

Financial Highlights

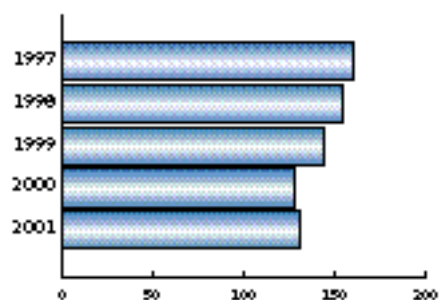
Hitachi Koki Co., Ltd. and Consolidated Subsidiaries Years ended March 31

	Millions of yen			Thousands of U.S. dollars (Note)
	2001	2000	1999	2001
For the year				
Net sales.....	¥130,682	¥128,234	¥144,206	\$1,208,045
Operating income (loss).....	2,214	(656)	1,562	17,878
Net income (loss).....	3,018	(11,964)	(1,824)	24,358
At year-end				
Total assets.....	150,061	157,878	166,656	1,211,146
Shareholders' equity.....	91,419	97,674	105,651	737,853

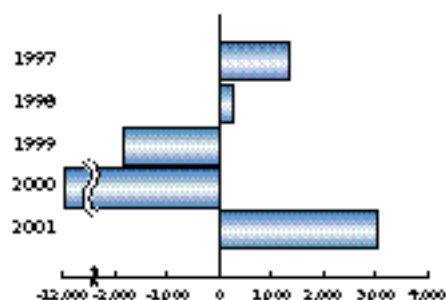
	Yen			U.S. dollars (Note)
	2001	2000	1999	2001
Per share data				
Net income (loss).....	¥ 24.53	¥ (97.22)	¥ (14.82)	\$ 0.20
Cash dividends.....	8.0	6.0	10.0	0.06
Shareholders' equity.....	742.84	793.64	858.46	6.00

Note: U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥123.90=U.S.\$1, the Tokyo foreign exchange market rate at March 31, 2001.

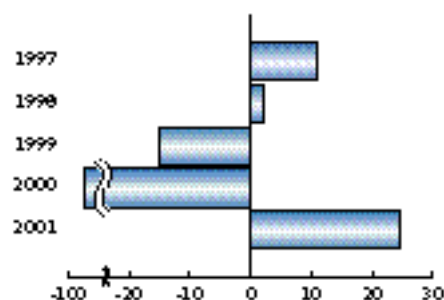
Net Sales (million of yen)



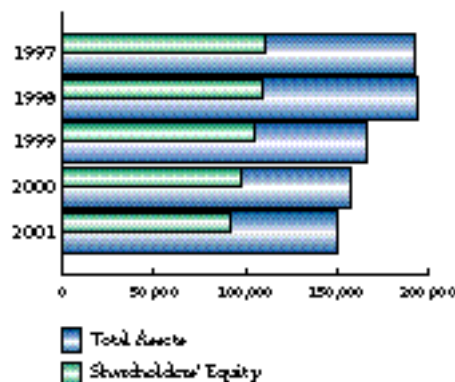
Net Income (Loss) (million of yen)



Net Income (Loss) per Share (yen)



Total Assets & Shareholders' Equity (million of yen)





Yasutsugu Takeda, PhD
President and Director

In the world economy during fiscal 2001, ended March 31, 2001, the Japanese economy began losing steam after showing signs of recovery in the first half of the year, and the overall state of the domestic economy remained sluggish. Overseas, the U.S. and other principal economies achieved generally favorable growth during the first half of the fiscal year. However, the U.S. economy decelerated rapidly in the latter half, and the adverse effects of this downturn spilled over to European and Asian countries.

To sustain growth amid mounting global competition, Hitachi Koki focused on enhancing its consolidated operations and attaining a quick improvement in business results by taking decisive measures to reform its business structure and operations, raise efficiency, and reduce costs. Specific steps taken included introducing a business group system under which each business division operates virtually as an independent company as well as adopting an executive officer system. These measures were implemented to bet-

ter clarify responsibilities in each business group. Also, Hitachi Koki reduced the number of its directors, reorganized the Directors' Committee, and reviewed its decision-making standards as part of efforts to establish a structure that facilitates rapid decision making. To bolster our competitiveness in power tools, we spun off our power tools manufacturing operations as a separate company specializing in power tool production and transferred various other functions to subsidiaries, which included establishing a power tools subsidiary in the Tokyo-Yokohama area. Moreover, we transferred the Information Systems Department to another subsidiary as we placed greater emphasis on the specialization of functions to raise efficiency, reduce costs over the long term, and expand sales routes for third parties outside of the Hitachi Koki Group.

Against this background, the Hitachi Koki Group recorded consolidated net sales of ¥130.7 billion in fiscal 2001. With regard to profits, successful mea-

asures to reform its business and management structures enabled the Company to record operating income of ¥2.2 billion and net income of ¥3.0 billion. By posting a profit in fiscal 2001, Hitachi Koki was able to break its string of two consecutive years of net losses. Despite its return to profitability in the fiscal year under review, Hitachi Koki has yet to attain a full-scale recovery. Thus, to further enhance our performance, we will strenuously implement policies aimed at speeding new product development, strengthening our marketing capabilities, and consolidating our production bases.

Power Tools Group

In the Power Tools Group, we worked to expand sales by strengthening our marketing capabilities and introducing new products. Despite these measures, sales remained virtually level with those of the previous fiscal year, reflecting such factors as the adverse effects of the rapidly decelerating U.S. economy during the second half of the fiscal year. Nevertheless, the

Power Tools Group recorded a profit thanks to the implementation of measures to rationalize its operations, reduce product costs, and lower expenses. Total sales of the Power Tools Group amounted to ¥76.5 billion.

Printing Systems Group

Sales in the Printing Systems Group rose in the first half of the fiscal year but dipped slightly in the second half, mainly reflecting cooling demand in the market for high-speed printers. However, the rapid market introduction of the already developed DDP series of printers compensated for the overall decline in sales. During the fiscal year, we implemented a plan to rebuild the operations at Hitachi Koki Imaging Solutions, Inc. (HIKIS), a subsidiary that has suffered poor results. These rebuilding measures included introducing a new management team, making large staff reductions, consolidating and eliminating marketing bases, and expanding sales of Hitachi Koki's products. Total sales in the Printing Systems Group amounted to ¥50.6 billion.

Scientific Instruments Group

In the Scientific Instruments Group, higher sales of ultracentrifuges and micro ultracentrifuges as well as high-speed refrigerated centrifuges were buoyed by vigorous activities in the bio-processing field in Japan and efforts to strengthen our product lineup through the introduction of new products. Overseas, we also achieved higher sales of various ultracentrifuges and large-scale continuous flow ultracentrifuges by strengthening our alliance with Kendro Laboratory Products, of the United States. By geographic region, this group posted firm sales in Asia, the United States, and Europe. Total sales in the Scientific Instruments Group amounted to ¥3.6 billion.

Medium-Term Management Strategy

The Hitachi Koki Group formulated its Medium-Term Management Plan and has been focusing on attaining the objectives of this plan, which is guiding the Group's operations from fiscal 2001 through fiscal 2003. However, faster-than-anticipated changes in the economic and business environments have prompted Hitachi Koki to reevaluate this management plan to more effectively respond to this evolving environment. As such, we recently revised our Medium-Term Management Plan, which includes making downward revisions in our target for net sales to ¥150.0 billion and for recurring income to ¥7.2 billion, for fiscal 2003.

Amid the increasingly severe business environment, we are taking steps to attain newly established targets under this plan and are pressing ahead with the implementation of aggressive management strategies, which are outlined as follows.

First, we are placing top priority on strengthening our consolidated operations globally. As a specific measure, in our Power Tools Group, we are considering consolidating or eliminating overseas bases and undertaking sweeping reforms at unprofitable bases. In the Printing Systems Group, we have begun rebuilding the operations of HIKIS, a subsidiary operating in the red, while working toward the rapid development of new products with superior competitiveness in global markets.

Next, we are striving to attain highly efficient operations. Through the Companywide introduction of total supply chain management (TSCM) and Six Sigma activities, we are achieving highly efficient and streamlined management. Concurrently, we will improve consolidated cash flow by trimming our inventories and promoting the conversion of accounts receivables into cash.

Other objectives of our management

plan include reducing costs, reviewing unprofitable products, and mutually augmenting product lines by vigorously promoting alliances, and strengthening our cost-competitiveness. At the same time, we will vigorously use analysis lead design (ALD) to reduce product development times, and focus on the development of strategic products via close tie-ups with the research sectors of Hitachi, Ltd., as we work to strengthen our new product development capabilities.

Targets Serving as Management Indicators

Through the implementation of the various measures of the Medium-Term Management Plan, we are aiming to expand sales and reduce costs, which will enable us to improve the profitability of our consolidated operations. For the year ending March 31, 2003, we are working to achieve a recurring income to net sales ratio of 5%. As other targets, we are striving to attain an ROE of 5% in the immediate future and intend to raise this to above 8% over the long term. Also, we are aiming for an ROA of 4% in the near term and an ROA of above 6% in the long term.

We are determined to develop Hitachi Koki into an excellent enterprise that will greatly contribute to the interests of our shareholders and customers throughout the world.

July 2001



Yasutsugu Takeda, PhD
President and Director