

Report of Consolidated Financial Results

For the Nine Months Ended December 31, 2003

Registered	Hitachi High-Technologies	Stock Listings:	Tokyo, Osaka
Company Name:	Corporation		
Code No:	8036	Head Office:	Tokyo
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Representative:	Masaaki Hayashi, President, Chief Executive Officer and Director		
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1. Basis of Reporting

(1) Number of Consolidated and Equity-Method Subsidiaries and Affiliates

Consolidated subsidiaries: 38
Equity-method unconsolidated subsidiaries: 0
Equity-method affiliate: 1

(2) Change in Scope of Consolidation and Application of Equity Method

Newly consolidated subsidiaries: 3
Unconsolidated subsidiaries: 1
New equity-method affiliates: 0
Affiliates eliminated from equity-method accounting: 0

2. Financial Highlights (For the Nine Months Ended December 31, 2003 and 2002, and the Year Ended March 31, 2003)

(1) Results of Operations

(Millions of Yen, %)

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
FY2003 Q1-Q3	¥600,288	+3.9%	¥ 8,685	-2.8%	¥ 9,189	-5.4%
FY2002 Q1-Q3	577,900	—	8,933	—	9,717	—
FY2002	778,229		11,844		12,104	

(Millions of Yen, %)

	Net Income	Change	Net Income per Share (Yen)	Diluted Net Income per Share
FY2003 Q1-Q3	¥4,697	+0.9%	¥34.14	—
FY2002 Q1-Q3	4,657	—	33.82	—
FY2002	5,928		40.92	—

Note: Percentage changes for net sales, operating income, ordinary income and net income results indicate increases or decreases relative to the nine months ended December 31, 2002.

(2) Financial Position

(Millions of Yen, %)

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio	Shareholder's Equity per Share (Yen)
FY2003 Q3	¥411,580	¥157,248	38.2%	¥1,142.98
FY2002 Q3	386,281	153,935	39.9	1,118.78
FY2002	389,704	155,161	39.8	1,125.60

3. Earnings Outlook (For the Year Ending March 31, 2004)

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income	Net Income per Share (Yen)
FY2003	¥787,000	¥12,500	¥6,540	¥46.13

General Notes

1. Projections made in this report are based on information available at the time of publication. Owing to various factors, actual results may differ from these projections.
2. Net income per share forecasts exclude earnings that are not distributed to holders of the Company's common stock.
3. Amounts less than one million yen have been rounded.

Results of Operations

(1) *Overview*

Net sales for the nine months ended December 31, 2003, amounted to ¥600.3 billion, up 3.9% from the same period a year earlier. Ordinary income fell 5.4%, to ¥9.2 billion. Net income edged up 0.9%, to ¥4.7 billion. Segment operating results were as follows.

Electronic Device Systems

Sales of mainstay critical dimension scanning electron microscopes (CD-SEMs) were strong, owing to vigorous capital investment in Japan and the rest of Asia. Overall sales of semiconductor inspection systems improved, despite weaker sales of optical wafer inspection systems to the United States. Although domestic sales of etchers were robust, reflecting growth in the Japanese market, sales to the United States were lackluster. Sales of electron beam lithography systems and liquid crystal display (LCD)-related manufacturing equipment improved. Owing to these factors, segment sales fell 3.9% compared with the same period a year earlier, to ¥95.1 billion.

Life Science

In the field of medical analysis equipment, in Europe we enjoyed strong sales of integrated automatic analyzers, which combine chemical and immunological testing functions. In addition, sales of DNA sequencers to the United States were firm. Reflecting these results, segment sales climbed 3.8%, to ¥64.4 billion.

Information Systems & Electronic Components

Sales of semiconductors flagged, despite solid demand for semiconductors for cellular phones. In contrast, sales of optical pick-ups for DVD players to Asia and components for home electronics to the United States were brisk. In addition, organic electroluminescence-related manufacturing equipment sold well in South Korea and Taiwan. As a result, segment sales totaled ¥240.3 billion, up 6.9%.

Advanced Industrial Products

The expansion of the optical electronic components market supported brisk sales of optical components for LC projectors and optical media materials. Liquid-crystal and flat-panel display parts for cellular phones performed well, as did silicon wafers. Accordingly, we recorded segment sales of ¥200.4 billion, an increase of 4.4%.

(2) *Outlook for the Full Term*

There are clear signs of a global economic recovery, following the end of major hostilities in the war in Iraq and the decline of severe acute respiratory syndrome (SARS). Nevertheless, the prospect of intensifying competition precludes any definitive predictions. For fiscal 2003, ending March 31, 2004, the Company is therefore targeting consolidated net sales of ¥787.0 billion, a 1.1% increase from fiscal 2002; ordinary income of ¥12.5 billion, a 3.3% rise; and net income of ¥6.5 billion, up 10.3%.

The Company will continue striving to solidify its position as a global leader in the high-technology field and to achieve its performance targets by responding swiftly to customer and market needs.

Consolidated Statements of Income

For the nine months ended December 31, 2003 and 2002, and the year ended March 31, 2003

(Millions of Yen, %)

	FY2003 Q1-Q3	FY2002 Q1-Q3	Change	FY2002
Net sales	¥600,228	¥577,900	+3.9%	¥778,229
Cost of sales	526,970	507,995	+3.7	684,007
Gross profit	73,258	69,905	+4.8	94,222
Selling, general and administrative expenses	64,574	60,972	+5.9	82,378
Operating income	8,685	8,933	-2.8	11,844
Other income:				
Interest	306	452	-32.3	676
Dividends	121	143	-15.1	145
Equity in earnings of affiliate	37	144	-74.4	70
Other	669	1,409	-52.5	1,903
	1,133	2,148	-47.2	2,794
Other expenses:				
Interest	105	135	-22.4	208
Other	524	1,228	-57.3	2,325
	629	1,363	-53.9	2,533
Ordinary income	9,189	9,717	-5.4	12,104
Extraordinary gains	—	—		—
Extraordinary losses	—	—		—
Income before income taxes and minority interests	9,189	9,717	-5.4	12,104
Income taxes	4,479	4,787	-6.4	5,789
Minority interests	14	274	-95.0	388
Net income	¥ 4,697	¥ 4,657	+0.9%	¥ 5,928

Consolidated Balance Sheets

As of December 31, 2003, and March 31, 2003

(Millions of Yen)

ASSETS	FY2003 Q3	FY2002	Change
Current assets:			
Cash and cash equivalents	¥ 47,611	¥ 51,675	-¥ 4,064
Notes and accounts receivable	195,902	181,469	+14,434
Marketable securities	4,099	2,164	+1,935
Inventories	51,340	37,741	+13,599
Others	18,106	17,761	+345
Less: Allowance for doubtful receivables	(1,630)	(1,623)	-7
	315,428	289,186	+26,241
Property, plant and equipment:			
Buildings and structures	20,600	21,170	-570
Land	21,289	21,347	-58
Others	13,486	14,582	-1,096
	55,375	57,099	-1,724
Intangible fixed assets	8,699	4,051	+4,648
Investments and other assets:			
Investments in securities	15,659	21,601	-5,942
Others	17,601	18,966	-1,365
Less: Allowance for doubtful receivables	(1,182)	(1,200)	+18
	32,079	39,368	-7,289
	96,153	100,518	-4,365
Total assets	¥411,580	¥389,704	+¥21,876

(Millions of Yen)

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2003 Q3	FY2002	Change
Current liabilities:			
Notes and accounts payable	¥164,084	¥141,356	+¥22,728
Short-term debt	24,171	20,766	+3,404
Accrued expenses	15,833	20,465	-4,632
Other current liabilities	19,887	22,517	-2,631
	233,975	205,105	+18,870
Long-term liabilities:			
Retirement allowances	25,518	23,524	+1,994
Reserve for directors' retirement account	966	1,466	-499
Others	129	121	+7
	26,613	25,111	+1,502
Total liabilities	250,587	230,216	+20,371
Minority interests	3,745	4,327	-583
Shareholders' equity:			
Common stock	7,938	7,938	—
Capital surplus	35,745	35,745	—
Accumulated earnings	111,962	109,633	+2,328
Net unrealized holding gain on securities	3,939	2,923	+1,016
Foreign currency translation adjustments	(2,098)	(853)	-1,245
Less: Treasury stock, at cost	(238)	(226)	-12
Total shareholders' equity	157,248	155,161	+2,087
Total liabilities, minority interests and shareholders' equity	¥411,580	¥389,704	+¥21,876