
CAPITAL: S\$4 million  
3 Killiney Road, #07-06/09, Winsland House 1,  
Singapore 239519  
TEL: 65-67332754 FAX: 65-67353917

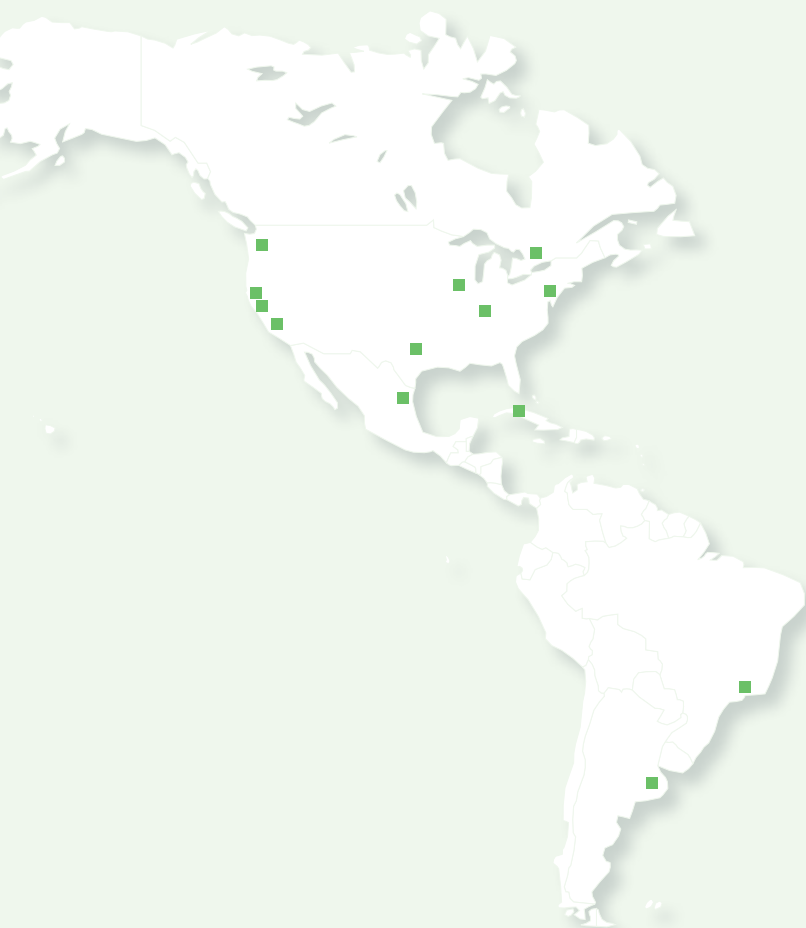
##### Hitachi High-Technologies IPC (Malaysia) Sdn. Bhd.

HOLDING: (HHT) 20%, (HTS) 80%  
CAPITAL: RM3 million  
Letter Box No. 183, 33rd floor, UBN Tower, 10  
Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia  
TEL: 60-3-2078-8800 FAX: 60-3-2078-6968

##### Hitachi High-Technologies (Thailand) Ltd.

HOLDING: (HTS) 100% CAPITAL: TB30 million  
7th fl., Thaniya Building, 62 Silom Road,  
Suriyawong Bangrak, Bangkok 10500,  
Thailand  
TEL: 66-2-237-4538 FAX: 66-2-236-7346





## OVERSEAS NETWORK

### ■ NORTH AMERICA

Chicago	San Francisco	Dallas
Santa Clara	San Diego	New York
Lexington	Oregon	Mexico
Canada		

### ■ LATIN AMERICA

Havana	Buenos Aires	Brazil
--------	--------------	--------

### ■ EUROPE/MIDDLE EAST

Moscow	Kuwait	Düsseldorf
Munich	Mannheim	Budapest
Barcelona	Milan	Paris
London	Zug	Ireland
Israel		

### ■ ASIA REGION

Singapore	Ang Mo Kio	Philippines
India	Vietnam	Kuala Lumpur
Penang	Johor Bahru	Jakarta
Bangkok		

### ■ EAST ASIA

Shanghai	Beijing	Shenzhen
Dalian	Tianjin	Guangzhou
Wuxi	Qingdao	Suzhou
Hong Kong	Seoul	Pusan
Cheonan	Chongju	Kiheung
Ichon	Taipei	Hsinchu
Tainan	Taichung	

## ■ ASIA

### Hitachi High-Technologies (China) Co., Ltd.

HOLDING: 100% CAPITAL: US\$2.1 million  
Room 021, 21F Shanghai HSBC Tower, 1000  
Lujiazui Ring Road, Pudong New Area,  
Shanghai, P.R.C.  
TEL: 86-21-6163-1200 FAX: 86-21-6841-5420

### Hitachi High-Technologies (Shenzhen) Co., Ltd.

HOLDING: (HTH) 100% CAPITAL: HK\$2 million  
25F, Aerospace Skyscraper, 4019 Shennan  
Road, Futian District, Shenzhen, P.R.C.  
TEL: 86-755-8359-5848 FAX: 86-755-8359-3693

### Hitachi High-Technologies (Shanghai) Co., Ltd.

HOLDING: 100% CAPITAL: US\$0.5 million  
Room 032, 21F Shanghai HSBC Tower, 1000  
Lujiazui Ring Road, Pudong New Area,  
Shanghai, P.R.C.  
TEL: 86-21-6163-1200 FAX: 86-21-6841-5420

### Hitachi High-Technologies Korea Co., Ltd.

HOLDING: 100% CAPITAL: WON1,500 million  
8F Young Poong Bldg., 33, Seorin-Dong, Chong  
Ro-Ku, Seoul, 110-752, Korea  
TEL: 82-2-754-7654 FAX: 82-2-757-0360

### Hitachi High-Technologies Hong Kong Ltd.

HOLDING: 100% CAPITAL: HK\$15 million  
3206-7, Tower 2, The Gateway, 25 Canton Road,  
TST, Kowloon, Hong Kong  
TEL: 852-2737-4700 FAX: 852-2377-2169

### Hitachi High-Technologies Taiwan Corp.

HOLDING: 100% CAPITAL: NT\$60 million  
Shin Kang Chung Shan Bldg., 10th fl., 44,  
Sec. 2, Chung Shan N. Road, Taipei, 104, Taiwan  
TEL: 886-2-2522-6901 FAX: 886-2-2536-5475

## MANUFACTURING

### ■ ASIA

#### Hitachi Instrument (Suzhou), Ltd.

HOLDING: 100% CAPITAL: US\$5 million  
No. 5 Xingnan Street BLK G, New Industrial Park,  
Suzhou 215021, P.R.C.  
TEL: 86-512-6761-0270 FAX: 86-512-6761-0016

#### Dalian Naka Instruments Co., Ltd.

HOLDING: (HHT) 60%, (Dalian Levear Electric Co., Ltd) 40%  
CAPITAL: US\$0.3 million  
No. 15 Xinzhaizi East Street, Ganjingzi District,  
Dalian 116033, Liaoning Province of P.R.C.  
TEL: 86-411-86309736 FAX: 86-411-86312213

HHT: Hitachi High-Technologies  
HTA: Hitachi High Technologies America, Inc.  
HTS: Hitachi High-Technologies (Singapore) Pte. Ltd.  
HTH: Hitachi High-Technologies Hong Kong Ltd.

## DOMESTIC NETWORK

Head Office (Tokyo)  
 Naka Division  
 Kasado Division  
 Shonan Division  
 Saitama Division  
 Hokkaido Branch Office  
 Goshogawara Office  
 Tohoku Branch Office  
 Takasaki Sub Branch Office  
 Tochigi Sales Office  
 Utsunomiya Office  
 Ibaraki Branch Office  
 Hitachinaka Sales Office  
 Tsukuba Branch Office

Regional Branch Office for Kanto area  
 Hino Sales Office  
 Mobara Sub Branch Office  
 Chubu Branch Office  
 Toyota Sales Office  
 Mie Sales Office  
 Kyoto Sales Office  
 Regional Branch Office for West Japan Area  
 Kansai Branch Office  
 Chugoku Branch Office  
 Shikoku Sales Office  
 Kyushu Branch Office  
 South Kyushu Sales Office



■ Head Office, Branch Office, Sales Office  
 ■ Division (Manufacturing)

## DOMESTIC AFFILIATED COMPANIES

## SALES

Hitachi High-Tech Trading Corp.

HOLDING: 100% CAPITAL: ¥400 million  
 24-14, Nishi-shimbashi 1-chome, Minato-ku,  
 Tokyo 105-8418, Japan  
 TEL: +81-3-3504-7911 FAX: +81-3-3504-7900

Hitachi High-Tech Support Corp.

HOLDING: 100% CAPITAL: ¥50 million  
 24-14, Nishi-shimbashi 1-chome, Minato-ku,  
 Tokyo 105-0003, Japan  
 TEL: +81-3-3504-7951 FAX: +81-3-3504-7973

Hitachi High-Tech Materials Corp.

HOLDING: 100% CAPITAL: ¥200 million  
 24-14, Nishi-shimbashi 1-chome, Minato-ku,  
 Tokyo 105-0003, Japan  
 TEL: +81-3-3504-5011 FAX: +81-3-3504-5095

Giesecke & Devrient K.K.

HOLDING: (HHT) 49%, (Giesecke & Devrient GmbH) 51%  
 CAPITAL: ¥200 million  
 24-14, Nishi-shimbashi 1-chome, Minato-ku,  
 Tokyo 105-8717, Japan  
 TEL: +81-3-3504-5910 FAX: +81-3-3504-5924

Hitachi High-Tech Solutions Corp.

HOLDING: 100% CAPITAL: ¥100 million  
 7th fl., Solid Square West Wing,  
 580, Horikawa-cho, Saiwai-ku, Kawasaki-shi,  
 Kanagawa 212-0013, Japan  
 TEL: +81-44-543-7211 FAX: +81-44-543-7222

## SERVICES/MANUFACTURING

Hitachi High-Tech Fielding Corp.

HOLDING: 100% CAPITAL: ¥50 million  
 28-8, Yotsuya 4-chome, Shinjuku-ku,  
 Tokyo 160-0004, Japan  
 TEL: +81-3-5379-2311 FAX: +81-3-3341-6158

Hitachi High-Tech Manufacturing & Service Corp.

HOLDING: 100% CAPITAL: ¥230 million  
 1040, Ichige, Hitachinaka-shi, Ibaraki 312-0033,  
 Japan  
 TEL: +81-29-276-6340 FAX: +81-29-276-6349

Hitachi High-Tech Engineering Service Corp.

HOLDING: 100% CAPITAL: ¥370 million  
 24-14, Nishi-shimbashi 1-chome, Minato-ku,  
 Tokyo 105-0003, Japan  
 TEL: +81-3-3504-3151 FAX: +81-3-3504-3130

Hitachi High-Tech Instruments Co., Ltd.

HOLDING: 100% CAPITAL: ¥450 million  
 6, Menuuma Nishi, 1-chome, Kumagaya-shi,  
 Saitama 360-0238, Japan  
 TEL: +81-48-506-6000 FAX: +81-48-567-0079

Hitachi High-Tech Control Systems Corp.

HOLDING: 100% CAPITAL: ¥200 million  
 500, Miyu-cho, Mito-shi,  
 Ibaraki 319-0316, Japan  
 TEL: +81-29-257-5100 FAX: +81-29-257-5120

## FINANCIAL SECTION

48	MANAGEMENT'S DISCUSSION AND ANALYSIS
56	CONSOLIDATED BALANCE SHEETS
58	CONSOLIDATED STATEMENTS OF INCOME
59	CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
60	CONSOLIDATED STATEMENTS OF CASH FLOWS
61	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
78	REPORT OF INDEPENDENT AUDITORS

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## 1. COMPANY OVERVIEW

The operations of Hitachi High-Technologies Group (the Group) are divided into four segments: Electronic Device Systems, Life Sciences, Information Systems & Electronic Components, and Advanced Industrial Products. The Group manufactures and sells various products in these four segments, mainly related to electronics, and provides maintenance and other services associated with these businesses as well. The Group is expanding its business operations by making effective use of its world-class technological prowess and global marketing capabilities, and consistently aims to be Global Top in high-tech solutions.

## 2. BUSINESS ENVIRONMENT

In fiscal 2008, the year ended March 31, 2009, the Japanese economy witnessed the most challenging business conditions ever, as the financial crisis that originated in the U.S. spread across the globe, plunging the world into recession. The outlook remains daunting, with sudden scaling back of production at manufacturers and other trends likely to lead to major job losses. Although emergency financial support by governments around the world was successful in averting the outright collapse of the global economy, harsh conditions are likely to continue.

In this environment, the Group made up of the parent company and its subsidiaries, leveraged world-class technologies as well as global marketing and service networks to develop its businesses. In its ongoing quest to become Global

Top in high-tech solutions, the Group instilled in employees the need to focus on speed, on-site awareness and strengthening consolidated management. Notwithstanding these efforts, consolidated net sales and operating profit were both lower than in fiscal 2007.

## 3. OPERATING RESULTS

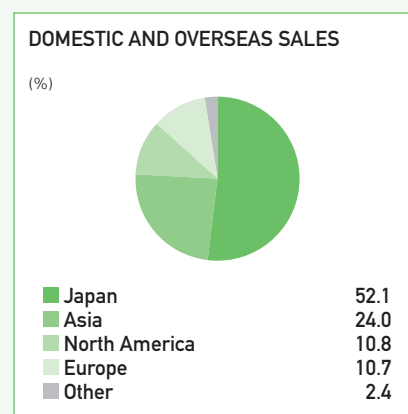
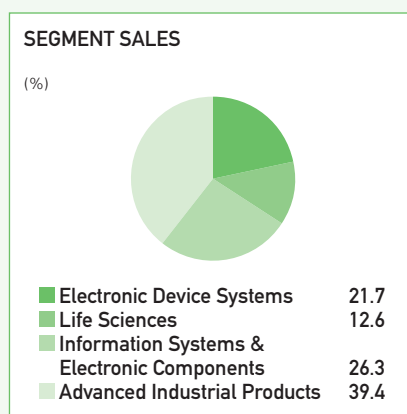
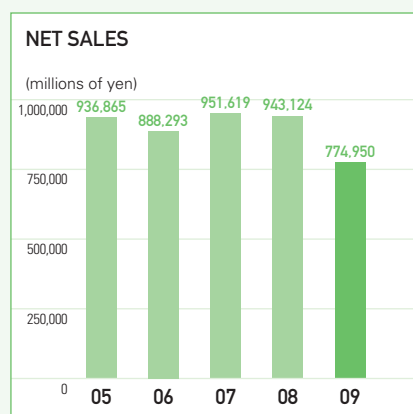
### NET SALES

In fiscal 2008, consolidated net sales declined ¥168.2 billion, or 17.8%, year on year to ¥775.0 billion, reflecting a drop in sales in the Electronic Device Systems, Information Systems & Electronic Components and Advanced Industrial Products segments. Accounting standards for recognizing revenue were changed from the fiscal year under review, leading to a decline in net sales of ¥18.9 billion compared with previous recognition criteria.

### SEGMENT INFORMATION

#### Electronic Device Systems

In semiconductor manufacturing equipment, sales of etching systems grew robustly as a result of continued investment on the part of major U.S. customers. However, sales of mainstay CD-Measurement SEMs and other inspection and analysis systems fell sharply due to postponement and freezing of capital investments by Asian customers in particular.



(¥100 million)

	Fiscal 2008	Fiscal 2007	Change (%)
Electronic Device Systems	1,683	2,648	(36.4)
	(48)	231	—
Life Sciences	977	962	1.6
	194	184	5.3
Information Systems & Electronic Components	2,038	2,327	(12.4)
	(16)	41	—
Advanced Industrial Products	3,051	3,495	(12.7)
	19	35	(46.4)

The upper figures of each segment represent net sales while the lower figures show operating profit.

In LCD manufacturing equipment, proximity exposure systems posted higher sales, but sales were down in module assembly systems, resulting in lower sales overall.

### Life Sciences

Clinical analyzers experienced continued strong sales particularly in clinical chemistry and immunodiagnostic analyzers to the European and U.S. markets, as a result of launching products in response to the high level of demand for effective, high-quality testing.

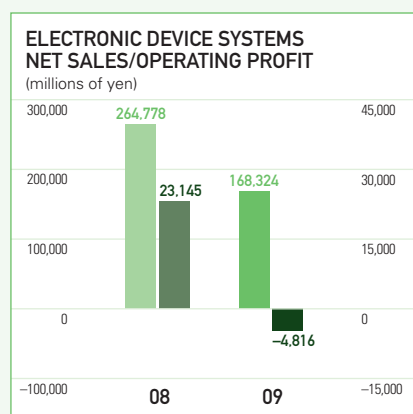
Biotechnology-related equipment recorded an overall drop in sales due to lower sales of general purpose analysis equipment, reflecting curbed investment by customers, among other factors. Relatively strong sales of DNA sequencers were not enough to compensate for this decline.

### Information Systems & Electronic Components

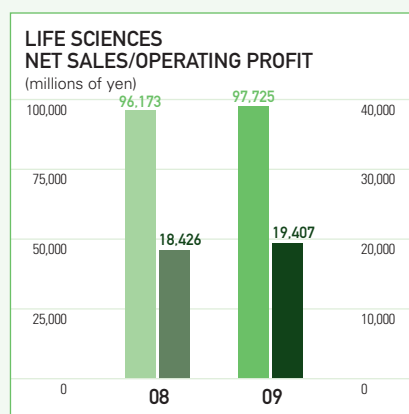
Sales of chipmounters declined dramatically as a result of postponement and freezing of investments by customers. A significant drop in sales was also recorded for semiconductors, mainly reflecting customer production cutbacks. Meanwhile, the information and communications technology business witnessed a marked increase in sales of mobile phones to the U.S.

### Advanced Industrial Products

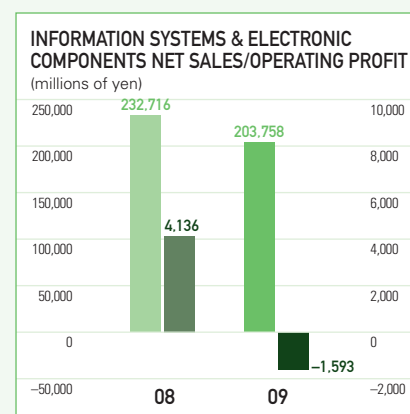
Solar cell materials and related equipment posted higher sales to Europe and China, while sales were down in silicon wafers due to lackluster demand for semiconductors. LCD-related materials and automobile components recorded lower sales, mainly reflecting customer production cutbacks.



■ Net Sales (Left) ■ Operating Profit (Right)



■ Net Sales (Left) ■ Operating Profit (Right)



■ Net Sales (Left) ■ Operating Profit (Right)



## COST OF SALES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In fiscal 2008, the cost of sales declined by ¥126.6 billion, or 15.9%, year on year to ¥670.7 billion, although the cost of sales ratio deteriorated 2.1 percentage points to 86.6%. This mainly reflected lower sales in the Electronic Device Systems segment. In addition, selling, general and administrative (SG&A) expenses declined ¥7.4 billion, or 7.6%, year on year to ¥89.3 billion, but the SG&A ratio deteriorated 1.2 percentage points to 11.5%, mainly because of the decline in sales.

## OPERATING PROFIT

In fiscal 2008, operating profit dropped ¥34.2 billion, or 69.7%, year on year to ¥14.9 billion, and the operating profit ratio deteriorated 3.3 percentage points to 1.9%. Accounting standards for recognizing revenue were changed from the fiscal year under review, leading to a ¥3.6 billion decline in operating profit compared with the previous recognition criteria.

An overview of operating profit by business segment is shown below.

In the Electronic Device Systems segment, operating profit fell ¥28.0 billion, resulting in a ¥4.8 billion loss. Operating profit in the Life Sciences segment rose ¥1.0 billion, or 5.3%, to ¥19.4 billion, and the operating profit ratio in this segment improved 0.7 of a percentage point to 19.9%. In the Information Systems & Electronic Components segment, operating profit decreased ¥5.7 billion, resulting in a loss of ¥1.6 billion.

In the Advanced Industrial Products segment, operating profit was down ¥1.6 billion, or 46.4%, to ¥1.9 billion. The operating profit ratio for this segment deteriorated 0.4 of a percentage point to 0.6%.

## OTHER INCOME (EXPENSE) AND INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS

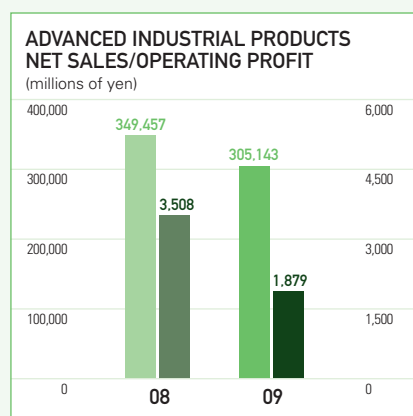
Other income increased ¥0.2 billion, or 7.7%, to ¥3.4 billion, mainly reflecting increases in dividend income and foreign exchange gains. Other expenses increased ¥0.6 billion, or 14.2%, to ¥4.4 billion. This mainly reflected losses on devaluation of inventories and decreases in loss on sales of investment securities.

As a result of the above, income before income taxes and minority interests was ¥13.9 billion, a decrease of ¥34.5 billion, or 71.3%, compared to the previous fiscal year. The ratio of income before income taxes and minority interests to sales deteriorated 3.3 percentage points to 1.8%.

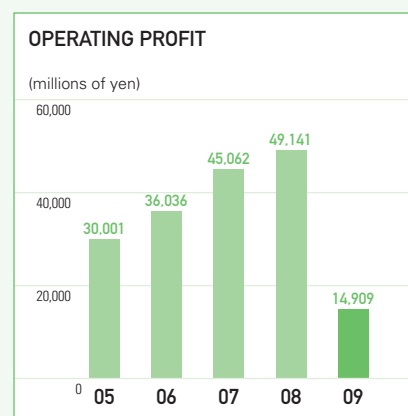
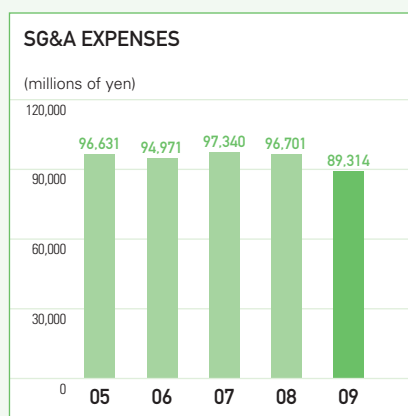
## NET INCOME

Income taxes decreased ¥14.2 billion, or 67.7%, to ¥6.8 billion, due to the Group's weak earnings performance in fiscal 2008. In addition, minority interests decreased by ¥0.5 billion, or 93.1%, to ¥36 million.

As a result, net income contracted ¥19.9 billion, or 73.7%, year on year to ¥7.1 billion. The ratio of net income to sales deteriorated 2.0 percentage points to 0.9%. Return on equity



■ Net Sales (Left) ■ Operating Profit (Right)



(ROE) declined 8.9 percentage points to 3.0%, and net income per share dropped ¥144.36 to ¥51.44.

## FINANCE POLICY

With regard to finance policy, the Group will strengthen its financial base by maintaining sufficient liquidity and securing funds. These funds will be used to meet working capital requirements for business expansion, R&D, and capital investment. The Group will also maintain a sound balance sheet by collecting accounts receivables earlier, reducing inventories and promoting other initiatives to improve working capital. In addition, it will review asset holdings and take other steps. These and other actions target a further increase in free cash flows on a consolidated basis.

The Group aims to improve the efficiency of capital through the use of a cash pooling system among Group companies. In addition, by making active use of the Hitachi Group cash management fund, the Group aims to maintain liquidity and improve profitability.

The Group employs Future Inspiration Value (FIV), a management performance indicator used by the Hitachi Group, to evaluate its operating results. By strictly applying this management performance metric, the Group is promoting an improvement in asset efficiency across all operations with the aim of creating a management framework capable of consistently delivering earnings that exceed the cost of capital.

## 4. FINANCIAL POSITION

### ASSETS

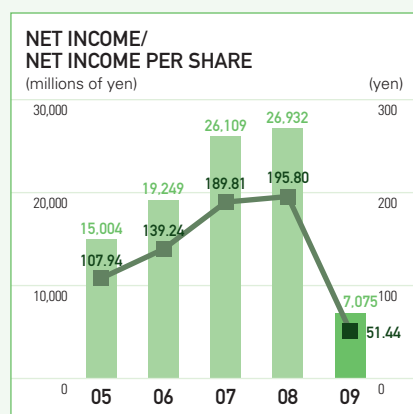
Total assets at March 31, 2009 stood at ¥427.6 billion, a decrease of ¥77.3 billion, or 15.3%, from a year earlier.

Current assets decreased ¥71.0 billion, or 17.3%, to ¥340.6 billion. This primarily reflected a decrease of ¥3.1 billion, or 12.1%, in cash and a decrease of ¥93.1 billion, or 37.6%, in notes and accounts receivables. These outweighed an increase of ¥8.6 billion, or 26.0%, in work in process due to the revised accounting standards for recognizing revenue, and an increase of ¥21.3 billion, or 46.4%, in deposit to Hitachi Group cash management fund due to use of the Hitachi Group's cash pooling system.

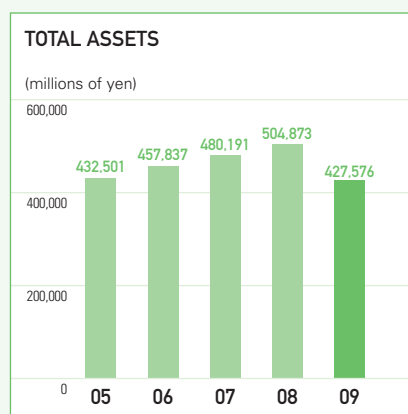
Property, plant and equipment decreased ¥0.3 billion, or 0.4%, to ¥58.4 billion. This was due to a decrease of ¥0.6 billion, or 2.7%, in land, due primarily to the sale of Hitachi High Technologies America, Inc.'s offices and demonstration centers, which outweighed an increase of ¥0.4 billion, or 1.7%, in buildings and structures resulting mainly from refurbishment of the Naka Division building.

Intangible assets increased ¥0.4 billion, or 11.0%, to ¥4.3 billion. This mainly reflected an increase of ¥0.5 billion, or 13.7%, in software due to the introduction of an IT system to support marketing administration.

Investments and other assets declined ¥6.5 billion, or 21.0%, to ¥24.2 billion. This was mainly attributable to an



■ Net Income (Left) ■ Net Income per Share (Right)



increase of ¥1.5 billion, or 22.4%, in deferred tax assets, which was more than offset by a decrease of ¥5.5 billion, or 43.2%, in investments in securities resulting from the sale of shares in Eiken Chemical Co., Ltd., as well as mark-to-market valuation and other factors.

## LIABILITIES

Total liabilities decreased ¥76.5 billion, or 28.3%, to ¥193.3 billion. Current liabilities fell ¥75.9 billion, or 31.2%, to ¥166.9 billion. This mainly reflected an increase of ¥6.0 billion, or 87.7%, in advances from customers due to the revised accounting standards for recognizing revenue, outweighed by a decrease of ¥64.3 billion, or 36.1%, in notes and accounts payables, a decrease of ¥7.3 billion, or 81.5% in income taxes, and a decrease of ¥3.5 billion, or 13.1%, in accrued expenses.

## NET ASSETS

Net assets on March 31, 2009 stood at ¥234.3 billion, a decrease of ¥0.8 billion, or 0.4%, from a year earlier. Shareholders' equity was ¥2.6 billion, or 1.1%, higher year on year, at ¥234.9 billion. This mainly reflected an increase of ¥2.6 billion, or 1.4%, in retained earnings.

Valuation and translation adjustments were down ¥3.4 billion year on year, to a negative ¥0.8 billion. The main factors in this decline were a ¥1.8 billion, or 41.5%, decline in net unrealized holding gains on securities, and a decline of ¥1.3 billion in foreign currency translation adjustments.

Minority interests increased by ¥2 million, or 1.0% compared to a year earlier, to ¥0.2 billion.

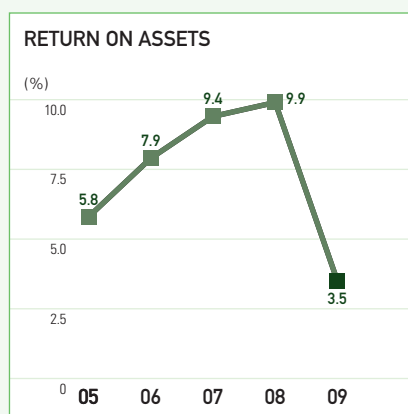
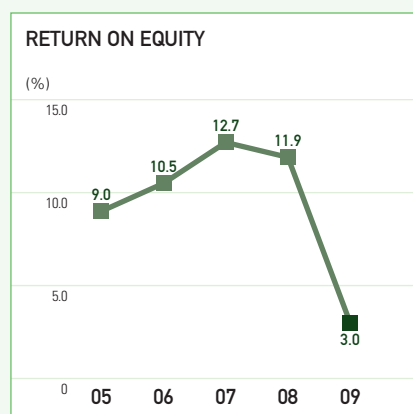
The equity ratio rose 8.2 percentage points year on year to 54.7%, and net assets per share decreased ¥5.95 to ¥1,701.74.

## 5. CASH FLOWS

Cash and cash equivalents at the end of the fiscal year increased ¥1.8 billion to ¥79.6 billion from a year earlier. The status of respective cash flows and the main contributing factors are outlined below.

Operating activities provided net cash of ¥31.1 billion. Cash inflow was provided by ¥13.9 billion in income before income taxes and minority interests, ¥9.5 billion in depreciation and amortization (non-cash expense), and an ¥89.9 billion decrease in notes and accounts receivables. This inflow was offset by an ¥8.2 billion increase in inventories, a ¥60.6 billion decrease in notes and accounts payables, and ¥16.7 billion in income taxes paid.

Investing activities used net cash of ¥18.7 billion. Cash outflows included ¥10.1 billion in capital expenditures for the purchase of tangible and intangible fixed assets, such as buildings, aimed at the reinforcement of manufacturing functions, and ¥15.0 billion in deposit to Hitachi Group cash management fund with maturity over three months. These outflows outweighed cash inflows in the form of ¥5.3 billion in proceeds from sale and redemption of securities and ¥1.6 billion in proceeds from sale of property and equipment at overseas subsidiaries.



Financing activities used net cash of ¥9.3 billion. This was mainly attributable to cash outflows comprising dividends paid of ¥4.5 billion and expenditure on purchasing stocks from minority interests at overseas subsidiaries of ¥4.8 billion, which are included in other, net.

## 6. R&D EXPENSES

The Hitachi High-Technologies Group is working to boost product competitiveness and develop new products and businesses in each of its four business segments: Electronic Device Systems, Life Sciences, Information Systems & Electronic Components and Advanced Industrial Products. R&D expenses relating to these activities for fiscal 2008 totaled ¥21.5 billion.

### R&D Expenses by Segment

Electronic Device Systems	¥14.0 billion
Life Sciences	¥5.8 billion
Information Systems & Electronic Components	¥1.7 billion
Advanced Industrial Products	¥0.1 billion

## 7. RISK INFORMATION

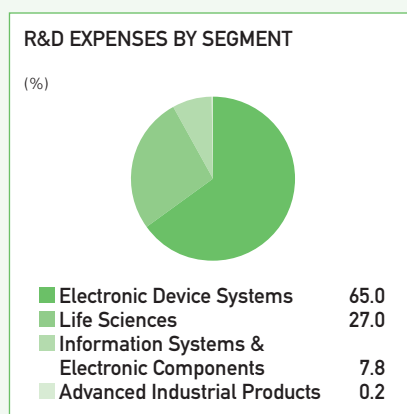
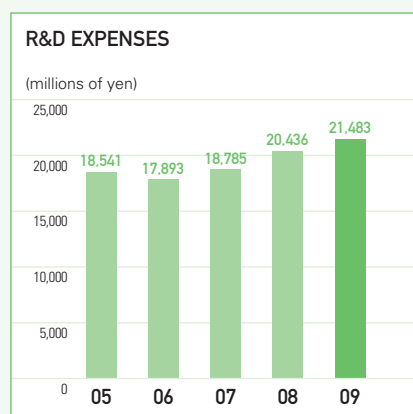
The following is a non-exhaustive list of some of the risks the Group might face in the course of its business activities that have the potential to affect its operating results, stock price, and financial condition. Forward-looking statements in this report are based on risks identified as of March 31, 2009.

## (1) MARKET TRENDS

The Group conducts business globally in regions such as Japan, Europe, the U.S., China, and other parts of Asia in the Electronic Device Systems, Life Sciences, Information Systems & Electronic Components and Advanced Industrial Products fields using both its advanced technological development capabilities and trading functions. Changes in the markets for finished electronics products, in the balance of supply and demand for semiconductors, or further deterioration in the economic environment in any of these regions could adversely affect the Group's operating results.

## (2) TECHNOLOGICAL INNOVATION

In the Electronic Device Systems and Life Sciences fields, the Group's main businesses and new technologies are being developed daily. The development of advanced technologies, continuous and timely development of applications, and the provision of outstanding services are vital to ensuring the Group's competitiveness. To launch these sorts of new products, the Group is concentrating on research and development in close cooperation with the research facilities of parent company Hitachi, Ltd. However, there are no guarantees that the Group's R&D activities will always be successful. Failure to translate R&D and commercialization of new products into successful outcomes could adversely affect the Group's operating results.



### **(3) ESCALATING COMPETITION**

Past experience has shown that the Group's principal business domains are prone to escalation in competition. To prevail in this environment, the Group's products must be competitive in terms of price, performance, quality and brand appeal. However, ensuring competitiveness is an inherently uncertain matter, and loss of product competitiveness could adversely affect the Group's operating results.

### **(4) RAPID RISE IN MATERIALS EXPENSES**

It is difficult for the Group to reflect rising prices of crude oil and basic materials in the sales prices of its products. Any further increase in materials prices could thus adversely affect the Group's operating results.

### **(5) RISKS ASSOCIATED WITH INTERNATIONAL ACTIVITIES AND DEVELOPING BUSINESS OVERSEAS**

The Group conducts sales activities extensively around the world. Consequently, there is a risk of terrorist attacks, riots, war, infectious diseases, natural disasters or other adverse events in regions where the Group's major clients, or operating bases, are located. The occurrence of such political or social risks could result in bans on the movement of employees and shipment of goods. Such a situation could cause delays in business activities or adversely affect operating results.

### **(6) NATURAL DISASTERS**

The Group implements measures to prevent disasters at production sites. However, natural disasters which cannot be averted through disaster prevention measures, such as a major earthquake, or a power outage that dramatically reduces energy supplies, or the closure of workplaces to employees who have contracted a new form of influenza or other disease, could hinder the Group's ability to manufacture products or result in the suspension of production, adversely affecting the Group's operating results.

### **(7) RETIREMENT BENEFIT OBLIGATIONS**

To minimize the risk of deterioration in pension asset investments affecting its operating results and financial condition, the Group has introduced a corporate pension fund centered on a cash

balance plan and other similar systems. However, a downturn in financing conditions caused by a sudden change in the economic environment, or a shift in basic rates including the discount rate, and the assumed rates for mortality, retirement and salary increases, could adversely affect the Group's operating results.

### **(8) CHANGE IN FOREIGN CURRENCY EXCHANGE RATES**

The Group conducts business in Japan and overseas. For the purpose of preparing the consolidated financial statements, accounts denominated in local currencies in each region are converted to yen. Even if there is no change in the value of these accounts on a local currency basis, the value may change after conversion to yen.

Furthermore, in divisions handling proprietary products, the bulk of procurements are denominated in yen, meaning that there is little foreign exchange rate risk related to production and procurement costs. Generally speaking, however, sales of proprietary products and products sold in trading company operations are adversely affected by an appreciation of the yen and benefit from a depreciation of the yen against other currencies.

A fall in the value of a currency in a country where trading divisions are located could result in higher costs for procuring products. Increased costs could lower the Group's profit margin and undermine the price competitiveness of products, adversely affecting the Group's operating results.

The Group uses forward exchange contracts to minimize the adverse effects of short-term currency fluctuations between major currencies, including the U.S. dollar, euro and yen. However, because there are cases where the Group cannot execute planned business activities due to medium- and long-term foreign exchange movements, changes in foreign exchange rates may adversely affect the Group's operating results and financial condition.

### **(9) INTELLECTUAL PROPERTY-RELATED RISK**

The Group owns intellectual property rights and has acquired licenses that are necessary for its businesses. Furthermore, as a member of the Hitachi Group, Hitachi High-Technologies is engaged in intellectual property activities in close collaboration with Hitachi, Ltd. However, problems relating to the infringement of intellectual property rights are inherently difficult to



predict. The Group could incur considerable expenses in defending itself in a dispute with a third party over intellectual property rights.

## **(10) INFORMATION SECURITY**

Technical information associated with the Electronic Device Systems, Life Sciences, Information Systems & Electronic Components and Advanced Industrial Products fields is the source of the Group's competitiveness. Additionally, some of the Group's main companies are deemed by laws related to the protection of personal information to be businesses that handle personal information. As a result, the Group has put in place Group-wide systems to securely manage this personal and technical information. However, with vast volumes of information exchanged due to the increasingly advanced nature of the information society and the spread of IT, there is a risk that this information may be leaked. Any leak of technical information could impact the Group's relative competitiveness, while a leak of personal information could lead to a loss of trust in the Group.

## **(11) LITIGATION AND OTHER LEGAL PROCEEDINGS**

In conducting its business operations, the Group faces the risk that business partners or third parties may instigate litigation or other legal proceedings against it. Any such action resulting in a demand for damages that involves a very large sum and is impossible to foresee could adversely affect the Group's operating results.

## **8. OUTLOOK FOR FISCAL 2009**

In the European and U.S. economies, the financial crisis originating in the U.S. has caused a major deterioration in business conditions. However, government policies to shore up economies, mostly in the form of massive fiscal stimulus packages, are expected to bring a degree of relief in fiscal 2009. These efforts notwithstanding, a real recovery is not expected until the second half of the fiscal year or later. In China, meanwhile, growth is forecast to be sluggish due to the impact of the recessions in Europe and the U.S.

Challenging conditions are likewise expected to continue in the Japanese economy, which has experienced a dramatic fall-off in exports as a result of economic contraction overseas.

This has been compounded by stagnant domestic demand in terms of consumer spending and capital investment.

Nonetheless, the operating environment for the Hitachi High-Technologies Group holds some prospect of hope, despite uncertainty regarding recovery in the semiconductor market. Production adjustments are now starting to halt the fall in semiconductor prices, while at some manufacturers capacity utilization is back on a recovery track. As a result, there are now signs that manufacturers are thinking of resuming investment to some extent from the second half of fiscal 2009, particularly in scaling.

In the LCD manufacturing equipment market, capacity utilization at panel manufacturers has started to improve as a result of progress in optimizing inventory levels by adjusting production. However, new investment is not expected until the second half of fiscal 2009 at the earliest. In Life Sciences, a harsh business climate is predicted, with restrained investment in the context of worldwide curbing of medical expenses, and heightened price competition. Even clinical chemistry and immunodiagnostic analyzers for the European and U.S. markets, which performed well until fiscal 2008, are forecast to see stagnant sales since existing customers have already upgraded to newer models.

Under these difficult conditions, the Group is pulling together to radically revise its cost structure on an ongoing basis. To this end, the Group has been restructuring its operations since fiscal 2008 by right-sizing its workforce and implementing operational holidays, in addition to rigorously selecting targets for capital investment and research and development.

In parallel with the measures outlined above, the Group is stepping up the pace of growth strategies as it strives to expand its operational scope. It is targeting the exceptionally promising energy and environment-related field, having set up a new organizational unit to maximize synergies between existing businesses and new businesses in this area. Meanwhile, the Group is making progress in employing core metrology and analysis technologies to develop high-value-added solutions that can contribute to the environment, and generating value-added businesses that can set it apart from competitors.

As it consistently aims to be Global Top in high-tech solutions, the Group will work to increase enterprise value by rapidly responding to market trends and customer needs.

## CONSOLIDATED BALANCE SHEETS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries  
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (note 2)
Assets	2009	2008	2009
<b>Current assets:</b>			
Cash (note 3)	¥ 22,685	¥ 25,819	\$ 230,933
Short-term investments (note 4)	98	1,129	996
Notes and accounts receivables (note 5)	154,318	247,409	1,570,985
Merchandise and finished goods	27,299	29,540	277,907
Work in process	41,440	32,880	421,863
Raw materials	3,216	4,650	32,740
Advances to suppliers (note 5)	2,852	2,576	29,031
Deposit to Hitachi Group cash management fund (notes 3 and 5)	67,281	45,957	684,932
Deferred tax assets (note 6)	11,482	13,362	116,893
Prepaid expenses and other current assets (note 3)	12,685	11,692	129,133
Less: allowance for doubtful receivables	(2,729)	(3,378)	(27,777)
Total current assets	340,627	411,636	3,467,636
<b>Property, plant and equipment:</b>			
Land	19,708	20,259	200,633
Buildings and structures	49,266	47,902	501,539
Machinery and equipment	36,409	34,755	370,651
Tools, furniture and fixtures	28,712	27,807	292,296
Construction in progress	204	250	2,073
	134,299	130,973	1,367,192
Less: accumulated depreciation	(75,861)	(72,281)	(772,283)
Net property, plant and equipment	58,438	58,692	594,909
<b>Intangible assets</b>	4,269	3,847	43,463
<b>Investments and other assets:</b>			
Investments in non-consolidated subsidiaries and affiliates	—	1,728	—
Investments in securities (note 4)	7,216	12,708	73,457
Long-term loan	412	498	4,195
Deferred tax assets (note 6)	8,152	6,660	82,985
Other assets (note 7)	9,501	10,169	96,736
Less: allowance for doubtful receivables	(1,039)	(1,065)	(10,581)
Total investments and other assets	24,242	30,698	246,792
Total assets	¥427,576	¥504,873	\$4,352,800

See accompanying notes to consolidated financial statements

	Millions of yen		Thousands of U.S. dollars (note 2)
Liabilities and net assets	2009	2008	2009
<b>Current liabilities:</b>			
Notes and accounts payables (note 5)	¥113,871	¥178,134	\$1,159,231
Accrued expenses	23,239	26,753	236,578
Income taxes (note 6)	1,654	8,918	16,838
Advances from customers (note 5)	12,749	6,793	129,788
Provision for product warranty expenses	1,920	2,154	19,541
Other current liabilities (note 6)	13,504	20,061	137,475
Total current liabilities	166,937	242,813	1,699,451
<b>Long-term liabilities:</b>			
Retirement and severance benefits (note 7)	25,685	26,681	261,483
Other liabilities (note 6)	676	275	6,874
Total long-term liabilities	26,361	26,956	268,357
Total liabilities	193,298	269,769	1,967,808
<b>Net assets:</b>			
Common stock (note 8)	7,938	7,938	80,815
Capital surplus (notes 8 and 9)	35,745	35,745	363,887
Retained earnings (note 9)	191,497	188,892	1,949,475
Treasury stock, at cost, 194,214 shares in 2009 and 188,920 shares in 2008	(316)	(306)	(3,217)
Net unrealized holding gains on securities	2,552	4,365	25,985
Other comprehensive income	(153)	156	(1,560)
Foreign currency translation adjustments	(3,198)	(1,897)	(32,566)
Minority interests	213	211	2,173
Total net assets	234,278	235,104	2,384,992
<b>Commitments and contingent liabilities</b> (note 10)			
Total liabilities and net assets	¥427,576	¥504,873	\$4,352,800

## CONSOLIDATED STATEMENTS OF INCOME

Hitachi High-Technologies Corporation and Consolidated Subsidiaries  
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (note 2)
	2009	2008	2009
<b>Net sales</b> (note 5)	<b>¥774,950</b>	¥943,124	<b>\$7,889,140</b>
<b>Cost of sales</b> (note 5)	<b>670,727</b>	797,282	<b>6,828,133</b>
Gross profit	<b>104,223</b>	145,842	<b>1,061,007</b>
<b>Selling, general and administrative expenses</b>	<b>89,314</b>	96,701	<b>909,231</b>
Operating profit	<b>14,909</b>	49,141	<b>151,776</b>
<b>Other income (expense)</b>			
Interest and dividends income	<b>1,263</b>	1,373	<b>12,855</b>
Interest expenses	<b>(114)</b>	(116)	<b>(1,155)</b>
Equity in earnings of affiliates	<b>–</b>	183	<b>–</b>
Foreign exchange gains	<b>377</b>	10	<b>3,842</b>
Loss on devaluation of inventories	<b>–</b>	(1,154)	<b>–</b>
Gain on sale of investments securities	<b>60</b>	857	<b>609</b>
Gain on sale of fixed assets	<b>732</b>	426	<b>7,453</b>
Loss on devaluation of investments in securities	<b>(370)</b>	(1,568)	<b>(3,765)</b>
Impairment losses (note 15)	<b>(961)</b>	–	<b>(9,785)</b>
Restructuring charges (note 16)	<b>(1,654)</b>	–	<b>(16,837)</b>
Loss on sale of investments in securities	<b>(456)</b>	–	<b>(4,645)</b>
Gain on abolishment of retirement benefit plan	<b>57</b>	–	<b>578</b>
Other, net	<b>40</b>	(731)	<b>402</b>
	<b>(1,026)</b>	(720)	<b>(10,448)</b>
Income before income taxes and minority interests	<b>13,883</b>	48,421	<b>141,328</b>
<b>Income taxes</b> (note 6)			
Current	<b>5,028</b>	17,211	<b>51,187</b>
Deferred	<b>1,744</b>	3,762	<b>17,749</b>
	<b>6,772</b>	20,973	<b>68,936</b>
Income before minority interests	<b>7,111</b>	27,448	<b>72,392</b>
<b>Minority interests</b>	<b>36</b>	516	<b>363</b>
<b>Net income</b>	<b>¥ 7,075</b>	¥ 26,932	<b>\$ 72,029</b>

	Yen	U.S. dollars (note 2)
Net income per share (note 11)	<b>¥ 51.44</b>	<b>\$ 0.52</b>

See accompanying notes to consolidated financial statements

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries  
Years ended March 31, 2009 and 2008

Millions of yen

	Issued and outstanding shares (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity	Net unrealized holding gains on securities	Other comprehensive income	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
<b>Balance at March 31, 2007</b>	137,739	¥7,938	¥35,745	¥165,399	¥(295)	¥208,787	¥ 7,078	¥ 56	¥ 333	¥ 7,467	¥ 5,076	¥221,330
Net income	-	-	-	26,932	-	26,932	-	-	-	-	-	26,932
Cash dividends	-	-	-	(3,439)	-	(3,439)	-	-	-	-	-	(3,439)
Purchase of treasury stock	-	-	-	-	(11)	(11)	-	-	-	-	-	(11)
Net change during the year	-	-	-	-	-	-	(2,713)	100	(2,230)	(4,843)	-	(4,843)
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	(4,865)	(4,865)
<b>Balance at March 31, 2008</b>	137,739	¥7,938	¥35,745	¥188,892	¥(306)	¥232,269	¥ 4,365	¥ 156	¥(1,897)	¥ 2,624	¥ 211	¥235,104
Net income	-	-	-	7,075	-	7,075	-	-	-	-	-	7,075
Cash dividends	-	-	-	(4,470)	-	(4,470)	-	-	-	-	-	(4,470)
Purchase of treasury stock	-	-	-	-	(10)	(10)	-	-	-	-	-	(10)
Net change during the year	-	-	-	-	-	-	(1,813)	(309)	(1,301)	(3,423)	-	(3,423)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	2	2
<b>Balance at March 31, 2009</b>	137,739	¥7,938	¥35,745	¥191,497	¥(316)	¥234,864	¥ 2,552	¥(153)	¥(3,198)	¥ (799)	¥ 213	¥234,278

Thousands of U.S. dollars (note 2)

	Issued and outstanding shares (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity	Net unrealized holding gains on securities	Other comprehensive income	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
<b>Balance at March 31, 2008</b>	137,739	\$80,815	\$363,887	\$1,922,954	\$ (3,113)	\$2,364,543	\$ 44,437	\$ 1,588	\$ (19,317)	\$ 26,708	\$2,152	\$2,393,403
Net income	-	-	-	72,029	-	72,029	-	-	-	-	-	72,029
Cash dividends	-	-	-	(45,508)	-	(45,508)	-	-	-	-	-	(45,508)
Purchase of treasury stock	-	-	-	-	(104)	(104)	-	-	-	-	-	(104)
Net change during the year	-	-	-	-	-	-	(18,452)	(3,148)	(13,249)	(34,849)	-	(34,849)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	21	21
<b>Balance at March 31, 2009</b>	137,739	\$80,815	\$363,887	\$1,949,475	\$ (3,217)	\$2,390,960	\$ 25,985	\$ (1,560)	\$ (32,566)	\$ (8,141)	\$2,173	\$2,384,992

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries  
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (note 2)
	2009	2008	2009
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 13,883	¥ 48,421	\$ 141,328
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	9,488	8,854	96,594
Impairment losses	961	—	9,785
Increase (Decrease) in provision for doubtful receivables	(665)	519	(6,765)
Decrease in provision for product warranty expenses	(211)	(131)	(2,146)
Decrease in retirement and severance benefits	(907)	(958)	(9,231)
Interest and dividends income	(1,263)	(1,373)	(12,855)
Interest expenses	114	116	1,155
Foreign exchange losses (gains)	(33)	88	(336)
Equity in earnings of affiliates	—	(183)	—
Gain on sale and disposal of property and equipment	(554)	(198)	(5,643)
Loss on sale and devaluation of securities	792	727	8,061
Decrease (Increase) in notes and accounts receivables	89,889	(16,037)	915,088
Increase in inventories	(8,193)	(5,260)	(83,405)
Increase (Decrease) in notes and accounts payables	(60,572)	11,526	(616,632)
Other, net	3,850	3,055	39,193
	46,579	49,166	474,191
Interest and dividends received	1,254	2,732	12,764
Interest paid	(31)	(27)	(318)
Income taxes paid	(16,746)	(21,128)	(170,478)
Net cash provided by operating activities	31,056	30,743	316,159
<b>Cash flows from investing activities:</b>			
Decrease in time deposits	—	5	—
Purchases of securities	(519)	(1,059)	(5,281)
Proceeds from sale and redemption of securities	5,275	1,154	53,696
Capital expenditures	(10,102)	(7,464)	(102,844)
Proceeds from sale of property and equipment	1,647	954	16,770
Deposits to Hitachi Group cash management fund with maturity over three months	(15,000)	—	(152,703)
Other, net	15	17	152
Net cash used in investing activities	(18,684)	(6,393)	(190,210)
<b>Cash flows from financing activities:</b>			
Dividends paid	(4,470)	(3,439)	(45,508)
Other, net	(4,836)	(246)	(49,229)
Net cash used in financing activities	(9,306)	(3,685)	(94,737)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(1,291)	(2,079)	(13,145)
<b>Net increase in cash and cash equivalents</b>	1,775	18,586	18,067
<b>Cash and cash equivalents at beginning of year</b>	77,853	59,267	792,557
<b>Cash and cash equivalents at end of year (note 3)</b>	¥ 79,628	¥ 77,853	\$ 810,624

See accompanying notes to consolidated financial statements



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries

## 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Presentation

The accompanying consolidated financial statements of Hitachi High-Technologies Corporation (the Company) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, for the convenience of readers outside Japan, the consolidated financial statements, including the notes to the consolidated financial statements, contain certain reclassifications and additional information which is not required under accounting principles generally accepted in 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 significant intercompany accounts and transactions have been eliminated in consolidation.

The cost in excess of net assets of an acquiree, based on the fair value, acquired by the Company is being amortized on a straight-line basis over 5 years or, if the amount is not material, charged immediately to earnings.

### (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

The Company accounts for short-term investments and investment securities in accordance with the "Accounting Standards for Financial Instruments" issued by the Accounting Standards Board of Japan. Under this standard, securities are to be classified into one of the 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 gains (losses) in a separate component of net assets 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 net assets until realized.

The Company measured available-for-sale securities at fair value and reported unrealized holding gains and losses as "Net unrealized holding gains on securities" in a separate component of net assets. Available-for-sale securities for which it is not practicable to estimate fair value are carried at cost. In computing realized gains or losses, cost of available-for-sale securities was principally determined by the moving-average method.

### (e) Inventories

Inventories are summarized as follows:

Merchandise	: Stated at cost determined principally by the moving-average method (however, the amount
Finished goods	stated in the balance sheet was written down to reflect deterioration in profitability)
Semi-finished goods	
Raw materials	
Work-in-process	: Stated at cost determined principally by specific identification method (however, the amount stated in the balance sheet was computed by reducing the book value to reflect deterioration in profitability)

**(Accounting Policy Change)**

The "Accounting Standard for Measurement of Inventories" issued by the Accounting Standards Board of Japan is adopted from the fiscal year under review. As a result, losses on devaluation of inventories and losses on disposal of inventories, which were recorded as other expenses in the previous fiscal year, are now recorded as a component of cost of sales.

The resulting decrease compared to the amount determined by the pre-existing accounting method was ¥4,309 million (\$43,869 thousand) in gross profit and operating profit, and ¥1,891 million (\$19,255 thousand) in income before income taxes and minority interests for the fiscal year ended March 31, 2009. The impact of the change on segment information is included in the relevant section.

**(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 were acquired on or after April 1, 1998, being depreciated by the straight-line method.

**(Additional Information)**

In accordance with the revised Japanese Corporation Tax Law and its regulation concerning the useful life of machinery and equipment, the Company and its domestic subsidiaries reviewed the status of use of assets and consequently changed the useful life of some assets for the fiscal year under review prospectively.

The effect of adoption of the new useful life of machinery and equipment on income before income taxes and minority interests was not material.

**(g) Intangible Assets**

Intangible assets are principally amortized by the straight-line method over estimated useful lives.

**(h) Allowance for Doubtful Receivables**

The allowance for doubtful receivables is established at amounts considered to be appropriate based on the Company's history of credit losses, and an evaluation of potential losses for specific doubtful receivables.

**(i) Provision for Product Warranty Expenses**

The provision for product warranty expenses is estimated and recorded at the time of sales to provide for future potential costs, such as costs related to after-sales services, at amounts considered to be appropriate based on the Company's past experience.

**(j) Retirement and Severance Benefits**

Allowance for retirement and severance benefits for employees is provided based on the estimated retirement benefit obligation and the pension assets.

Prior service benefits and costs are recognized as income or expense on a straight-line basis over certain years (7 to 17 years) not exceeding the expected average remaining service periods of the employees active at the date of the amendment. Actuarial gains and losses are recognized as income or expense on a straight-line basis from the next year over certain years (7 to 18 years) not exceeding the expected average remaining service periods of the employees participating in the plans.

A retirement allowance for directors and statutory auditors of some of domestic subsidiaries has been provided for the vested benefits to which they are entitled if they were to retire or sever immediately at the balance sheet date.

**(Additional Information)**

To prepare for the payment of retirement benefits for directors and executive officers, the Company had recorded the amount payable under the Rules on Retirement and Severance Benefits for directors and executive officers until the previous fiscal year. At the meeting of the Compensation Committee held on January 25, 2008, the Committee passed a resolution to abolish the system of reserving retirement benefits for directors and executive officers effective April 1, 2008, and at the meeting of the Compensation Committee convened on April 24, 2008, the Committee passed a resolution on the determined amount of payment of reserve for retirement benefits for directors and executive officers. The amount of reserve for retirement benefits for directors and executive officers according to the

tenure until the abolition of the system is recorded in "Other liabilities" as a component of long-term liabilities, as the decision was made to pay the benefits at the time of resignation of each directors and executive officers.

#### **(k) 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 such method, 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.

#### **(l) Translation of Foreign Currency Accounts**

The Company accounts for or translates foreign currency accounts under the "Accounting Standards for Foreign Currency Transaction" issued by the Business Accounting Deliberation Council. Under this standard, foreign currency transactions are translated into yen at the rates in effect at the transaction date. Foreign currency transactions, for which firm forward exchange contracts are held, are translated into yen at such contract rates, only if the relation between a foreign currency transaction and a related firm forward exchange contract meets the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments". 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; net assets 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 net assets is reported as "Foreign currency translation adjustments", a separate component of net assets.

#### **(m) Derivative Financial Instruments**

Under the "Accounting Standards for Financial Instruments" issued by the Accounting Standards Board of Japan, in principle, derivative financial instruments are measured at fair value, with unrealized gains or losses included in earnings. Hedging transactions, which meets the criteria of hedge accounting as prescribed in "Accounting Standards for Financial Instruments", are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as a component of net assets until gains or losses relating to the hedge objects are recognized.

#### **(n) Treasury Stock**

Under the "Accounting Standards for Treasury Shares and Appropriation of Legal Reserve" issued by the Accounting Standards Board of Japan, treasury stock is recorded at cost as a deduction of net assets. When the Company reissues the treasury stock, the difference between the issuance price and the cost of the treasury stock is credited or charged to capital surplus.

#### **(o) Research and Development Expenses**

Research and development expenses are charged to income as incurred.

#### **(p) Net Income Per Share**

The Company computes and discloses net income per share under the "Accounting Standard for Earnings per Share" issued by the Accounting Standards Board of Japan. Under this standard, basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of shares of common shares outstanding during the respective years. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

### **(q) Reclassifications**

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

### **(r) New Accounting Standards**

#### **1) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" issued by the Accounting Standard Board of Japan.

The effect of adoption of the new accounting policy on income before income taxes and minority interests was not material.

#### **2) Accounting Standard for Lease Transactions**

The Company and its domestic consolidated subsidiaries had conventionally accounted for financial leases except for those where the legal title of the underlying property are transferred from the lessor to the lessee in a manner similar to the accounting method for rental transactions. However, the "Accounting Standard for Lease Transactions" and the "Guidance on Accounting Standard for Lease Transactions" issued by Accounting Standards Board of Japan have been adopted to account for such transactions in a manner similar to the accounting method for ordinary sale and purchase transactions, on or after April 1, 2008.

There was no effect of the adoption of new accounting policy.

#### **3) Criteria of Revenue Recognition**

From April 1, 2008, the Company has changed its revenue recognition criteria with regard to products such as semiconductor manufacturing equipment and LCD manufacturing equipment which require post-shipment installation. In principle, revenue is now recognized on completion of installation, rather than on shipment.

Recent advances in finer patterning technology have led to more sophisticated semiconductor manufacturing equipment and progressively larger LCD manufacturing equipment. As a result, the period between shipment and full installation of the Company's products can be long, while they account for an increasingly large share of revenues. At the same time, improvements on the Company's IT system have enabled the Company to obtain data regarding the completion of installation work. In light of these developments, therefore, the Company changed its revenue recognition criteria to more accurately reflect revenues in the financial statements.

The decrease resulting from the change in revenue recognition criteria compared to the conventional accounting method was ¥18,900 million (\$192,404 thousand) in net sales and ¥3,581 million (\$36,454 thousand) each in operating profit and income before income taxes and minority interests.

The impact of the change in revenue recognition criteria on segment information is included in the relevant section.

### **(s) Additional Information**

#### **Change in Accounting Classification for Cost of Sales, Selling, General and Administrative (SG&A) Expenses**

Up until the fiscal year ended March 31, 2008, the Company and some of consolidated subsidiaries had recorded packing and delivery expenses relating to in-house products as SG&A expenses. However, they have decided to record such expenses in cost of sales to further clarify their relationship with revenue from the fiscal year under review prospectively.

The decrease resulting from the change of accounting method was ¥2,758 million (\$28,072 thousand) in gross profit for the fiscal year ended March 31, 2009; however, there was no impact on operating profit and other earnings.

## 2. U.S. DOLLAR AMOUNTS

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 ¥98.23=\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2009. This translation should not be construed as a representation 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 follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash	¥ 22,685	¥25,819	\$ 230,933
Time deposits with maturity over three months	(50)	(50)	(509)
Deposits to Hitachi Group cash management fund	67,281	45,957	684,932
Deposits to Hitachi Group cash management fund with maturity over three months	(15,000)	—	(152,703)
Other deposits in other current assets	4,712	6,127	47,971
Cash and cash equivalents	¥ 79,628	¥77,853	\$ 810,624

## 4. SHORT-TERM INVESTMENTS AND INVESTMENTS IN SECURITIES

Investments in securities as of March 31, 2009 and 2008 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 are as follows:

	Millions of yen							
	2009				2008			
	Cost	Gross gains	Gross losses	Aggregate fair value	Cost	Gross gains	Gross losses	Aggregate fair value
Available-for-sale securities:								
Equity securities	¥1,264	¥4,407	¥ (51)	¥5,620	¥3,122	¥7,375	¥(17)	¥10,480
Debt securities	1,503	—	(65)	1,438	3,004	—	(16)	2,988
Other securities	259	—	(3)	256	366	3	—	369
	¥3,026	¥4,407	¥(119)	¥7,314	¥6,492	¥7,378	¥(33)	¥13,837

	Thousands of U.S. dollars			
	2009			
	Cost	Gross gains	Gross losses	Aggregate fair value
Available-for-sale securities:				
Equity securities	\$12,869	\$44,866	\$ (521)	\$57,214
Debt securities	15,300	—	(664)	14,636
Other securities	2,635	—	(32)	2,603
	\$30,804	\$44,866	\$(1,217)	\$74,453

Debt securities consist mainly of corporate bonds. Other securities consist mainly of common shares of private companies and investment trusts. It is not practicable to estimate the fair value of investments in non-marketable securities because of the lack of market prices 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, 2009 and 2008 totaled ¥227 million (\$2,311 thousand) and ¥302 million, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Short-term investments	¥ 98	¥ 1,129	\$ 996
Investments in securities	7,216	12,708	73,457
	¥7,314	¥13,837	\$74,453

The following represents the maturities of debt securities and other securities with contractual maturities as of March 31, 2009.

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Within 1 year	¥ 98	\$ 996
After 1 year through 5 years	29	291
After 5 years through 10 years	498	5,074
	¥625	\$6,361

The proceeds from sales of available-for-sale securities for the year ended March 31, 2009 amounted to ¥1,447 million (\$14,734 thousand), and the gross realized gains on the sales of those securities for the year ended March 31, 2009 amounted to ¥60 million (\$609 thousand).

The proceeds from sales of available-for-sale securities for the year ended March 31, 2008 amounted to ¥1,123 million and the gross realized gains on the sales of those securities for the year ended March 31, 2008 amounted to ¥857 million.

## 5. BALANCES AND TRANSACTIONS WITH RELATED PARTY

51.6% 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, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Principal balances:			
Accounts receivables	¥ 6,620	¥ 8,916	\$ 67,394
Advances to suppliers	22	18	224
Deposits to Hitachi Group cash management fund	67,281	45,957	684,932
Trade accounts payables	1,856	5,851	18,891
Advances from customers	405	1,339	4,119
Principal transactions:			
Sales	39,455	44,978	401,657
Purchases	6,656	12,864	67,755



## 6. INCOME TAXES

Reconciliations between the statutory tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests are as follows:

	2009	2008
Statutory tax rate	40.7%	40.7%
Expenses not deductible for tax purpose	4.6	1.9
Tax credit	(3.3)	(3.5)
Valuation allowance	8.0	1.7
Temporary difference from retained earnings of equity-method affiliate	—	1.5
Other, net	(1.2)	1.0
Effective income tax rate	48.8%	43.3%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2009 and 2008 are presented below:

	2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Total gross deferred tax assets:			
Allowance for doubtful receivables	¥ 1,330	¥ 1,615	\$ 13,537
Accrued bonus	3,561	4,110	36,250
Accrued business tax	83	690	846
Accrued expenses	2,384	3,692	24,267
Intercompany profit on inventories	1,046	1,336	10,648
Devaluation of inventories	3,024	1,689	30,788
Depreciation	1,524	1,338	15,517
Membership deposit	345	348	3,513
Investments in securities	476	2,026	4,849
Retirement and severance benefits	8,219	7,821	83,668
Net operating losses carryforwards	5,104	664	51,958
Other, net	2,544	952	25,902
	29,640	26,281	301,743
Less valuation allowance	(7,941)	(3,083)	(80,843)
	21,699	23,198	220,900
Total gross deferred tax liabilities:			
Business tax receivable	(221)	—	(2,250)
Net unrealized holding gains on securities	(1,733)	(2,969)	(17,639)
Other	(305)	(401)	(3,104)
	(2,259)	(3,370)	(22,933)
Net deferred tax assets	¥19,440	¥19,828	\$197,907

Net deferred tax assets as of March 31, 2009 and 2008 are reflected in the consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets-current	<b>¥11,482</b>	¥13,362	<b>\$116,893</b>
Deferred tax assets-noncurrent	<b>8,152</b>	6,660	<b>82,985</b>
Deferred tax liabilities-current	—	—	—
Deferred tax liabilities-noncurrent	<b>(194)</b>	(194)	<b>(1,971)</b>
Net deferred tax assets	<b>¥19,440</b>	¥19,828	<b>\$197,907</b>

## 7. RETIREMENT AND SEVERANCE BENEFITS

The Company and subsidiaries have the following defined benefit pension plans to provide pension benefits to substantially all employees:

- Corporate Pension Fund (funded 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 subsidiaries' pension plans as of March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	<b>¥(100,893)</b>	¥(104,413)	<b>\$(1,027,106)</b>
Plan assets at fair value	<b>55,704</b>	62,013	<b>567,077</b>
Funded status	<b>(45,189)</b>	(42,400)	<b>(460,029)</b>
Unrecognized actuarial loss	<b>29,510</b>	27,004	<b>300,415</b>
Unrecognized prior service cost	<b>(5,126)</b>	(5,682)	<b>(52,187)</b>
Amounts recognized in the consolidated balance sheets	<b>¥ (20,805)</b>	¥ (21,078)	<b>\$ (211,801)</b>
Amounts recognized in the consolidated balance sheets consist of:			
Investment and other assets- other assets	<b>¥ 4,604</b>	¥ 4,718	<b>\$ 46,870</b>
Retirement and severance benefits	<b>(25,409)</b>	(25,796)	<b>(258,671)</b>
	<b>¥ (20,805)</b>	¥ (21,078)	<b>\$ (211,801)</b>

Net periodic benefit cost for the Company and subsidiaries' pension plans for the years ended March 31, 2009 and 2008 consisted of the following components:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	<b>¥ 4,158</b>	¥ 4,156	<b>\$ 42,332</b>
Interest cost	<b>2,630</b>	2,519	<b>26,778</b>
Expected return on plan assets for the period	<b>(2,353)</b>	(2,329)	<b>(23,951)</b>
Amortization of actuarial loss	<b>2,696</b>	2,349	<b>27,446</b>
Amortization of prior service cost	<b>(520)</b>	(524)	<b>(5,306)</b>
	<b>¥ 6,611</b>	¥ 6,171	<b>\$ 67,299</b>
Other, net	<b>134</b>	109	<b>1,362</b>
	<b>¥ 6,745</b>	¥ 6,280	<b>\$ 68,661</b>

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

	2009	2008
Discount rate	2.5–2.8%	1.9–2.5%
Expected rate of return on plan assets	3.5%	3.5%

The programs described above do not cover directors and statutory auditors.

To prepare for the payment of retirement benefits for directors and statutory auditors, some domestic consolidated subsidiaries recorded the amount payable at the end of the fiscal year under review based on the Rules on Retirement and Severance Benefits for directors and statutory auditors.

At March 31, 2009 and 2008, such obligation recognized as retirement and severance benefits amounted to ¥276 million (\$2,812 thousand) and ¥885 million, respectively.

## 8. COMMON STOCK

Through May 1, 2006, the Company and its domestic subsidiaries are subjected to the Japanese Commercial Code (JCC). The JCC requires that 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.

On May 1, 2006, a new corporate law (the Law) became effective, which reformed and replaced the JCC with various revisions that would, for the most part, be applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006.

Authorized shares and issued shares for the years ended March 31, 2009 and 2008 are summarized as follows:

	Authorized shares	Issued shares
Balance as of March 31, 2008	350,000,000	137,738,730
<b>Balance as of March 31, 2009</b>	<b>350,000,000</b>	<b>137,738,730</b>

## 9. LEGAL RESERVE AND DIVIDENDS

The JCC requires 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 capital surplus and legal reserve equals 25% of stated capital. In addition to reduction of a deficit and transfer to stated capital, either capital surplus or legal reserve may be available for dividends by resolution of the shareholders' meeting to the extent that the amount of total capital surplus and legal reserve exceeds 25% of stated capital.

The Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (of retained earnings) or as additional paid-in capital (of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of threshold that the JCC provided. The Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

Cash dividends and appropriations to the legal reserve charged to retained earnings during the years ended March 31, 2009 and 2008 represent dividends and 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 dividend of ¥15.00 (\$0.15) per share approved at the Board of Directors' meeting held on May 22, 2009, aggregating ¥2,063 million (\$21,003 thousand) in respect of the year ended March 31, 2009.

## 10. COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2009 and 2008, the Company and its subsidiaries are contingently liable for following amounts:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Export bills discounted	¥ 125	¥ 191	\$ 1,277
Notes receivables endorsed to suppliers	197	97	2,010
Guarantees given for employees' housing loans	1,045	1,246	10,642
	¥1,367	¥1,534	\$13,929

## 11. NET INCOME PER SHARE INFORMATION

The Company adopted "Accounting Standard for Earnings per Share" issued by Accounting Standard Board of Japan as described note 1(p). The Company has no potentially dilutive securities for the years ended March 31, 2009 and 2008. Net income per share computed for the years ended March 31, 2009 and 2008 are as follows:

	Number of shares
	2009
Weighted average number of shares on which basic net income per share is calculated	137,547,064

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net income	¥7,075	¥26,932	\$72,029
Net income available to common shareholders	7,075	26,932	72,029

		Yen	U.S. dollars
	2009	2008	2009
Net income per share:			
Basic	¥51.44	¥195.80	\$0.52

## 12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses charged to income for the year ended March 31, 2009 and 2008 amounted to ¥21,483 million (\$218,698 thousand) and ¥20,436 million, respectively.

## 13. DERIVATIVE FINANCIAL INSTRUMENTS

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

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 the deferral hedge accounting for the years ended March 31, 2009 and 2008 are as follows:

	2009			2008		
	Notional amounts	Estimated fair values	Unrealized gains (loss)	Notional amounts	Estimated fair values	Unrealized gains
Forward exchange contracts:						
To sell foreign currency	¥11,593	¥11,376	¥217	¥17,289	¥16,227	¥1,062
To buy foreign currency	¥ 2,138	¥ 2,081	¥ (57)	¥ 3,845	¥ 3,853	¥ 8

	2009		
	Notional amounts	Estimated fair values	Unrealized gains (loss)
Forward exchange contracts:			
To sell foreign currency	\$118,023	\$115,821	\$2,202
To buy foreign currency	\$ 21,763	\$ 21,186	\$ (577)

## 14. LEASE

### Lessee

Finance leases, which had been contracted until March 31, 2008, except for those where the legal title of the underlying property would be transferred from the lessor to the lessee at the end of the lease term, were accounted for as operating lease.

Future minimum lease payments under non-cancelable operating lease arrangements as of March 31, 2009 and 2008 are ¥637 million (\$6,488 thousand) and ¥682 million due within one year, ¥1,558 million (\$15,863 thousand) and ¥2,087 million due after one year, respectively.

Finance leases (without transfer of legal title) are accounted for as operating leases. For the years ended March 31, 2009 and 2008, lease payments of ¥916 million (\$9,326 thousand) and ¥1,300 million, respectively, under such finance leases were included in earnings. On a pro forma basis, leased property, lease obligation and related expenses, with assumed capitalization of such finance leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Leased property:			
Equipment and other, at cost	¥2,582	¥3,663	\$26,286
Less accumulated depreciation (Note a)	1,542	1,817	15,700
Less impairment	—	86	—
Net equipment and other	¥1,040	¥1,760	\$10,586
Depreciation expense (Note a)	¥ 853	¥1,258	\$ 8,685
Interest expense (Note b)	27	40	271
Lease obligation:			
Within one year	¥ 567	¥ 768	\$ 5,774
After one year	494	1,001	5,029
Total	¥1,061	¥1,769	\$10,803
Leased property impaired	¥ —	¥ 18	\$ —

Notes: a. Leased property is depreciated over the lease term by the straight-line method with no residual value.

b. Excess of total lease payments over the assumed acquisition costs is regarded as assumed interest payable and is allocated to each period using the interest method.

## 15. IMPAIRMENT LOSSES

When determining signs of impairment, the Company and its consolidated subsidiaries classify the assets according to administrative accounting categories based on business units.

In the fiscal year ended March 31, 2009, the Company accounted for impairment losses for the following assets.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Machinery and equipment	¥130	¥—	\$1,329
Tools, furniture and fixtures	752	—	7,652
Other	79	—	804
Total	¥961	—	\$9,785

Location	Purpose	Type	Impairment Loss
Naka Division of the Company	Manufacturing facilities for Semiconductor manufacturing equipment	Tools, furniture and fixtures, etc.	¥813 million (\$8,275 thousand)
	Manufacturing facilities for Biotechnology equipment		
Shonan Division of the Company	Manufacturing facilities for HD manufacturing equipment	Machinery and equipment, Tools, furniture and fixtures	¥148 million (\$1,510 thousand)
	Manufacturing facilities for wafer bump equipment		
Total			¥961 million (\$9,785 thousand)

The book value has been reduced to the recoverable value measured based on utility value due to the deterioration in profitability stemming from the severe downturn in market conditions in the case of semiconductor manufacturing equipment and manufacturing facilities, biotechnology equipment and manufacturing facilities, and HD manufacturing equipment and manufacturing facilities, and in conjunction with the decision to withdraw from business in the case of wafer bump manufacturing facilities.

The assets have been written off, at book value in full, as impairment losses as a component of other expense, due to the lack of prospects for generating sufficient cash flow in the future.

## 16. RESTRUCTURING CHARGES

Restructuring charges primarily account for additional retirement benefits associated with the Company and its consolidated subsidiaries' preferential measures for early retirement.

## 17. SEGMENT INFORMATION

### Business Segment Information

The Company has divided its operations into four reportable segments: "Electronic Device Systems," "Life Sciences," "Information Systems and Electronic Components" and "Advanced Industrial Products." Following is a tabulation of business segment information as of and for the years ended March 31, 2009 and 2008.



Millions of yen

2009							
	Electronic Device Systems	Life Sciences	Information Systems & Electronic Components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	¥168,324	¥97,725	¥203,758	¥305,143	¥774,950	¥ –	¥774,950
Intersegment sales	44	167	79	1,453	1,743	(1,743)	–
	168,368	97,892	203,837	306,596	776,693	(1,743)	774,950
Operating expenses	173,184	78,485	205,430	304,717	761,816	(1,775)	760,041
Operating profit	¥ (4,816)	¥19,407	¥ (1,593)	¥ 1,879	¥ 14,877	¥ 32	¥ 14,909
Total assets	¥130,167	¥44,515	¥ 69,591	¥ 82,298	¥326,571	¥101,005	¥427,576
Depreciation	5,042	1,889	1,560	997	9,488	–	9,488
Impairment losses	743	218	–	–	961	–	961
Capital expenditure	6,399	2,996	1,753	1,346	12,494	–	12,494

Millions of yen

2008							
	Electronic Device Systems	Life Sciences	Information Systems & Electronic Components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	¥264,778	¥96,173	¥232,716	¥349,457	¥943,124	¥ –	¥943,124
Intersegment sales	13	1,328	94	1,108	2,543	(2,543)	–
	264,791	97,501	232,810	350,565	945,667	(2,543)	943,124
Operating expenses	241,646	79,075	228,674	347,057	896,452	(2,469)	893,983
Operating profit	¥ 23,145	¥18,426	¥ 4,136	¥ 3,508	¥ 49,215	¥ (74)	¥ 49,141
Total assets	¥180,768	¥45,791	¥ 87,373	¥104,278	¥418,210	¥86,663	¥504,873
Depreciation	4,543	1,504	1,253	1,554	8,854	–	8,854
Impairment losses	–	–	–	–	–	–	–
Capital expenditure	4,894	1,494	4,438	899	11,725	–	11,725

Thousands of U.S. dollars

2009							
	Electronic Device Systems	Life Sciences	Information Systems & Electronic Components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	\$1,713,571	\$994,862	\$2,074,298	\$3,106,409	\$7,889,140	\$ –	\$7,889,140
Intersegment sales	447	1,694	801	14,792	17,734	(17,734)	–
	1,714,018	996,556	2,075,099	3,121,201	7,906,874	(17,734)	7,889,140
Operating expenses	1,763,047	798,990	2,091,314	3,102,073	7,755,424	(18,060)	7,737,364
Operating profit	\$ (49,029)	\$197,566	\$ (16,215)	\$ 19,128	\$ 151,450	\$ 326	\$ 151,776
Total assets	\$1,325,127	\$453,170	\$ 708,451	\$ 837,810	\$3,324,558	\$1,028,242	\$4,352,800
Depreciation	51,325	19,231	15,887	10,151	96,594	–	96,594
Impairment losses	7,569	2,216	–	–	9,785	–	9,785
Capital expenditure	65,147	30,497	17,844	13,705	127,193	–	127,193

#### (Accounting Policy Changes)

##### Change in Revenue Recognition Criteria

As indicated in Note (r) New Accounting Standards, in the fiscal year ended March 31, 2009, the Company changed its revenue recognition criteria for products such as semiconductor manufacturing equipment and LCD manufacturing equipment that require post-shipment installation. Revenue is now recognized on completion of installation, rather than on shipment.

The resulting decreases in net sales and operating profit compared to the amounts measured by the pre-existing accounting method were as follows: Electronic Device Systems: ¥15,828 million (\$161,131 thousand) and ¥3,234 million (\$32,921 thousand); Life Sciences: ¥192 million (\$1,958 thousand) and ¥47 million (\$478 thousand); Information Systems & Electronic Components: ¥713 million (\$7,254 thousand) and ¥88 million (\$901 thousand); and Advanced Industrial Products: ¥2,167 million (\$22,061 thousand) and ¥212 million (\$2,154 thousand).

##### Accounting Standard for Measurement of Inventories

As indicated in Note (e) Inventories, the Company adopted the "Accounting Standard for Measurement of Inventories" issued by the Accounting Standards Board of Japan from the fiscal year under review.

The resulting decreases in operating profit compared to the pre-existing accounting method were as follows: Electronic Device Systems: ¥2,328 million (\$23,704 thousand); Life Sciences: ¥176 million (\$1,794 thousand); Information Systems & Electronic Components: ¥1,763 million (\$17,946 thousand); and Advanced Industrial Products: ¥42 million (\$425 thousand).

The major products and goods of each business segment are as follows:

##### Electronic Device Systems:

- Semiconductor Process Equipment (Etching System)
- Semiconductor Metrology and Inspection System
- Electron Microscope
- Liquid Crystal Display (LCD) Manufacturing Equipment
- Hard Disk (HD) Manufacturing Equipment
- Semiconductor Back-end Process Equipment (Die Bonder)
- Others

##### Life Sciences:

- Biotechnology Equipment  
(DNA Sequencer, and General-Purpose Analysis)
- Clinical Analyzer  
(Clinical Chemistry and Immunodiagnostic Analyzer)
- Nuclear Magnetic Resonance Equipment (NMR)
- Gas Chromatography-Mass Spectrometers (GC-MS)
- Reagent
- Others

##### Information Systems & Electronic Components:

- Chipmounter
- Measuring Equipment
- Design and Manufacturing Solution
- Semiconductor Device Product
- IT-related Equipment
- Thin Film Transistor (TFT) Liquid Crystal Display
- Others

#### Advanced Industrial Products:

- Steel, Nonferrous Metal, and Plastic
- Silicon Wafer
- Procurement Solution Businesses
- Optical Device and Material
- Automotive-related Device and Material
- Others

#### Geographic Segment Information

Geographic segment information as of and for the years ended March 31, 2009 and 2008 are as follows:

Millions of yen								
2009								
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	¥542,193	¥92,116	¥74,019	¥66,245	¥377	¥774,950	¥ –	¥774,950
Intersegment sales	173,842	2,967	1,044	19,842	96	197,791	(197,791)	–
	716,035	95,083	75,063	86,087	473	972,741	(197,791)	774,950
Operating expenses	704,705	93,811	74,336	84,806	457	958,115	(198,074)	760,041
Operating profit	¥ 11,330	¥ 1,272	¥ 727	¥ 1,281	¥ 16	¥ 14,626	¥ 283	¥ 14,909
Total assets	¥398,824	¥23,104	¥14,872	¥21,938	¥441	¥459,179	¥ (31,603)	¥427,576

Millions of yen								
2008								
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	¥707,850	¥73,821	¥77,801	¥ 83,290	¥362	¥ 943,124	¥ –	¥943,124
Intersegment sales	157,992	3,808	207	25,048	26	187,081	(187,081)	–
	865,842	77,629	78,008	108,338	388	1,130,205	(187,081)	943,124
Operating expenses	822,137	76,396	76,716	105,754	410	1,081,413	(187,430)	893,983
Operating profit	¥ 43,705	¥ 1,233	¥ 1,292	¥ 2,584	¥ (22)	¥ 48,792	¥ 349	¥ 49,141
Total assets	¥468,528	¥24,275	¥19,073	¥ 30,477	¥502	¥ 542,855	¥ (37,982)	¥504,873

							Thousands of U.S. dollars	
2009								
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	\$5,519,632	\$937,759	\$753,532	\$674,391	\$3,826	\$7,889,140	\$ –	\$7,889,140
Intersegment sales	1,769,741	30,201	10,628	201,996	982	2,013,548	(2,013,548)	–
	7,289,373	967,960	764,160	876,387	4,808	9,902,688	(2,013,548)	7,889,140
Operating expenses	7,174,035	955,009	756,760	863,351	4,638	9,753,793	(2,016,429)	7,737,364
Operating profit	\$ 115,338	\$ 12,951	\$ 7,400	\$ 13,036	\$ 170	\$ 148,895	\$ 2,881	\$ 151,776
Total assets	\$4,060,106	\$235,201	\$151,397	\$223,334	\$4,487	\$4,674,525	\$ (321,725)	\$4,352,800

### (Accounting Policy Changes)

#### Change in Revenue Recognition Criteria

As previously indicated, in the fiscal year ended March 31, 2009, the Company changed its revenue recognition criteria for products such as semiconductor manufacturing equipment and LCD manufacturing equipment that require post-shipment installation. Revenue is now recognized on completion of installation, rather than on shipment.

The resulting decreases in net sales and operating profit compared to the amounts measured by the pre-existing accounting method were as follows: Japan: ¥12,555 million (\$127,816 thousand) and ¥2,699 million (\$27,474 thousand); North America: ¥6,331 million (\$64,451 thousand) and ¥824 million (\$8,384 thousand); Europe: ¥13 million (\$128 thousand) and ¥1 million (\$12 thousand); and Asia: ¥1 million (\$9 thousand) and ¥57 million (\$584 thousand).

#### Accounting Standard for Measurement of Inventories

As previously indicated, the Company adopted the "Accounting Standard for Measurement of Inventories" issued by the Accounting Standards Board of Japan from the fiscal year under review.

The resulting decreases in operating profit compared to the pre-existing accounting method were as follows: Japan: ¥4,245 million (\$43,217 thousand); and Asia: ¥64 million (\$652 thousand).

Major countries and areas included in each geographic segment are as follows:

North America: United States, Canada

Europe : Germany, United Kingdom, etc.

Asia : Singapore, Korea, China, Hong Kong, Taiwan, etc.

Other areas : Brazil, Israel

### 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					
2009					
	North America	Europe	Asia	Other areas	Total
Net sales:	¥83,570	¥82,961	¥185,703	¥18,980	¥371,214
Percentage of consolidated net sales	10.8%	10.7%	24.0%	2.4%	47.9%

Millions of yen					
2008					
	North America	Europe	Asia	Other areas	Total
Net sales:	¥73,110	¥94,233	¥276,411	¥17,793	¥461,547
Percentage of consolidated net sales	7.8%	10.0%	29.3%	1.8%	48.9%

Thousands of U.S. dollars					
2009					
	North America	Europe	Asia	Other areas	Total
Net sales:	\$850,758	\$844,561	\$1,890,489	\$193,225	\$3,779,033
Percentage of consolidated net sales	10.8%	10.7%	24.0%	2.4%	47.9%

**(Accounting Policy Change)**

**Change in Revenue Recognition Criteria**

As previously indicated, in the fiscal year ended March 31, 2009, the Company changed its revenue recognition criteria for products such as semiconductor manufacturing equipment and LCD manufacturing equipment that require post-shipment installation. Revenue is now recognized on completion of installation, rather than on shipment.

The resulting decreases in overseas net sales compared to the amount measured by the pre-existing accounting method were as follows: North America: ¥5,648 million (\$57,503 thousand); Europe: ¥62 million (\$631 thousand); Asia: ¥6,650 million (\$67,702 thousand); and Other areas: ¥648 million (\$6,596 thousand).

Major countries and areas included in each geographic area are as follows:

North America : United States, Canada

Europe : Germany, United Kingdom, etc.

Asia : Singapore, Korea, China, Hong Kong, Taiwan, etc.

Other areas : Brazil, Israel

## Report of Independent Auditors

The Board of Directors  
Hitachi High-Technologies Corporation

We have audited the accompanying consolidated balance sheets of Hitachi High-Technologies Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi High-Technologies Corporation and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 1. (r) 3) to the consolidated financial statements, the Company changed its criteria of accounting for revenue recognition effective April 1, 2008.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 2.

Tokyo, Japan  
June 24, 2009





## INVESTOR INFORMATION

### CORPORATE DATA (As of March 31, 2009)

#### DATE OF ESTABLISHMENT

April 12, 1947

#### PAID-IN CAPITAL

¥7,938 million

#### NUMBER OF EMPLOYEES

10,508 (Hitachi High-Technologies Group Total)

#### NUMBER OF COMMON SHARES

137,738,730 (Issued and Outstanding)

#### STOCK EXCHANGE LISTINGS

Tokyo Stock Exchange, First Section;  
Osaka Securities Exchange, First Section

#### ANNUAL SHAREHOLDERS' MEETING

June

#### INDEPENDENT AUDITORS

Ernst & Young ShinNihon

#### NUMBER OF SHAREHOLDERS

8,540

### TRANSFER AGENT

#### TRANSFER AGENT

Tokyo Securities Transfer Agent Co., Ltd.

#### OFFICE OF THE TRANSFER AGENT

6-2, Otemachi 2-chome, Chiyoda-ku,  
Tokyo 100-0004, Japan

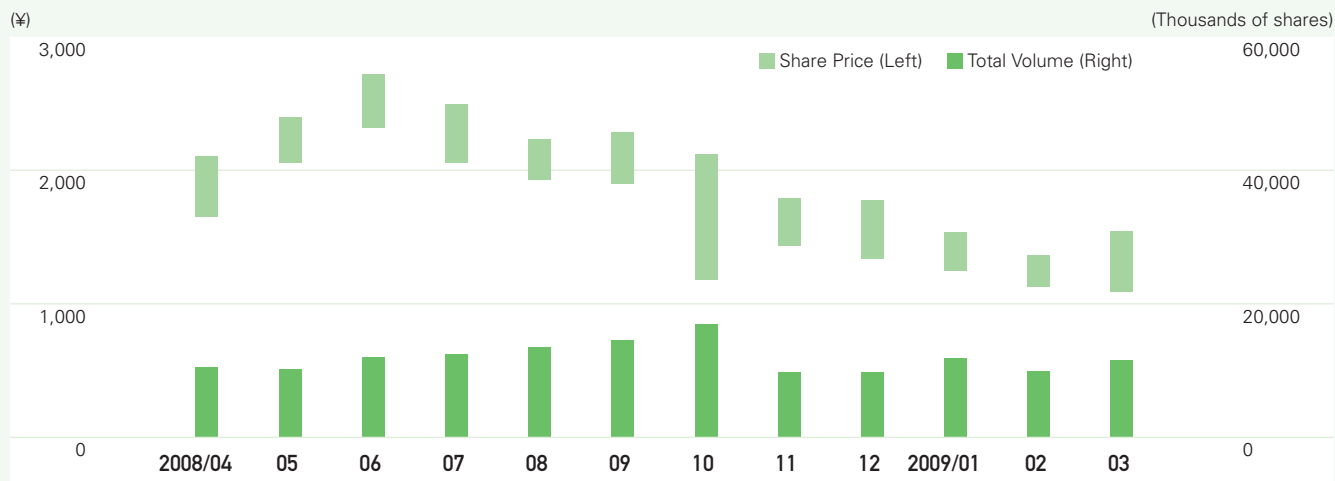
### MAJOR SHAREHOLDERS (As of March 31, 2009)

Name	Number of shares	Percentage of total equity (%)
Hitachi, Ltd.	70,807,382	51.40
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	7,498,800	5.44
The Master Trust Bank Of Japan, Ltd.	6,061,500	4.40
Japan Trustee Services Bank, Ltd. (Trust Account)	5,696,200	4.13
Employees' Stockholding	2,027,336	1.47
HAYAT	1,630,000	1.18
The Nomura Trust and Banking Co., Ltd.	1,361,600	0.98
Mellon Bank, N.A. as Agent for Its Client Mellon Omnibus US Pension	1,292,234	0.93
Trust & Custody Services Bank, Ltd. (Trust Account)	1,289,200	0.93
State Street Bank and Trust Company	1,148,634	0.83

### TYPE OF SHAREHOLDERS (As of March 31, 2009)

	Number of shareholders	Percentage of total equity (%)	Number of shares (Tens of thousands)	Percentage of total equity (%)
Financial institutions	56	0.6	2,714	19.7
Securities firms	30	0.4	28	0.2
Other domestic corporations	153	1.8	7,270	52.8
Foreign corporations, etc.	323	3.8	2,703	19.6
Individuals and others	7,978	93.4	1,059	7.7
Total	8,540	100.0	13,774	100.0

### SHARE PRICE AND TOTAL VOLUME



## **Hitachi High-Technologies Corporation**

24-14, Nishi-Shimbashi 1-chome, Minato-ku,  
Tokyo 105-8717, Japan  
Tel : +81-3-3504-7111  
Fax : +81-3-3504-7123  
URL : [www.hitachi-hitec.com](http://www.hitachi-hitec.com)

### **CONTACT**

Public & Investor Relations Group  
Secretary's Office  
Tel : +81-3-3504-5138  
Fax : +81-3-3504-5943