Operating income was raised to ¥12.6 billion, thanks to a strong performance in Life Sciences
Contents

FY08 2nd Quarter Financial Results

I  Outline of FY08 Q1-Q2

II  FY08 Outlook

III  Financial Data
Outline of FY08 Q1-Q2

(Note) YY/M denotes the year and month of the accounting period-end.
Outline of FY08 Q1-Q2 (Highlights)

<table>
<thead>
<tr>
<th></th>
<th>(New criteria)</th>
<th>Impact from</th>
<th>(New criteria)</th>
<th>vs. Previous</th>
<th>Impact from</th>
<th>(Old criteria)</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Previous</td>
<td>Business</td>
<td>Results</td>
<td>Accounting</td>
<td>Results</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forecast (e)</td>
<td>Results (x)</td>
<td>(e1)=(e+x)</td>
<td>Policy</td>
<td>(e1+y)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,150</td>
<td>+84</td>
<td>4,234</td>
<td>+2%</td>
<td>-237</td>
<td>4,471</td>
<td>-8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>88</td>
<td>+38</td>
<td>126</td>
<td>+43%</td>
<td>-50</td>
<td>176</td>
<td>-25%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>93</td>
<td>+46</td>
<td>139</td>
<td>+50%</td>
<td>-50</td>
<td>189</td>
<td>-20%</td>
</tr>
<tr>
<td>Net Income</td>
<td>43</td>
<td>+33</td>
<td>76</td>
<td>+76%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(Note) 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-delivery installation. In principle, revenue is now recognized on complete installation, rather than on delivery.

(Note) (e) is the previous forecast for the effect of the new recognition criteria (figures announced July 2008) (e1) is the revised forecast to reflect the effect of the new recognition criteria (figures announced October 2008)

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Outline of FY08 Q1-Q2 (Explanation of Deviations)

vs. Previous Forecast (Published Values for Q1/Jul. 2008)

1. Explanation of Deviations

Sales (415.0Ybn → 423.4Ybn +8.4Ybn)

- Electronic Device Systems: Reduction in demands for semiconductor manufacturing equipment led to decrease of 1.2Ybn
- Life Sciences: Favorable performance of clinical analyzers for the European/U.S. market led to the growth of 3.1Ybn
- Advanced Industrial Products: Higher sales of LCD components and materials led to the increase of 6.5Ybn

Operating Income (8.8Ybn → 12.6Ybn +3.8Ybn)

- Electronic Device Systems: Net effect of cost reductions led to increase of 1.3Ybn
- Life Sciences: Favorable performance of clinical analyzers for the European/U.S. market led to the growth of 1.9Ybn

2. Impact from Accounting Policy Change

<table>
<thead>
<tr>
<th></th>
<th>Previous Forecast</th>
<th>Results</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>-320</td>
<td>-237</td>
<td>+83</td>
</tr>
<tr>
<td>Operating Income</td>
<td>-67</td>
<td>-50</td>
<td>+17</td>
</tr>
</tbody>
</table>

(100 million yen)
Outline of FY08 Q1-Q2 (Sales)

Sales

(100 million yen) ( )=Old criteria

<table>
<thead>
<tr>
<th>Business Area</th>
<th>07/9 Results (millions of yen)</th>
<th>Impact from Business Results Change (millions of yen)</th>
<th>08/9 Results (millions of yen)</th>
<th>(Old criteria) Y o Y</th>
<th>Impact from Accounting Policy Change (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>1,400</td>
<td>-309</td>
<td>1,092</td>
<td>-22%</td>
<td>-229</td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td>1,245</td>
<td>-178</td>
<td>1,067</td>
<td>-14%</td>
<td>-8</td>
</tr>
</tbody>
</table>

Explanation of YoY Variations (Old criteria)

Electronic Device Systems : Reduction in demands for semiconductor manufacturing equipment, LCD manufacturing equipment (trading products) and HD manufacturing equipment led to decrease

Life Sciences : Increase due to contribution of clinical analyzers for the European/U.S. markets

Information Systems & Electronic Components : Factors in decline included lower chip mounter and sales of semiconductor devices in Asia
Outline of FY08 Q1-Q2 (Operating Income)

Operating Income

(100 million yen) ( )=Old criteria

<table>
<thead>
<tr>
<th></th>
<th>07/9 Results</th>
<th>Impact from Business Results Change</th>
<th>08/9(e) Results</th>
<th>(Old criteria) 08/9 Results</th>
<th>(Old criteria) Y o Y</th>
<th>Impact from Accounting Policy Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>122</td>
<td>-77</td>
<td></td>
<td>45</td>
<td>-63%</td>
<td>-49</td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td>20</td>
<td>-16</td>
<td></td>
<td>4</td>
<td>-80%</td>
<td>-1</td>
</tr>
</tbody>
</table>

Explanation of YoY Variations (Old criteria)

- Electronic Device Systems: Reduction in demands for semiconductor manufacturing equipment and HD manufacturing equipment led to decrease
- Life Sciences: Favorable performance of clinical analyzers for the European/U.S. market led to growth
- Information Systems & Electronic Components: Factors in decline included lower chip mounter

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Outline of FY08 Q1-Q2 (Ordinary Income / Net Income)

Ordinary Income

- **(100 million yen)**
  - 2008/9: 139
  - 2007/9: 238
  - **YOY -42%**
  - (-20%)

Net Income

- **(100 million yen)**
  - 2008/9: 76
  - 2007/9: 147
  - **YOY -49%**

Explanation of YoY Variations (Old criteria)

- Ordinary income declined in line with lower operating income, despite improvement in other income.
- Net income also declined due mainly to the lower ordinary income.

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# Financial Position (Balance Sheet in Summary)

Year Ended September 30, 2008 (100 million yen)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (100 million yen)</th>
<th>Changes vs. 08/3</th>
<th>Category</th>
<th>Amount (100 million yen)</th>
<th>Changes vs. 08/3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Deposits/Deposit to Hitachi Group Cash Management Fund</td>
<td>660</td>
<td>-58</td>
<td>Notes &amp; Accounts Payable</td>
<td>1,494</td>
<td>-287</td>
</tr>
<tr>
<td>Notes &amp; Accounts Receivable</td>
<td>2,151</td>
<td>-323</td>
<td>Others</td>
<td>651</td>
<td>+5</td>
</tr>
<tr>
<td>Inventories</td>
<td>819</td>
<td>+148</td>
<td>Fixed Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>267</td>
<td>+13</td>
<td>Retirement and severance benefits</td>
<td>260</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td>-16</td>
<td>Others</td>
<td>10</td>
<td>-2</td>
</tr>
<tr>
<td>Tangible Fixed Assets</td>
<td>594</td>
<td>+7</td>
<td><strong>Net Assets</strong></td>
<td>2,398</td>
<td>+47</td>
</tr>
<tr>
<td>Intangible Fixed Assets</td>
<td>42</td>
<td>+3</td>
<td>Shareholder Capital</td>
<td>2,374</td>
<td>+52</td>
</tr>
<tr>
<td>Investments &amp; Other Assets</td>
<td>281</td>
<td>-26</td>
<td>Assessments/Exchange Difference etc.</td>
<td>22</td>
<td>-5</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,813</td>
<td>-236</td>
<td>Minority Interests</td>
<td>2</td>
<td>+0</td>
</tr>
</tbody>
</table>

**Net Assets**

- Shareholder Capital: 2,374 (vs. FY07 +52)
- Assessments/Exchange Difference etc.: 22 (vs. FY07 -5)
- Minority Interests: 2 (vs. FY07 +0)

Equity Ratio: 49.8% (vs. FY07 +3.3%)

Book-value per Share (yen): 1,741.90 (vs. FY07 +34.21)
## Financial Position (Cash Flow in Summary)

<table>
<thead>
<tr>
<th>(100 million yen)</th>
<th>08/1H</th>
<th>08/1H</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flow from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Before Income Taxes and Minority Interests</td>
<td>+141</td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>+43</td>
<td></td>
</tr>
<tr>
<td>Working Fund</td>
<td>-128</td>
<td></td>
</tr>
<tr>
<td>Income Taxes Paid</td>
<td>-91</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+38</td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flow from Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures Proceeded from Sales / Purchase of Securities</td>
<td>+28</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures Proceeded from Sales / Purchase of Property and Equipment</td>
<td>* -48</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+0</td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>-16</td>
<td></td>
</tr>
</tbody>
</table>

| **Cash Flow from Financing Activities** |       |       |
| Dividends Paid | -141 | -75 |
| Bought Back Treasury Stock from Minority Shareholders | ** -51 |       |
| Others | -0 |       |
| **Net Increase (Decrease) in Cash and Cash Equivalents** |       | -92 |
| **Cash and Cash Equivalents at the Beginning of Year** |       | +779 |

### Points

* Constructed new chip mounter factory at Hitachi High-Tech Instruments Co., Ltd. -2.3Ybn

**Purchased treasury stocks of U.S. subsidiary -5.1Ybn

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Outlook for FY08

(note) YY/M denotes the year and month of the accounting period-end.
# Outlook for FY08 (Highlights)

<table>
<thead>
<tr>
<th></th>
<th>(New criteria) Previous Forecast (e)</th>
<th>Impact from Business Results Change (x)</th>
<th>(New criteria) Revised Forecast (e1)=(e+x)</th>
<th>vs. Previous Forecast</th>
<th>Impact from Accounting Policy Change (y)</th>
<th>(Old criteria) Revised Forecast (e1+y)</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>8,800</td>
<td>0</td>
<td>8,800</td>
<td>0%</td>
<td>-270</td>
<td>9,070</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>350</td>
<td>0</td>
<td>350</td>
<td>0%</td>
<td>-68</td>
<td>418</td>
<td>-15%</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>353</td>
<td>0</td>
<td>353</td>
<td>0%</td>
<td>-68</td>
<td>421</td>
<td>-14%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>220</td>
<td>0</td>
<td>220</td>
<td>0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>-</td>
<td>-</td>
<td>9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FIV</strong></td>
<td>-</td>
<td>-</td>
<td>90</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

FX Rate Estimate for FY08: 1USD=102yen  
1EUR=155yen

(Note)  
(e) is the previous forecast for the effect of the new recognition criteria (figures announced July 2008)  
(e1) is the revised forecast to reflect the effect of the new criteria (figures announced October 2008)
Outlook for FY08 (Sales)

**Explanation of YoY Variations (Old criteria)**

- **Electronic Device Systems**: Lower sales reflecting ongoing curbs on investment in semiconductor manufacturing equipment and HD manufacturing equipment.
- **Information Systems & Electronic Components**: Lower sales reflecting falling demand for semiconductor devices and media devices such as LCD.
Outlook for FY08 (Operating Income)

Operating Income

(100 million yen)

( )=Old criteria

(491)

(430)

(418)

(95)

(195)

(28)

(32)

(160)

(28)

(32)

(195)

(-15%)

-29%

-59%

+6%

-32%

-9%

08/3

09/3(e)

09/3(e1)

(100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>08/3 Results</th>
<th>Impact from Business Results Change</th>
<th>(Old criteria) 9/3(e1)</th>
<th>(Old criteria) Y o Y</th>
<th>Impact from Accounting Policy Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>231</td>
<td>-71</td>
<td>160</td>
<td>-31%</td>
<td>-65</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>184</td>
<td>+11</td>
<td>196</td>
<td>+6%</td>
<td>-1</td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td>41</td>
<td>-11</td>
<td>30</td>
<td>-27%</td>
<td>-2</td>
</tr>
</tbody>
</table>

Explanation of YoY Variations (Old criteria)

- **Electronic Device Systems**: Lower sales reflecting ongoing curbs on investment in semiconductor manufacturing equipment and HD manufacturing equipment
- **Information Systems & Electronic Components**: Lower sales reflecting falling demand for semiconductor devices and media devices such as LCD
- **Advanced Industrial Products**: Decrease due to higher sales development costs
Outlook by Segment (Electronic Device Systems)

Sales

(100 million yen) ( )=Old criteria

<table>
<thead>
<tr>
<th>Period</th>
<th>Previous Forecast (e)</th>
<th>Revised Forecast(e1)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCD/HD manufacturing equipment</td>
<td>706</td>
<td>565</td>
<td></td>
</tr>
<tr>
<td>Semiconductor manufacturing equipments</td>
<td>2,060</td>
<td>1,495</td>
<td>-4%</td>
</tr>
<tr>
<td>LCD/HD manufacturing equipment</td>
<td>1,942</td>
<td>1,430</td>
<td>-4%</td>
</tr>
<tr>
<td>Semiconductor manufacturing equipments</td>
<td>1,980</td>
<td>1,430</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Impact from Accounting Policy Change

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Previous Forecast (e)</th>
<th>Revised Forecast(e1)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductor manufacturing equipments</td>
<td>-120</td>
<td>-100</td>
<td>+20</td>
</tr>
<tr>
<td>LCD/HD manufacturing equipment</td>
<td>-145</td>
<td>-150</td>
<td>-5</td>
</tr>
</tbody>
</table>
FY08 1H saw a lackluster SME market, especially memory manufacturers. In addition to macroeconomic uncertainty, highlighted by soaring crude oil prices, this reflected the effect of the major earthquake in May in Sichuan, China, and lower-than-expected demand from the Beijing Olympics.

FY08 2H is expected to see lower sales of finished products using semiconductors because of fears of a global recession sparked by the U.S. financial crisis. This could lead to falling demand for memory and other semiconductor devices as well as put downward pressure on sales prices. The full-year FY08 forecast projects sharp negative growth.
Changes in Orders Received (Semiconductor Manufacturing Equipment)

*FY08 1H: 16% YoY decline due to difficult order environment for both proprietary products and trading products as customers worldwide curtailed investment.*  
*FY08 2H: Projecting 25% YoY decline as customers, notably memory manufacturers, continue to curb investment.*  
*FY08: Prediction of a YoY fall of 21% based on the above*
Changes in Sales
(Semiconductor Manufacturing Equipment)

Sales Change in Main Business
(100 million yen)
( )=Old criteria

- Process Equipment
  Resumption of investment by major overseas customers expected to compensate for domestic customers' curbs on investment, leading to higher sales of etching systems

- Metrology & Analysis Equipment
  Metrology equipment: Sharp drop due to curtailment of investment by Japanese and Asian device manufacturers
  Analysis Equipment: Largely as previously planned due to new product launches, etc. even though conditions for non-semiconductor fields will also be difficult as the economy slows

- Back-end Process Equipment (Die Bonders)
  Decrease because of deteriorating market conditions, centered on South Korea, for both DRAM and NAND Flash

Sales Ratio by Region

Japan South Korea China Taiwan Region America Europe etc.

08/3 09/3(e) 09/3(e1)

0% 50% 100%

Future Actions
- Process Equipment
  Continue winning orders for etching systems from major U.S. customers and expand business to customers worldwide.

- Metrology & Analysis Equipment
  Metrology Equipment: Expand sales to relatively strong MPU and logic manufacturers, as well as solidify base in South Korea and Taiwan markets
  Analysis Equipment: Promote sales to universities and research institutes in Japan and overseas
  (Japan: Efforts for the revised national budget)

- Back-end Process Equipment (Die Bonders)
  Launch new products to capture orders from non-memory customers

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• In FY08 the manufacturing equipment market was expected to grow 81% YoY, but since June it has been on a declining trend due to sudden changes in market conditions.
  - At the beginning of FY08, set manufacturers ordered panels ahead of schedule and upped prices, anticipating that demand would outstrip supply.
  - Demand grew less than expected, particularly for large TVs and monitors. From June on, the supply-demand balance eroded, leading to significant price reductions of panels and continued production cutbacks, mainly among Taiwanese manufacturers.
  - The global economic slowdown continued to exert a serious impact during the second half of FY08, and it is widely thought that recovery will be delayed.

Contexts

(Source) HHT’s estimation based on SEAJ (Jul. 08) data
*Previous forecast is based on the announcement for FY07 (Apr. 2008)
**Changes in Orders Received**

(LCD Manufacturing Equipment)

### Contexts

- **FY08 1H**: The impact of the investment cycle on module assembly systems decreased, but orders grew 137% YoY due to a significant increase in orders for exposure systems and trading products resulting from concentration of investment in front-end processing.
- **FY08 2H**: From June, LCD panel prices dropped sharply after LCD market balance eroded. We predict that orders will be 5% lower YoY due to customers' careful investment stance.
- **FY08**: We predict YoY growth of 68% based on the above.
Forecast to continue firmly, although worsening market conditions give cause for concern

- **Front-end**
  - A sales ratio of around 67% is expected as bulk of investment moves to G8 or higher
    - Proximity exposure system sales expected to increase significantly as companies start stepping up investment activities again
    - Wet process equipment, including G10-compliant equipment, to shift to high value-added products

- **Back-end etc.**
  - Module assembly systems to shrink as investment drops back
  
- **Trading products**
  - Delay in installation of part of products

**Future Actions**

- **Front-end**
  - Shipments of G10-compatible equipment to begin in FY08 Q3

- **Back-end etc.**
  - High productivity equipment (new product) currently under development
Outlook by Segment (Life Sciences)

Sales

(100 million yen)

<table>
<thead>
<tr>
<th>Period</th>
<th>Biotechnology-related Business</th>
<th>Medical-related Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/3</td>
<td>0%</td>
<td>+12%</td>
</tr>
<tr>
<td>09/3(e)</td>
<td>±0%</td>
<td></td>
</tr>
<tr>
<td>09/3(e1)</td>
<td>970</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: The effect of the change in accounting policy in this segment is negligible, and has therefore been omitted.
Changes in Sales (Biotechnology-related Business)

Changes in Sales

- **Biotechnology**
  - Selection and concentration in the trading products business ended in FY07
  - Business in FY08 has been proceeding according to previous forecasts.

- **Biotechnology**
  - Expand sales of DNA sequencers to the applications market, where growth can be expected as genetic evaluation and diagnostic applications become more robust
  - Expand liquid chromatograph mass spectrometers through new products featuring ECD (electron capture dissociation) technology to improve protein spectroscopy performance and expand the biotechnology manufacturer market

- **General-Purpose Analysis**
  - Liquid chromatographs
    - By connecting to industry-standard data stations, deepen channels in the largest market, the pharmaceutical field
  - Photometers
    - Expand to food and environmental fields by enhancing applications
  - Trading
    - Establish specialized sales force to enhance sales

Contexts

Future Actions

Changes in Sales (100 million yen)

- 08/3: 300
- 09/3(e): 240
- 09/3(e1): 240

vs. (e) ± 0%
Sales are rising in the European market for mid-scale biochemistry/immunity analysis systems thanks to strong sales of the new compact immunity analysis equipment.

In the European market, we aim to achieve above-market growth through ongoing support for further development of SCB with Roche Diagnostics and expansion of sales.

In Japan and China, we will stimulate demand by providing new added value through promotion of cooperation with test reagent manufacturers and the introduction of online support services.

As the only manufacturer that produces both analytical equipment and pre-analytical systems, make possible automation of sequential workflows, from laboratory intake management to reporting of results by connecting the modular pre-analytical system to each analytical device.

Promote SCB with French company bioMerieux in the bacteriological and genetic testing businesses.

*SCB: System Collaboration Business
Laboratory automation systems contribute to the efficiency and safety of laboratory work

Module assembly format enables the construction of flexible systems to meet the needs and scale of each laboratory

<Special features of laboratory automation systems>
- Asynchronous distributed system enables efficient rack transport
- Maintenance-free syringe-less injection system
- Rack retraction system that makes possible passing over of racks

<Examples of system construction>
- Connecting the MODULAR-PreANALYTICS system to each analytical device enables automation of sequential workflow, from laboratory intake management to reporting of results
- Contributes to greater energy conservation and efficiency of cumbersome laboratory processes

Example of cobas6000 system construction (two units connected)
Outlook by Segment
(Information Systems & Electronics Components)

Changes in Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>08/3</th>
<th>09/3(e)</th>
<th>09/3(e1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT-related Equipment</td>
<td>2,327</td>
<td>2,320</td>
<td>2,200</td>
</tr>
<tr>
<td>Assembly System</td>
<td></td>
<td></td>
<td>(2,177)</td>
</tr>
<tr>
<td>Semiconductors</td>
<td>(2,327)</td>
<td>2,320</td>
<td>2,200</td>
</tr>
<tr>
<td>Media Devices</td>
<td></td>
<td></td>
<td>(2,355)</td>
</tr>
</tbody>
</table>

Contexts

- **IT-related Equipment**
  - Increase in sales of mobile phone terminals for the U.S. market

- **Assembly System**
  - Auto parts assembly equipment rose, but chip mounter and other devices decreased

- **Semiconductors**
  - Increase in sales of general-purpose semiconductors

- **Media Devices**
  - LCD-related components for mobile phone applications and other devices decreased

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In FY08 1H, demand for capital investment was weak in the electronics market, including mobile phones, notebook PCs, and flat-screen TVs. The situation for EMS capital investment remains to be seen.

Major capital investment cannot be expected from FY08 2H to FY09 due to the global economic recession. The scale of the market contracted throughout FY08.

Although competition will intensify due to the slowdown and freeze-up in capital investment by users, sales will remain on a par with the previous year.

[Future initiatives]
- Expand share by conveying the appeal of precision mounting and productivity functions
- Continue to enhance global sales and service capabilities, particularly in Asia
- Utilize new plants to facilitate high quality and efficient production and reinforce new product development

(Source) Created by HHT, based on Japan Robot Association’s data (Nov. 2007)

*Previous forecast is based on the announcement for FY07 (Apr. 2008)
Outlook by Segment (Advanced Industrial Products)

- **Optical-related Components**
  - Decrease, mainly for optical media elements for DVDs

- **Electronic Device Materials**
  - Increase in silicon wafers for solar cell use

- **Industrial Materials**
  - Increase in automotive pressure sensors due to expanded fuel-efficient applications
<Topics> HD Technology Development Roadmap and Technology Advance</Topics>

- **DTM (Discrete Track Media)**
  - 2006-2010: 100-1000 Gbit/in²
  - 2010-2019: 1000-10,000 Gbit/in²

- **Perpendicular Media**
  - 2006-2010: 100 Gbit/in²
  - 2010-2019: 1000 Gbit/in²

- **BPM (Bit Patterned Media)**
  - 2010-2019: 200-2000 Gbit/in²

- **TAMR (Thermal Assisted Magnetic Recording)**
  - 2010-2019: 5000 Gbit/in²

**DATA: IDEMA**
<Topics> Development of DTM Manufacturing Equipment

Current Products

- **Substrate**
  - Surface Inspection Systems
  - Hitachi High-Technologies: WW Share 63%

- **Head**
  - Head Tester
  - QuasiTester
  - Hitachi High-Technologies: WW Share 63%

- **Disk**
  - Disk Test Systems
  - Cleaning Machine
  - Texturing Machine
  - Hitachi High-Technologies: WW Share 56%

Development Products

- **DTM Equipment**
  - Nano-Imprint Machine
  - Nano-Pattern Tester
  - Particle Monitor
  - Optical Disk Test Systems
  - Cleaning Machine
  - Enchance Machine
    - High-sensitivity inspection technology

- **Demand**
  - Low-cost fine manufacturing
  - Groove measurement
  - Particle and defect inspection

- **Technology**
  - UV cure imprint technology
  - Optical inspection technology
  - Laser scanning technology

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Financial Data

(note) YY/M denotes the year and month of the accounting period-end.
## Quarterly Results

### (100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>07/Q1</th>
<th>07/Q2</th>
<th>07/Q3</th>
<th>07/Q4</th>
<th>08/Q1</th>
<th>08/Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>2,251</td>
<td>2,621</td>
<td>2,263</td>
<td>2,296</td>
<td>1,829</td>
<td>2,404</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>87</td>
<td>146</td>
<td>81</td>
<td>178</td>
<td>19</td>
<td>106</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>91</td>
<td>147</td>
<td>86</td>
<td>164</td>
<td>26</td>
<td>113</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>57</td>
<td>90</td>
<td>55</td>
<td>67</td>
<td>-2</td>
<td>78</td>
</tr>
</tbody>
</table>

### Sales by Segment

#### (100 million yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>07/Q1</th>
<th>07/Q2</th>
<th>07/Q3</th>
<th>07/Q4</th>
<th>08/Q1</th>
<th>08/Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electronic Device Systems</strong></td>
<td>635</td>
<td>766</td>
<td>587</td>
<td>661</td>
<td>250</td>
<td>612</td>
</tr>
<tr>
<td><strong>Life Sciences</strong></td>
<td>196</td>
<td>243</td>
<td>261</td>
<td>261</td>
<td>248</td>
<td>243</td>
</tr>
<tr>
<td><strong>Information Systems &amp; Electronic Components</strong></td>
<td>546</td>
<td>700</td>
<td>543</td>
<td>539</td>
<td>443</td>
<td>616</td>
</tr>
<tr>
<td><strong>Advanced Industrial Products</strong></td>
<td>874</td>
<td>913</td>
<td>873</td>
<td>834</td>
<td>888</td>
<td>933</td>
</tr>
</tbody>
</table>
## Capital Expenditure/Depreciation Costs/R&D

<table>
<thead>
<tr>
<th></th>
<th>07/1H</th>
<th>08/1H</th>
<th>Y o Y</th>
<th>08/3</th>
<th>09/3(e1)</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>47</td>
<td>57</td>
<td>+20%</td>
<td>113</td>
<td>149</td>
<td>+33%</td>
</tr>
<tr>
<td>Depreciation Costs</td>
<td>42</td>
<td>43</td>
<td>+3%</td>
<td>89</td>
<td>99</td>
<td>+12%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>101</td>
<td>106</td>
<td>+5%</td>
<td>204</td>
<td>224</td>
<td>+10%</td>
</tr>
</tbody>
</table>

(100 million yen)

*Capital Expenditure is based on an acquisition bases

### Context (FY08)
- **Capital Expenditure:** 3.7Ybn increase
  - Extension and renovation of Naka Works
- **R&D:** 2.0Ybn increase
  - Development of elemental technology in Electronic Device Systems and Life Sciences
# Sales Trends by Main Group

<table>
<thead>
<tr>
<th></th>
<th>07/1H</th>
<th>08/1H*</th>
<th>Y o Y</th>
<th>08/3</th>
<th>09/3(e1)*</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electronic Device Systems</strong></td>
<td>1,400</td>
<td>863</td>
<td>-38%</td>
<td>2,648</td>
<td>1,980</td>
<td>-25%</td>
</tr>
<tr>
<td>Process Equip.</td>
<td>329</td>
<td>288</td>
<td>-12%</td>
<td>748</td>
<td>528</td>
<td>-29%</td>
</tr>
<tr>
<td>Metrology/Analysis Syst.</td>
<td>446</td>
<td>281</td>
<td>-37%</td>
<td>902</td>
<td>746</td>
<td>-17%</td>
</tr>
<tr>
<td>LCD Manufacturing Equip.</td>
<td>317</td>
<td>138</td>
<td>-56%</td>
<td>500</td>
<td>420</td>
<td>-16%</td>
</tr>
<tr>
<td>HD Manufacturing Equip.</td>
<td>97</td>
<td>31</td>
<td>-68%</td>
<td>140</td>
<td>55</td>
<td>-60%</td>
</tr>
<tr>
<td>Others</td>
<td>211</td>
<td>124</td>
<td>-41%</td>
<td>358</td>
<td>231</td>
<td>-35%</td>
</tr>
<tr>
<td><strong>Life Sciences</strong></td>
<td>440</td>
<td>491</td>
<td>+12%</td>
<td>962</td>
<td>970</td>
<td>+1%</td>
</tr>
<tr>
<td>Bio-related Business</td>
<td>107</td>
<td>93</td>
<td>-13%</td>
<td>213</td>
<td>211</td>
<td>-1%</td>
</tr>
<tr>
<td>Medical-related Business</td>
<td>275</td>
<td>367</td>
<td>+33%</td>
<td>631</td>
<td>708</td>
<td>+12%</td>
</tr>
<tr>
<td>Others</td>
<td>58</td>
<td>32</td>
<td>-45%</td>
<td>118</td>
<td>51</td>
<td>-57%</td>
</tr>
<tr>
<td><strong>Information Systems &amp; Electronic Components</strong></td>
<td>1,245</td>
<td>1,059</td>
<td>-15%</td>
<td>2,327</td>
<td>2,200</td>
<td>-5%</td>
</tr>
<tr>
<td>Information Syst.</td>
<td>512</td>
<td>459</td>
<td>-10%</td>
<td>910</td>
<td>882</td>
<td>-3%</td>
</tr>
<tr>
<td>Assembly Syst.</td>
<td>183</td>
<td>143</td>
<td>-22%</td>
<td>334</td>
<td>331</td>
<td>-1%</td>
</tr>
<tr>
<td>Semiconductors</td>
<td>200</td>
<td>168</td>
<td>-16%</td>
<td>394</td>
<td>367</td>
<td>-7%</td>
</tr>
<tr>
<td>Media Devices</td>
<td>156</td>
<td>124</td>
<td>-21%</td>
<td>313</td>
<td>248</td>
<td>-21%</td>
</tr>
<tr>
<td>Others</td>
<td>194</td>
<td>164</td>
<td>-15%</td>
<td>376</td>
<td>373</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Advanced Industrial Products</strong></td>
<td>1,787</td>
<td>1,820</td>
<td>+2%</td>
<td>3,495</td>
<td>3,650</td>
<td>+4%</td>
</tr>
<tr>
<td>Industrial Materials</td>
<td>899</td>
<td>900</td>
<td>+0%</td>
<td>1,714</td>
<td>1,791</td>
<td>+4%</td>
</tr>
<tr>
<td>Electronic Device Materials</td>
<td>367</td>
<td>464</td>
<td>+26%</td>
<td>764</td>
<td>893</td>
<td>+17%</td>
</tr>
<tr>
<td>Optical-related Components</td>
<td>150</td>
<td>155</td>
<td>+3%</td>
<td>284</td>
<td>316</td>
<td>+11%</td>
</tr>
<tr>
<td>Others</td>
<td>371</td>
<td>302</td>
<td>-19%</td>
<td>733</td>
<td>650</td>
<td>-11%</td>
</tr>
</tbody>
</table>

*New criteria*
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END

October 23, 2008

Hitachi High-Technologies Corporation

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