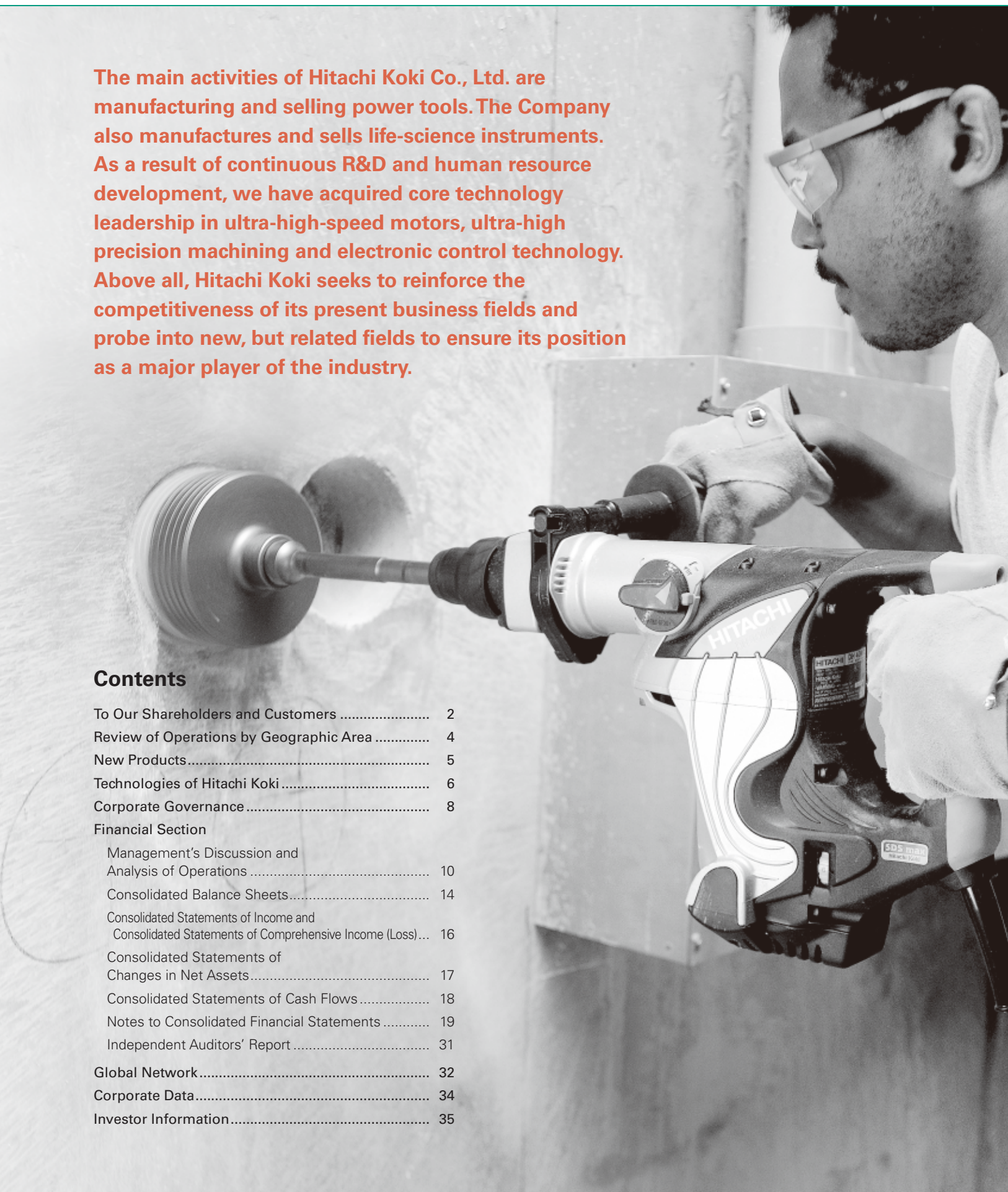


Profile

The main activities of Hitachi Koki Co., Ltd. are manufacturing and selling power tools. The Company also manufactures and sells life-science instruments. As a result of continuous R&D and human resource development, we have acquired core technology leadership in ultra-high-speed motors, ultra-high precision machining and electronic control technology. Above all, Hitachi Koki seeks to reinforce the competitiveness of its present business fields and probe into new, but related fields to ensure its position as a major player of the industry.

Contents

To Our Shareholders and Customers	2
Review of Operations by Geographic Area	4
New Products.....	5
Technologies of Hitachi Koki	6
Corporate Governance	8
Financial Section	
Management's Discussion and Analysis of Operations	10
Consolidated Balance Sheets.....	14
Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)...	16
Consolidated Statements of Changes in Net Assets.....	17
Consolidated Statements of Cash Flows	18
Notes to Consolidated Financial Statements	19
Independent Auditors' Report	31
Global Network.....	32
Corporate Data.....	34
Investor Information.....	35



An Abundant Product Lineup

Enhancing Tools with Energy-Efficient Motors

Power tools made by Hitachi Koki Co., Ltd. are popular in more than 50 countries worldwide. Amid growing demand for energy-efficient motors, Hitachi Koki is enhancing its lineup of tools equipped with brushless motors. These new motors offer greater efficiency and energy conservation by increasing workloads by a factor of between 1.3 and 1.5 with a single charge. Expanding their sales not only raises customer convenience but also helps to reduce CO₂ emissions.

Outdoor Power Equipment* Business Development in Compliance with Exhaust Emission Regulations

The market for gardening and engine-operated tools is large and not very susceptible to changes in economic conditions. In this market, Hitachi Koki makes the most of its strengths as a comprehensive manufacturer of electrical, cordless, and engine-operated outdoor power equipment. Efforts to augment Hitachi Koki's lineup of eco-friendly products include the development of the New Pure Fire engine that meets stringent exhaust emission regulations in Japan, the United States and Europe.

* Outdoor equipment used for agriculture, gardening, etc.



Original Ideas and Assured Technical Capabilities

With its highly original technical capabilities, represented by the industry's first electronic pulse driver and a unique disc motor, together with timely development that flexibly responds to an accurate grasp of customer needs, Hitachi Koki will continue to promptly offer new products other companies cannot match.



Sales Expansion Focused on Emerging Nations

In addition to its operations in Japan, the United States and Europe, Hitachi Koki is strengthening its sales capabilities to develop new customers and promote product sales in emerging nations. Following its entry into Russia, India and China, Hitachi Koki has established a new base in Brazil to make a full-fledged entry into the market there.



Opening ceremony of Hitachi Koki do Brasil Ltda.