

October 24, 2002

## Interim Report of Consolidated Financial Results

### For the Six Months Ended September 30, 2002

Registered Company Name:	Hitachi High-Technologies Corporation	Stock Listings:	Tokyo, Osaka
Code No:	8036	Head Office:	Tokyo
URL:	<a href="http://www.hitachi-hitec.com/">http://www.hitachi-hitec.com/</a>	Telephone:	(03) 3504-5138
Representative:	Yoshiro Kuwata, Chairman and President	Application of U.S. Accounting Standards:	No
Contact:	Tatsuya Akutagawa, Deputy General Manager, General Affairs Dept.	Parent Company:	Hitachi, Ltd. (Code No: 6501)
Board of Directors' Meeting:	October 24, 2002	Percentage of Shares Held by Parent Company:	67.0%

#### 1. Business Performance

(1) Results of Operations (For the Six Months Ended September 30, 2002 and 2001, and the Year Ended March 31, 2002)

(Millions of Yen, %)

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
FY2002 Interim	¥385,203	5.0%	¥4,851	-9.5%	¥4,736	-25.1%
FY2001 Interim	¥366,916	-9.2%	¥5,362	-19.2%	¥6,322	-10.9%
FY2001	¥738,289		¥9,940		¥10,321	

(Millions of Yen, %)

	Net Income	Change	Net Income per Share (Yen)	Diluted Net Income per Share
FY2002 Interim	¥1,825	-44.3%	¥13.26	—
FY2001 Interim	¥3,279	42.4%	¥37.38	—
FY2001	¥5,507		¥49.71	—

#### Notes:

1. Equity method investment loss was ¥73 million in the six months ended September 30, 2002, ¥143 million in the six months ended September 30, 2001, and ¥159 million in the year ended March 31, 2002.
2. The average number of common shares was 137,695,281 as of September 30, 2002, 87,734,195 as of September 30, 2001, and 110,791,997 as of March 31, 2002.
3. There were no changes in accounting procedures.
4. Percentage changes for interim net sales, operating income, ordinary income and net income results indicate increases or decreases relative to the first half of the previous fiscal year.

(2) Financial Position (As of September 30, 2002 and 2001, and March 31, 2002)

(Millions of Yen, %)

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share (Yen)
FY2002 Interim	¥392,683	¥153,534	39.1%	¥1,114.81
FY2001 Interim	¥328,794	¥116,991	35.6%	¥1,333.44
FY2001	¥382,533	¥155,154	40.6%	¥1,127.04

Note:

The number of outstanding shares was 137,721,909 as of September 30, 2002, 87,736,156 as of September 30, 2001, and 137,665,231 as of March 31, 2002.

(3) Cash Flows (For the Six Months Ended September 30, 2002 and 2001, and the Year Ended March 31, 2002)

(Millions of Yen)

	Net Cash Provided by (Used in) Operating Activities	Net Cash (Used in) Provided by Investing Activities	Net Cash (Used in) Provided by Financing Activities	Cash and Cash Equivalents at End of Period
FY2002 Interim	¥9,780	(¥682)	(¥3,052)	¥48,681
FY2001 Interim	(¥18,156)	¥2,155	¥3,561	¥34,044
FY2001	(¥8,824)	¥547	¥1,139	¥42,811

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 34

Equity-method unconsolidated subsidiaries: 0

Equity-method affiliates: 1

(5) Changes to Scope of Consolidation and Application of Equity Method

Newly consolidated subsidiaries: 5

Unconsolidated subsidiaries: 2

New equity-method companies: 0

Companies no longer subject to the equity method: 1

2. Earnings Outlook (For the Year Ending March 31, 2003)

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income
FY2002	¥787,000	¥10,600	¥5,600*

\*Net income per share is forecast at ¥40.66.

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. Amounts less than one million yen have been rounded.

## Results of Operations

### (1) Overview

Net sales for the six months ended September 30, 2002, amounted to ¥385.2 billion, up 5.0% from the six months ended September 30, 2001. Ordinary income totaled ¥4.7 billion, a decline of 25.1%, and net income was ¥1.8 billion, down 44.3%.

#### *Electronic Device Systems*

Capital investment by European, U.S. and Japanese semiconductor manufacturers failed to recover. As a consequence, although scanning electron microscopes (SEMs), our principal product in the semiconductor manufacturing equipment category, performed well, sales of electron beam lithography systems and wafer inspection and evaluation systems dropped considerably. In the etching systems category, we recorded an increase in sales to North America, where we began marketing these products after our recent operational integration. Sales of reduced projection exposure systems, which were developed in-house, also increased, and sales of liquid crystal display (LCD)-related equipment to Taiwan and the Republic of Korea were strong. As a result, segment sales rose to ¥71.5 billion and operating income amounted to ¥1.2 billion.

#### *Life Science*

The high technology market, which picked up last year, remained buoyant. Sales of DNA sequencers to the United States were brisk. We also enjoyed firm sales of automatic clinical chemistry analyzers to the People's Republic of China, where new markets are developing. In the same category, domestic sales of blood analyzers—a business transferred to us from Hitachi Medical Corporation—improved. In contrast, sales of immunoassay analyzers to Europe and the United States weakened, reflecting efforts by medical institutions to limit expenditures. Nevertheless, segment sales increased to ¥40.5 billion and operating income totaled ¥2.8 billion.

#### *Information Systems & Electronic Components*

DVD optical pick-ups performed well as a result of the expanding DVD market. We also recorded strong sales of information home appliances to the United States. Sales of semiconductor products for cellular telephones were firm. In addition, mass-production versions of our organic electro-luminescence manufacturing equipment, developed in-house, also sold steadily in Taiwan. Chip mounter sales were lackluster, however, owing to a persistent market slump. Despite this, segment sales increased to ¥145.0 billion and operating income totaled ¥1.3 billion.

#### *Advanced Industrial Products*

We recorded strong sales of optical components for LCD projectors and optical pick-up components for DVDs as a result of the expanding digital media market. Personal computer (PC)-related components also sold well. Sales of optical communications components weakened, however, reflecting sluggish demand following the burst of the worldwide telecommunications bubble at the beginning of 2001. Reflecting these results, we recorded segment sales of ¥128.2 billion and an operating loss of ¥0.4 billion.

(2) *Outlook for the Full Term*

With economic prospects uncertain, operating conditions are likely to remain harsh until the end of the current fiscal year. In this environment, Hitachi High-Technology forecasts a 6.6% increase in net sales for the full term, to ¥787.0 billion, as well as a 2.7% rise in ordinary income, to ¥10.6 billion, and a 1.7% gain in net income, to ¥5.6 billion. To these ends, the Company will continue to maximize its integrated manufacturing, sales and service organization to anticipate market changes and cultivate businesses that respond to market needs.

## Consolidated Statements of Income

For the six months ended September 30, 2002 and 2001, and the year ended March 31, 2002

(Millions of Yen, %)

	FY2002 Interim	FY2001 Interim	Change	FY2001
Net sales	¥385,203	¥366,916	5.0%	¥738,289
Cost of sales	338,686	336,499	0.7	662,257
Gross profit	46,517	30,417	52.9	76,032
Selling, general and administrative expenses	41,666	25,056	66.3	66,092
Operating income	4,851	5,362	-9.5	9,940
Other income:				
Interest	357	592	-39.7	1,047
Dividends	83	93	-10.3	160
Equity in earnings of affiliates	73	143	-48.8	159
Others	437	499	-12.4	902
	951	1,327	-28.4	2,268
Other deductions:				
Interest	105	63	67.5	183
Others	960	305	214.9	1,703
	1,065	368	189.7	1,887
Ordinary income	4,736	6,322	-25.1	10,321
Extraordinary gains	—	—	—	—
Extraordinary losses	—	—	—	—
Income before income taxes and minority interests	4,736	6,322	-25.1	10,321
Corporate, inhabitant and business taxes	4,694	2,772	69.4	4,574
Adjustments on corporate and other taxes	(2,094)	259	—	108
Minority interests	311	12	2,518.3	132
Net income	¥ 1,825	¥ 3,279	-44.3	¥ 5,507

## Consolidated Balance Sheets

As of September 30, 2002, and March 31, 2002

(Millions of Yen)

ASSETS	FY2002 Interim	FY2001	Change
Current assets:			
Cash on hand and in banks	¥ 48,825	¥ 43,193	5,632
Trade receivables	177,668	177,127	541
Marketable securities	2,143	2,098	45
Inventories	42,741	37,448	5,294
Others	18,828	16,616	2,212
Less: Allowance for doubtful receivables	(2,288)	(2,095)	-193
	287,918	274,386	13,531
Property, plant and equipment:			
Land	20,803	20,842	-38
Others	36,831	35,742	1,089
	57,634	56,584	1,050
Intangible fixed assets	3,161	3,187	-26
Investments and other assets:			
Investments in securities	26,761	31,328	-4,567
Others	18,619	18,477	142
Less: Allowance for doubtful receivables	(1,409)	(1,429)	20
	43,970	48,376	-4,406
	104,765	108,147	-3,382
Total assets	¥392,683	¥382,533	10,150

(Millions of Yen)

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2002 Interim	FY2001	Change
Current liabilities:			
Trade payables	¥142,347	¥129,371	12,976
Short-term debt	27,321	29,425	-2,103
Advances from customers	20,268	19,416	852
Other current liabilities	20,295	21,555	-1,261
	210,231	199,766	10,465
Long-term liabilities:			
Retirement allowances	23,200	23,283	-83
Reserve for directors' retirement account	1,311	1,157	153
Others	153	126	28
	24,664	24,566	99
Total liabilities	234,895	224,332	10,563
Minority interests	4,253	3,047	1,206
Shareholders' equity:			
Common stock	7,938	7,938	—
Capital surplus	35,745	35,723	21
Accumulated earnings	106,564	106,733	-169
Net unrealized holding gain on securities	4,094	4,581	-487
Foreign currency translation adjustments	(779)	290	-1,069
Less: Treasury stock, at cost	(28)	(111)	84
Total shareholders' equity	153,534	155,154	-1,619
Total liabilities, minority interests and shareholders' equity	¥392,683	¥382,533	10,150