

Our R&D program is designed to ensure “the timely development of products that respond to and satisfy customer needs.” While respecting the creativity of our researchers, we are committed to the development of leading-edge technologies that not only help secure market share, but also ensure that we remain at the forefront of the industry in terms of the technologies supporting our products.

Fiscal 2004 Review

The Group’s R&D activities are centered on Hitachi Koki’s Research and Development Division and the Design Department of the Life-Science Instruments Division. In fiscal 2004, ¥3,146 million, or 2.7% of consolidated net sales, were allocated to expenses associated with the R&D of new products and technologies.

In the Power Tools segment, we have developed the industry’s first 45mm pin nailer, equipped with our proprietary “pushless” mechanism; a slide compound saw with the industry’s first specialized slide system capable of operating in narrow spaces; and a lightweight, compact user-friendly demolition hammer with low vibration and noise emissions. As for designs, our cordless impact driver and demolition hammer won world-famous iF Design Awards in Europe for the third straight year.

In Life-Science Instruments segment, we have developed high-speed refrigerated centrifuges, which improve the low-temperature

isolation of specimens and provide enhanced operating efficiency by enabling rapid revolution and pause functions, and ultracentrifuges for isolation, which have become more user friendly with the adoption of color LCDs and touch-panel controls.

Special Topics

The Company will work to achieve sales growth through its superior product development capabilities, which include digital engineering, to rapidly develop products adapted to various consumer needs and to shorten the time-to-market, or the time required to bring those products to market. (Our goal is to develop over 200 new products per year.) In addition, we will strive to expand sales by establishing an original product development group as part of a larger effort to strengthen our innovative product development system.

In the area of design, Hitachi Koki has been a recipient of the coveted iF Design Award for the past three years, winning one award in 2003, three in 2004 and two in 2005. Since its inception in 1953, the Industrie Forum Design Hannover has been sponsoring and granting iF Design Awards, which are the most prestigious in the world, for superior engineering designs from around the world.

Hitachi Koki has challenged itself to create leading-edge ergonomic designs that will earn the Company an iF Design Award for the fourth consecutive year.

