

FINANCIAL HIGHLIGHTS

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

	Millions of yen			Thousands of U.S. dollars (Note)
	2002	2001	2000	2002
For the year				
Net sales.....	¥127,166	¥130,682	¥128,234	\$ 954,341
Operating income (loss).....	3,733	2,215	(656)	28,015
Net income (loss).....	1,007	3,018	(11,964)	7,557
At year-end				
Total assets.....	137,432	150,061	157,878	1,031,385
Shareholders' equity.....	92,075	91,420	97,674	690,995
	Yen			U.S. dollars (Note)
	2002	2001	2000	2002
Per share data				
Net income (loss).....	¥ 8.19	¥ 24.53	¥ (97.22)	\$ 0.06
Cash dividends.....	8.0	8.0	6.0	0.06
Shareholders' equity.....	748.21	742.84	793.64	5.62

Note: U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥133.25=U.S.\$1, the Tokyo foreign exchange market rate at March 31, 2002.





Yasutsugu Takeda, PhD
President and Director

The Hitachi Koki Group has made proactive and bold efforts to attain the targets of its Medium-Term Management Plan and become the world's top company in each of its business fields. To improve its performance despite challenges from an operating environment that is expected to remain harsh, the Group is endeavoring to accelerate its development of new products, strengthen its marketing capabilities, consolidate and integrate its manufacturing facilities, promote corporate alliances, and bolster its global consolidated management systems.

Fiscal 2002 in Review

During fiscal 2002, ended March 31, 2002, deceleration in the U.S. economy triggered a global downturn in IT-related demand. This caused economic conditions in Japan to deteriorate, and continued decreases were seen in personal consumption, housing investment, and capital investment. Moreover, the profitability of Japanese companies worsened still further, and the unemployment rate reached record high levels. These and other factors made the overall state of the domestic operating environment extremely harsh. Although there were some signs of an economic bottoming out in the United States and some Asian countries toward the end of the year, the IT-centered

deceleration in the U.S. economy had a widespread negative effect through most of the year, causing recessions in the European and Asian regions.

Against this backdrop, the Hitachi Koki Group worked to overcome increasingly intense global competition by establishing superior technologies for supplying high-value-added products and services that other companies are incapable of imitating. The Group also sought to thoroughly increase the efficiency of its management processes and boost its cost-competitiveness.

In response to rapid changes in its economic and industrial environment, the Hitachi Koki Group has decisively moved to implement its second structural reform program, which involves (1) splitting off the manufacturing division of the Printing Systems Group to a subsidiary, (2) closing the Kasama plant, (3) consolidating power tool manufacturing operations and increasing production at the Group's plants in China, and (4) reducing and redistributing the workforce.

As a result, the Hitachi Koki Group recorded consolidated net sales of ¥127.2 billion in fiscal 2002. The Group's ordinary income and net income amounted to ¥3.1 billion and ¥1.0 billion, respectively.

- **Power Tools Group**—Power tool operations in Japan faced a severe environment overall, although newly marketed cordless impact drivers became major hit products. Conditions were particularly difficult in the latter half of the year, when falling housing investment had a strong impact on sales. Despite economic deceleration in the United States and Europe following the multiple terrorist incidents of September 11 and other factors that made the overseas operating environment challenging, efforts of the Company's overseas marketing subsidiaries enabled robust sales in both the United States and the European region. Total sales of the Power Tools Group amounted to ¥78.3 billion.
- **Printing Systems Group**—Printing systems sales were slack overall, owing to the impact of the Japanese economy's weakness. Although signs of a recovery in overseas sales were seen toward the end of the year, overseas sales were down, mainly due to the deceleration of the U.S. economy. Total sales in the Printing Systems Group amounted to ¥45.3 billion.
- **Life-Science Instruments Group**—The Life-Science Instruments Group (formerly, the Scientific Instruments Group) recorded higher overseas sales of ultracentrifuges and high-speed refrigerated centrifuges, particularly in China, but the overall level of overseas sales declined. In Japan, however, the surge in biotechnology research programs and the Group's moves to strengthen its product line with new products supported growth in sales of ultracentrifuges and compact centrifuges. Total sales in the Life-Science Instruments Group amounted to ¥3.6 billion.

Split-Off of Printer Operations

The June 26, 2002, ordinary general meeting of shareholders resolved to split off the Group's printer business using the corporate split system. The business is to be shifted to Hitachi Printing Solutions, Ltd., which will be established on October 1, 2002, and all of the shares in the new company are to be transferred to Hitachi, Ltd. Plans also call for making Hitachi Koki Imaging Solutions, Inc., Hitachi Koki Printer Asia Pte. Ltd., and Hitachi Koki Katsuta Co., Ltd., into subsidiaries of Hitachi Printing Solutions.

The split-off will enable the Hitachi Koki Group to concentrate more of its resources in power tools operations, bolster its product development and global marketing capabilities, and thereby further boost its competitiveness.

In today's rapidly changing global market where the pace of changing market conditions increases daily, companies must stay ahead of market trends and provide a high level of customer satisfaction to survive. One key to survival amid the harsh conditions in the global market is to make more efficient use of corporate resources by concentrating them in core business fields.

Hitachi Koki has been producing power tools since it was founded. It developed an additional principal business in high-speed printers to respond to the needs of the information age. In light of the current business environment, however, the Company decided that its resources should be more concentrated in power tools operations and Life-Science Instruments operations.

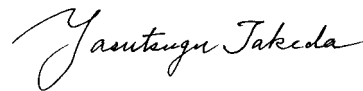
Medium-Term Management Plan

The Hitachi Koki Group is sustaining vigorous efforts to attain the objectives of its Medium-Term Management Plan, which was originally intended to cover the three-year period from fiscal 2001 through fiscal 2003.

Because of the split-off and transfer to Hitachi, Ltd., of the Group's printer operations, however, the Medium-Term Management Plan will be virtually completed at the end of the first half of fiscal 2003, and we are doing our utmost to attain the plan's objectives by that time. We have also begun preparing a new five-year management plan that will replace the Medium-Term Management Plan.

I hope for your continued support and encouragement.

July 2002



Yasutsugu Takeda, PhD
President and Director