Financial Results
For the Six Months Ended September 30, 2007

Record Profits Achieved through
Contribution of Life Science

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Hidehito Obayashi
Representative Executive Officer
President
Chief Executive Officer and Director
Outline of FY07 Interim
## Outline of Interim Results

<table>
<thead>
<tr>
<th></th>
<th>SUM</th>
<th>Changes vs. FY06 Interim</th>
<th>Changes vs. Previous Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td></td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Operating Income</td>
<td></td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td></td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Net Income</td>
<td></td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

*The previous forecast was based on the outlook at the announcement of results for FY06*

1. All contents exceeded forecast values
2. Previous record levels surpassed for operating income, ordinary income, and net income.
Comparisons with Previous Forecast Values (Published Values for FY06)

1. **Sales**  
   \[(437.0\text{Ybn}) - 487.2\text{Ybn} + 50.2\text{Ybn}\]  
   *In Electric Device Systems, favorable performance of semiconductor manufacturing equipment, LCD manufacturing Equipment (both trading) etc. generated 15.0Ybn increase.
   *In Life Science, favorable performance of medical analysis equipment for the European and U.S. markets led to the growth of 3.9Ybn.
   *In Information & Electric Components, increase in mobile-phone transactions for the U.S. markets led to the growth of 11.3Ybn.
   *In Advanced Industrial Materials, increase in demands for printer-related materials and semiconductor/LCD-related materials generated a 20.0Ybn growth.

2. **Operating Income**  
   \[(18.9\text{Ybn}) - 23.3\text{Ybn} + 4.4\text{Ybn}\]  
   *In Electric Device Systems, LCD/HD manufacturing equipment fell below plan but semiconductor manufacturing equipment grew 0.3Ybn due to the contribution of CD-SEM(new product).
   *In Life Science, favorable performance of medical analysis equipment for the U.S. market, Euro appreciation etc. generated 3.3Ybn increase.
FY07 Interim (Sales)

**Explanation for YoY change**

- **Electronic Device Systems:** Favorable performance of ASML’s lithography system led to growth
- **Life Science:** Decrease in biotechnology-related equipment (trading) led to decline of sales
- **Information Systems & Electronic Components:** Despite the decline in semiconductor devices, mobile-phone transactions for the U.S. market grew vastly
**FY07 Interim (Operating Income)**

*Operating Income (hundred million yen)*

<table>
<thead>
<tr>
<th></th>
<th>FY06 Interim</th>
<th>FY07 Interim (forecast)</th>
<th>FY07 Interim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>209</td>
<td>189</td>
<td>233</td>
</tr>
<tr>
<td>Life Science</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Industrial Products</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**YoY**

- Electronic Device Systems: + 1%
- Life Science: + 27%
- Information Systems & Electronic Components: + 108%
- Advanced Industrial Products: - 19%

*Explanation for YoY change*

**Life Science:** The continuation of favorable performance of medical analysis equipment for the European and U.S. markets led to growth

**Information Systems & Electronic Components:** Improvement in gain/loss of semiconductor devices for mobile-phones led to vast increase

*The forecast was based on the outlook at the announcement of results for FY06*
**FY07 Interim (Ordinary Income, Net Income)**

### Ordinary Income

- **FY06 Interim**: 222 hundred million yen
- **FY07 Interim (forecast)**: 187 hundred million yen
- **FY07 Interim**: 238 hundred million yen

YoY change: +7%

### Net Income

- **FY06 Interim**: 131 hundred million yen
- **FY07 Interim (forecast)**: 113 hundred million yen
- **FY07 Interim**: 147 hundred million yen

YoY change: +12%

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**Explanation for YoY change (Non-operating P/L, Extraordinary P/L, etc.)**

- Increase in ordinary income due to an increase in operating profit, decrease in inventory asset appraisal losses etc.
- Increase in net income due to gaining profit through disposition of investment securities

*The forecast was based on the outlook at the announcement of results for FY06*
# Financial Position (Balance Sheet in Summary)

## For the Six Months Ended September 30, 2007

### (hundred million yen)

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>3,956</th>
<th>+ 148</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Deposits, Deposit to</td>
<td>687</td>
<td>+ 94</td>
</tr>
<tr>
<td>Hitachi Group Cash Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes &amp; Accounts Receivable</td>
<td>2,366</td>
<td>+ 22</td>
</tr>
<tr>
<td>Inventories</td>
<td>671</td>
<td>+ 9</td>
</tr>
<tr>
<td>Others</td>
<td>232</td>
<td>+ 23</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>969</td>
<td>+ 24</td>
</tr>
<tr>
<td>Tangible Fixed Assets</td>
<td>576</td>
<td>+ 5</td>
</tr>
<tr>
<td>Intangible Fixed Assets</td>
<td>35</td>
<td>+ 3</td>
</tr>
<tr>
<td>Investments &amp; Other Assets</td>
<td>359</td>
<td>+ 27</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,925</td>
<td>+ 123</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>2,324</th>
<th>+ 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes &amp; Accounts Payable</td>
<td>1,776</td>
<td>+ 69</td>
</tr>
<tr>
<td>Others</td>
<td>548</td>
<td>+ 54</td>
</tr>
<tr>
<td><strong>Fixed Liabilities</strong></td>
<td>271</td>
<td>+ 9</td>
</tr>
<tr>
<td>Retirement &amp; Severance Benefit</td>
<td>259</td>
<td>+ 7</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>+ 2</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>2,330</td>
<td>+ 117</td>
</tr>
<tr>
<td>Shareholders Capital</td>
<td>2,218</td>
<td>+ 130</td>
</tr>
<tr>
<td>Assessments/Exchange Differences</td>
<td>63</td>
<td>+ 12</td>
</tr>
<tr>
<td>Minority Interests</td>
<td>50</td>
<td>+ 1</td>
</tr>
</tbody>
</table>

| **Total Liability & Shareholder’s Equity** | 4,925 | + 123 |

### Equity Ratio
46.3% (+ 1.3%)

### Net Assets per Share (yen)
1,657.98 (+ 85.84)

(changes vs. FY06)
Financial Position (Cash Flow)

Cash Flows from Operating Activities (FY07 Interim)
- Income Before Income Taxes & Minority Interests: 24.1Ybn
- Depreciation & Amortization: 4.2Ybn
- Working Fund: 2.4Ybn
- Income Taxes Paid: -12.2Ybn etc.

Cash Flows from Investing Activities (FY07 Interim)
- Purchase / Selling of Investment in Securities: 0.9Ybn
- Capital Expenditures Proceeds from Purchase / Selling of Property & Equipment: -4.7Ybn etc.

Points of FY07 Interim

Balance of cash and cash equivalents: 69.5Ybn (vs. FY06 + 10.2Ybn)

Expenditure of Tangible Fixed Assets Acquisition:
- Clean room for Saitama plant: 1.9Ybn
- Land for Chipmounter plant: 0.8Ybn etc.
Outlook for FY07
# Outlook for FY07 (Highlights)

<table>
<thead>
<tr>
<th></th>
<th>Sum</th>
<th>Change vs. FY06 Interim</th>
<th>Change vs. Previous Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>¥N1B</td>
<td>¥N2%</td>
<td>+ ¥N2%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>¥N3B</td>
<td>¥N4%</td>
<td>+ ¥N4%</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>¥N5B</td>
<td>¥N6%</td>
<td>+ ¥N6%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>¥N7B</td>
<td>¥N8%</td>
<td>+ ¥N8%</td>
</tr>
<tr>
<td><strong>FIV</strong></td>
<td>¥N9B</td>
<td>¥N10%</td>
<td>+ ¥N10%</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>¥N11B</td>
<td>¥N12%</td>
<td>¥N12%</td>
</tr>
</tbody>
</table>

*The previous forecast was based on the outlook at the announcement of results for FY06*
Outlook for FY07 (Explanation of Deviations)

Comparisons with Previous Forecast Values (Published Values for FY06)

1. **Sales**
   - Actual: 940.0Ybn
   - Forecast: 910.0Ybn
   - Deviation: + 30.0Ybn
   - Increase of 2.5Ybn for Electronic Device Systems due to semiconductor manufacturing equipment, LCD manufacturing equipment (both trading) etc.
   - Increase of 6.8Ybn for Life Science due to favorable performance of medical-analysis equipment etc.
   - Increase of 2.7Ybn for Information & Electronic Components due to favorable performance of LCD-related materials for mobile-phones etc.
   - Increase of 18.0Ybn for Advanced Industrial Products due to high demands for printer-related materials and semiconductor/LCD-related materials etc.

2. **Operating Income**
   - Actual: 43.0Ybn
   - Forecast: 42.0Ybn
   - Deviation: + 1.0Ybn
   - Decrease of 4.8Ybn for Electronic Device Systems due to lower sales of LCD/HD manufacturing equipment
   - Increase of 5.5Ybn for Life Science due to favorable performance of medical-analysis equipment etc.
   - Increase of 0.4Ybn for Advanced Industrial Materials due to higher sales of printer-related materials etc.
Outlook for FY07 (Sales)

**Explanation for YoY change**

**Electronic Device Systems:** Despite the increase of semiconductor evaluation/analysis equipment etc., decrease of LCD/HD manufacturing equipment leads to YoY drop

**Life Science:** YoY decrease due to the review of bio-technology related trading products etc.

**Information Systems & Electronic Components:** High sales of chipmounters(new product) etc. leads to YoY increase

**Advanced Industrial Products:** YoY decrease due to diminution in materials etc.

*The previous forecast was based on the outlook at the announcement of results for FY06*
Outlook for FY07 (Ordinary Income)

Operating Income

$hundred \text{ million yen}$

**FY06**

**FY07 (previous forecast)**

**FY07 forecast**

**YoY**

- 451
- 420
- 430

- - 5%
- - 23%
- + 12%
- + 131%
- - 6%

Electronic Device Systems
Life Science
Information Systems & Electronic Components
Advanced Industrial Products

*The previous forecast was based on the outlook at the announcement of results for FY06*

**Explanation for YoY change**

**Electronic Device Systems:** Dull performance leads to decrease of LCD/HD manufacturing equipments

**Life Science:** Increase due to favorable performance of medical-analysis equipment for the European & U.S. markets

**Information Systems & Electronic Components:** Increase in chipmounter sales contributes to profit improvement etc.
Forecast by Segment (Electronic Device Systems)

**Sales**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY06</th>
<th>FY07 (previous forecast)</th>
<th>FY07 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>2,622</td>
<td>2,560</td>
<td>2,585</td>
</tr>
<tr>
<td>Other segments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Changes vs. Previous Forecast**

- **Semiconductor Manufacturing Systems**
  - ASML’s Lithography System: Demands for the most advanced lithography system leads to vast growth.
  - CD-SEM: Effect of new products & new customers leads to increase.
  - Wafer Inspection System: Low performance than forecasted but vast increase on a YoY bases despite postponement of Capex by Asian customers etc.
  - Back-end Process (Die Bonder): Vast growth due to investment for memory etc.
- **LCD Manufacturing Equipment**
  - Proximity Exposure System/Wet Process Equipment: More than expected reduction of Capex for front-end process leads to vast decrease.
  - Module Assembly System: Slight increase due to favorable performance of panel production for large-sized TV/monitors.
- **HD Manufacturing Equipment**
  - Disk/Head Inspection System: Decrease in the production of disks due to the rapid adaptation of perpendicular magnetic recording leads to vast drop.

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- **HD Manufacturing Equipment**
  - Disk/Head Inspection System: Decrease in the production of disks due to the rapid adaptation of perpendicular magnetic recording leads to vast drop.
Market Trend (Semiconductor Manufacturing Equipment)

**Explanation of Situation**

- FY07 same as FY06, large-scale investment in memory such as DRAM and NAND flash continues. Some growth can be expected against previous forecast (overall -2.2%). Increment (move up of FY08) against Capex plan announced at the beginning of the year by major semiconductor customer.
- In FY08, demands sparked by the Beijing Olympics (Aug.), U.S. presidential election (Nov.) plus expansion of capacity* triggered by the price fall of DRAMs is expected to come out positively. On the other hand, investment in memory etc. is considered to be stable, leading the market growth to 2% (overall)

* (Source) Actual results and HHT’s estimates for WSTS & SEMI to August 2007
* The previous forecast was based on the outlook at the announcement of results for FY06
**Order Received** (Semiconductor Manufacturing Equipment)

### Explanation of Situation

- **07/1H:** Favorable performance of ASML’s lithography system, CD-SEM, die bonders, etc. led to YoY 9% increase.
- **07/2H:** Major Asian customers being the core, CD-SEM, wafer inspection systems etc. contributes YoY 6% increase due to active transactions.
- **FY07:** YoY 8% increase can be expected by the launch of ASML’s lithography system, CD-SEM, wafer inspection system’s new products.
Changes in Sales (Semiconductor Manufacturing Equipment)

Sales Change in Main Business

<table>
<thead>
<tr>
<th></th>
<th>FY06 (previous forecast)</th>
<th>FY07 (previous forecast)</th>
<th>FY07 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etchers</td>
<td>Aim to increase sales through success of gaining orders from major Asian new customer and other major customers despite concerns over major American customer’s Capex reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASML’s Lithography System</td>
<td>Plan to heap results by improvement of competitive products including after delivery support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation/Analysis Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CD-SEM</td>
<td>Increase competitiveness by launching new type CD-SEM and next generation lithography evaluation system skills etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wafer Inspection System</td>
<td>Dark field wafer defect inspection system not only succeeded in sales to major device manufactures, but also to wafer manufactures. In addition, new type high performance review-SEM was launched. Sales increased due to joint development with major customers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analysis Equipment</td>
<td>In order to respond to demands to improve the trust of miniaturized semiconductor devices, new products of STEM, new type FE-SEM etc. actively expands sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Back-end Process(Die Bonder)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinforce strategic partnership to increase share in memory assembly market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinforce sales to the Asian market in which vivacity can be expected</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales Ratio by Region

- Japan
- Korea
- P.R.C/Taïwan
- The West etc.

Sales Ratio

- FY06
- FY07 (previous forecast)
- FY07 (previous forecast)
- FY07 forecast

Process Equipment
- Etchers : Aim to increase sales through success of gaining orders from major Asian new customer and other major customers despite concerns over major American customer’s Capex reduction
- ASML’s Lithography System : Plan to heap results by improvement of competitive products including after delivery support

Evaluation/Analysis Equipment
- CD-SEM : Increase competitiveness by launching new type CD-SEM and next generation lithography evaluation system skills etc.
- Wafer Inspection System : Dark field wafer defect inspection system not only succeeded in sales to major device manufactures, but also to wafer manufactures. In addition, new type high performance review-SEM was launched. Sales increased due to joint development with major customers.
- Analysis Equipment : In order to respond to demands to improve the trust of miniaturized semiconductor devices, new products of STEM, new type FE-SEM etc. actively expands sales

Back-end Process (Die Bonder)
- Reinforce strategic partnership to increase share in memory assembly market
- Reinforce sales to the Asian market in which vivacity can be expected
Outlook for FY07

Market Trend (LCD Manufacturing Equipment)

Explanation of Situation

Although FY07’s Capex for front-end process will be postponed/contracted due to panel manufacturers’ facility surplus and rapid price fall mainly in Korea/Taiwan, resumption of investment is said lead to a two figure increase in the manufacturing equipment market in FY08.

Although some manufacturers are moving forward with new and expanded facilities for next-generation lines, FY07’s LCD manufacturing market forecasts a –25% drop YoY which is worse than expected (originally –15%).

In back-end process, production movements in the vicinity of consumption regions will accelerate, and globalization will accelerate not only in China, but also in European and Central America etc.
07/1H: Assembly/module equipment will trend favorably, but front-end proximity exposure system is expected to drop by a wide margin leading to YoY –23%.

07/2H: Front-end process and trade products will widely drop leading to YoY –53%.

FY07: Expected YoY –40% due to above reasons.

Because of front-end process’ Capex reduction, -28% can be expected in proprietary products, despite increase in back-end process.

Because of large orders generated by customers moving their schedule, trade products are expected to see YoY –78%.
Changes in Sales (LCD Manufacturing Equipment)

Sales Change in Main Business

- Assembly/Module Equipment
  - Market expansion due to increase in demands for TV/monitors
  - Improvement in performance for modules and establishment of sales/service WW for back-end process

- Wet Process Equipment
  - Severe situation due to rise of Taiwan/Korean manufacturers
  - Strengthening system sales with proximity exposure system/order received – focus & selection

- Proximity Exposure System
  - Secure orders in front-end process investment from 08/1H
  - Increase competitiveness by making improvement in performance and manufacturing structure through skillful control etc.
  - Production and making to strategy at early stage of G10/mask-less proximity exposure system

- Inspection Equipment/Trade Products etc.
  - Approach of devices which corresponds to G10 (conveyance/dispenser)
Outlook for FY07

Explanation of Situation

- In FY07’s facilities market, precaution situation will continue since large investment from previous year and shift of more than expected Capex for perpendicular magnetic recording expanded.
- Gradual increase in Capex can be expected around 08/2H supported by PC and digital electronics’ growth.
- Investment can be expected for head/substrate-related facilities market in FY08.
- Our main product, inspection equipment is forecasted –22% which is lower than the market (–17%).
**Outlook for FY07**

**Order Received (HD Manufacturing Equipment)**

**Explanation of Situation**

07/1H: Customers restraining investment in disk, substrate and head, leading to a YoY −66%

07/2H: Investment restraint will continue, leading to a YoY −64%

FY07: Despite replacement/R&D investment can be expected, previous year’s excess large investment will continue and domestic full-time disk manufacturers will act with discretion, leading to a −65% decrease (previous forecast −21%)
Changes in Sales (HD Manufacturing Equipment)

**Sales Change in Main Business**

<table>
<thead>
<tr>
<th>Business</th>
<th>FY06 (hundred million yen)</th>
<th>FY07 (previous forecast)</th>
<th>FY07 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Tester</td>
<td>247</td>
<td>211</td>
<td>147</td>
</tr>
<tr>
<td>YoY</td>
<td>- 40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surface Inspection Equipment</td>
<td>+ 18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process Equipment</td>
<td>- 48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disk Testing System</td>
<td>- 41%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Status Quo & Future Actions**

- **Head Tester**
  - Severe situation due to investment restraint by main customers
  - Exploit new customers by new products
- **Surface Inspection Equipment**
  - Shift to perpendicular magnetic recording attends development of high density - boost demands
  - Differentiate products (high sensitivity etc.) from other competitors – increase shares
- **Process Equipment**
  - Shifts to perpendicular magnetic recording leads to increase in demands for high performance equipment in substrate/spattering process
- **Disk Testing System**
  - Severe situation will continue in investment for disk manufacturing
  - Exploitation of new customers leads to increase in shares
  - Launch new product of optical inspection system

**Point**

- Develop equipment which corresponds to new techniques (DTM/BPM)
- Establish global sales/service structure

DTM: Discrete Track Media   BPM: Bit Patterned Media
Forecast by Segment (Life Science)

**Explanation for Changes vs. Previous Forecast**

- **Biotechnology-related Business**
  - Liquid Chromatographs
    Despite the launch of high-performance system, due to competition, results will level out.
  - DNA Sequencers
    Application in genetic assessment, foods and other areas will maintain the planned level.

- **Medical-related Business**
  - Biochemical/Immunological Analysis Equipment
    Reaction decrease to FY06’s launch of new product was expected, but favored sales in the European and U.S. markets lead to a vast increase.

* The previous forecast was based on the outlook at the announcement of results for FY06.
Situation in Main Product (Bio-related Business)

Future Actions

1. High-performance Liquid Chromatograph
   Sales start-up by introduction to the foreign market

2. Liquid Chromatograph Mass Spectrometer
   - Development for check marker markets
   - Establishment of demonstration laboratory in Dallas, U.S.

3. Spectrophotometer
   Launch of new middle type spectrophotometer

4. Reinforcement of Production System in China
   (Dalian Naka Instruments Co., Ltd.)
   - Start of production of small type spectrophotometer in addition to conventional liquid chromatograph
   - Improvement in cost competitiveness of general-purpose analysis equipment
Situation in Main Product (Chemical-related Business)

Factors for Favorable Performance of Biochemical/Immunological Analysis Equipment for the European Market

- Favorable performance in new middle type biochemical/immunological analysis equipment
  □ Modular concept receives favorable reviews
  • Integration of biochemical/immunological analysis equipment
  • Best system that handles customers’ needs
  □ Improvement in order to make observing object/reagent easy to use

Roche/ Hitachi cobas 6000 analyzer series

Future Actions

1. European Market
   Continue to speed up production due to favorable performance of biochemical/immunological analysis equipment

2. Domestic Market
   Sales recovery in biochemical analysis equipment by value-added offer due to the introduction of remote support service

3. Asian Market
   Launch of new type biochemical analysis equipment and system sales of equipment/reagent

4. Alliance with Eiken Chemical Co., Ltd.
   Development promotion of genetic testing business
Explanation for Changes vs. Previous Forecast

\[ \text{Information Systems/ Information Home Electronics} \]
- Broadband-related components for Europe decreased

\[ \text{Module Systems} \]
- Automobile components installation equipment increased, but organic EL manufacturing equipment/chipmounter etc. decreased

\[ \text{Semiconductor} \]
- Semiconductor devices for LCD increased

\[ \text{Media Devices} \]
- LCD-related components for mobile-phones etc. increased

*The previous forecast was based on the outlook at the announcement of results for FY06
Forecast by Segment (Advanced Industrial Products)

**Sales**

(hundred million yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY06</th>
<th>FY07</th>
<th>FY07 Forecast</th>
<th>Changes vs. Previous Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optical-related Materials</td>
<td>3,587</td>
<td>3,285</td>
<td>3,465</td>
<td>+5%</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Explanation for Changes vs. Previous Forecast**

- **Electronic Device Materials**
  - LCD-related materials increased due to the demand expansion
  - Silicon wafers increased due to speed up production by customers

- **Industrial Materials**
  - Laser beam printer transactions increased vastly
  - Demand expansion for semiconductor substrate/materials lead to increase
  - Favorable performance of automobile components in Japan

*The previous forecast was based on the outlook at the announcement of results for FY06*
Capex Status Quo

Construction of Clean Room for G10 LCD Manufacturing Equipment (Completed in Apr. 2007)

<table>
<thead>
<tr>
<th>Location</th>
<th>Within Saitama Factory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor Space</td>
<td>16,190m²</td>
</tr>
<tr>
<td>Cost</td>
<td>Approximately 2.5Ybn</td>
</tr>
<tr>
<td>Capacity</td>
<td>3m - 3.5m glass size</td>
</tr>
</tbody>
</table>

Construction of Chipmounter Development/Production Plant (Scheduled for completion in Feb. 2008)

<table>
<thead>
<tr>
<th>Location</th>
<th>Saitama Prefecture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor Space</td>
<td>17,500m²</td>
</tr>
<tr>
<td>Cost</td>
<td>Approximately 3.5Ybn</td>
</tr>
<tr>
<td>Production Capacity</td>
<td>1,200 unit/year</td>
</tr>
<tr>
<td>Share Target</td>
<td>30% in FY 2010</td>
</tr>
</tbody>
</table>
Capex Status Quo

Reinforcement of Naka Plant’s Production Capacity
(Begins in Dec. 2007 and scheduled for completion in Mar. 2013)

<table>
<thead>
<tr>
<th>Location</th>
<th>Present: Within Naka Factory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Approximately 8.0 Ybn (2007-2012)</td>
</tr>
<tr>
<td>Purpose</td>
<td>BCP construction and accomplishment of supplier responsibility</td>
</tr>
<tr>
<td></td>
<td>Production optimization</td>
</tr>
<tr>
<td></td>
<td>Building two houses and changing manufacturing layout</td>
</tr>
</tbody>
</table>

Ended of 2012
Financial Data
### Quarterly Results

<table>
<thead>
<tr>
<th></th>
<th>06/1Q</th>
<th>06/2Q</th>
<th>06/3Q</th>
<th>06/4Q</th>
<th>07/1Q</th>
<th>07/2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>2,226</td>
<td>2,467</td>
<td>2,339</td>
<td>2,484</td>
<td>2,251</td>
<td>2,621</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>88</td>
<td>121</td>
<td>108</td>
<td>134</td>
<td>87</td>
<td>146</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>98</td>
<td>124</td>
<td>107</td>
<td>114</td>
<td>91</td>
<td>147</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>59</td>
<td>72</td>
<td>65</td>
<td>65</td>
<td>57</td>
<td>90</td>
</tr>
</tbody>
</table>

### Sales by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>06/1Q</th>
<th>06/2Q</th>
<th>06/3Q</th>
<th>06/4Q</th>
<th>07/1Q</th>
<th>07/2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>571</td>
<td>662</td>
<td>628</td>
<td>760</td>
<td>635</td>
<td>766</td>
</tr>
<tr>
<td>Life Science</td>
<td>213</td>
<td>239</td>
<td>217</td>
<td>265</td>
<td>196</td>
<td>243</td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td>583</td>
<td>633</td>
<td>576</td>
<td>583</td>
<td>546</td>
<td>700</td>
</tr>
<tr>
<td>Advanced Industrial Products</td>
<td>859</td>
<td>933</td>
<td>919</td>
<td>876</td>
<td>874</td>
<td>913</td>
</tr>
</tbody>
</table>
## Capital Expenditure, Depreciation Costs, R&D Spending

### (hundred million yen)

<table>
<thead>
<tr>
<th></th>
<th>FY06 Interim</th>
<th>FY07 Interim</th>
<th>YoY</th>
<th>FY06</th>
<th>FY07 Forecast</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>34</td>
<td>47</td>
<td>+ 40%</td>
<td>106</td>
<td>115</td>
<td>+ 8%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35</td>
<td>42</td>
<td>+ 18%</td>
<td>76</td>
<td>97</td>
<td>+ 27%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>94</td>
<td>101</td>
<td>+ 7%</td>
<td>191</td>
<td>224</td>
<td>+ 17%</td>
</tr>
</tbody>
</table>

### < Cause of Fluctuation > (FY 06 <> FY 07)

- **Capex** 0.9Ybn increase
  - Construction of new plant for chipmounters etc.
- **R&D** 3.3Ybn increase
  - Technique development in Electronic Device Systems, Life Science

*Capital expenditure is entered on an acquisition bases
## Sales Trends by Main Group

### FY06 Interim | FY07 Interim | YoY | FY06 | FY07 Forecast | YoY
---|---|---|---|---|---
**Other businesses**
1,233 | 1,400 | +14% | 2,622 | 2,585 | -1%
237 | 329 | +39% | 627 | 602 | -4%
434 | 446 | +3% | 877 | 969 | +10%
297 | 317 | +7% | 515 | 484 | -6%
119 | 97 | -18% | 247 | 147 | -40%
146 | 211 | +45% | 356 | 383 | +8%

**Creative Products**
451 | 440 | -3% | 933 | 880 | -6%
112 | 107 | -4% | 232 | 231 | 0%
267 | 275 | +3% | 563 | 557 | -1%
72 | 58 | -19% | 138 | 92 | -33%

**System Solutions**
1,216 | 1,245 | +2% | 2,374 | 2,470 | +4%
410 | 512 | +25% | 837 | 919 | +10%
172 | 183 | +6% | 292 | 375 | +28%
228 | 200 | -12% | 432 | 427 | -1%
166 | 156 | -6% | 279 | 256 | -8%
240 | 194 | -19% | 534 | 493 | -8%

**Industrial Systems**
1,792 | 1,787 | -0% | 3,587 | 3,465 | -3%
836 | 899 | +8% | 1,680 | 1,765 | +5%
253 | 367 | +45% | 524 | 725 | +38%
147 | 150 | -2% | 309 | 289 | -6%
556 | 371 | -33% | 1,074 | 686 | -36%

*Past numerical data is corrected along with the change of composition breakdown.*
< 未発表の為下記省略 >