Hitachi High-Tech

HITACHI

Report on the 93rd Business Term
Year ended March 31, 2012
(April 1, 2011 to March 31, 2012)

Hitachi High-Technologies Corporation

(Code No.: 8036)

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The following items are provided by posting on the Company's website (http://www.hitachi-hitec.com/) in accordance with laws and regulations and the Articles of Incorporation. The Consolidated Financial Statements and Unconsolidated Financial Statements audited by the Accounting Auditors and the Board of Corporate Auditors include, in addition to the documents stated in this Report, documents (1) and (2) below.

(1) Notes to Consolidated Financial Statements
(2) Notes to Unconsolidated Financial Statements

(Notice of the 93rd Ordinary General Meeting of Shareholders: Attached Documents)

Business Report (from April 1, 2011 to March 31, 2012)

1. Information on Current State of Hitachi High-Technologies Group

(1) Business Overview and Results of Hitachi High-Technologies Group

The Japanese economy during the period under review witnessed never-before-seen harsh conditions as a result of various factors including the effects of the Great East Japan Earthquake, the flooding in Thailand and the prolonged surge of the Japanese yen. Despite certain movements suggesting a recovery in domestic demand on the back of reconstruction from the earthquake, full-scale recovery is expected to take some time, due to the delayed recovery in the U.S. employment environment and the fiscal uncertainty in Europe, as well as the slowdown that is also being seen in China and other emerging economies.

In such a business climate, the enterprise group consisting of the Hitachi High-Technologies Corporation (the "Company") and its subsidiaries (hereinafter referred to as "the Group") joined together to promote its reconstruction efforts, while utilizing its global sales force and service network to expand its businesses. Consequently, the Group's consolidated business performance for the fiscal year ended March 31, 2012 was JPY645,865 million in net sales, JPY25,459 million in operating income, JPY26,233 million in ordinary income and JPY14,265 million in net income.

The Group, having celebrated its 10th anniversary in October 2011, is even more committed to capitalizing on its "technical development capabilities," "global sales force and sourcing capabilities" and "manufacturing and service capabilities" in order to become a global leader in high-tech solutions.

We, therefore, ask for your continuous support and guidance.

The following is a report on the Group's business results by industry segment in the fiscal year ended March 31, 2012.

● **Electronic Device Systems Segment**

In the field of Semiconductor Manufacturing Equipment, Etching systems significantly increased sales mainly in the U.S. market due to investments in size reduction technology by major overseas semiconductor manufacturers. CD-Measurement SEM performed strongly in line with the major capital investments mainly by major overseas semiconductor manufacturers mainly in the Asian, European and U.S. markets. In terms of chip mounters, despite the temporary spike in demand following the flooding in Thailand, sales decreased slightly due to intensified price competition. Sales of Die bonders decreased considerably, due to delays in capital investments in response to the slumping memory market in Asia.

As a result of the above, the Electronic Device Systems segment generated sales in the amount of JPY102,386 million and posted an operating income of JPY10,584 million.

● **Fine Technology Systems Segment**

In the field of LCD Manufacturing Equipment, sales mainly of Exposure Systems decreased considerably due to the deteriorating profits of LCD panel manufacturers reflecting the decline in TV LCD panel prices. In terms of HD Manufacturing Equipment, a significant drop in sales was also recorded due to postponed capital investments in the wake of industry reorganization and the flooding in Thailand.

As a result of the above, the Fine Technology Systems segment generated sales in the amount of JPY22,979 million and posted an operating loss of JPY6,273 million.

● **Science & Medical Systems Segment**

Analyzers/measuring equipment and analysis systems increased sales thanks to the strong showing of new analysis systems. Bio-medical systems including clinical analyzers significantly increased sales through the launch of new products mainly in overseas markets.

As a result of the above, the Science & Medical Systems segment generated sales in the amount of JPY147,055 million and posted an operating income of JPY20,994 million

● **Industrial & IT Systems Segment**

Sales of automated assembly systems performed weakly as a result of the slump in the electronic devices industry. In terms of hard disk drive equipment, sales decreased considerably from the disruption of the supply chain caused by the earthquake as well as the flooding in Thailand. Sales of telecommunication equipment increased significantly following the launch of new model mobile phones in the U.S. market.

As a result of the above, the Industrial & IT Systems segment generated sales of JPY121,687 million and posted an operating income of JPY1,360 million.

● **Advanced Industrial Products Segment**

In terms of industrial materials, sales of LCD TV materials decreased considerably due to the effects of customers' production adjustments. Sales of silicon wafers and LCD-related equipment decreased considerably as a result of suspended production by customers and business partners in the wake of the earthquake. Sales of optical devices and materials declined reflecting slumping demand in the Chinese market.

As a result of the above, the Advanced Industrial Products segment generated sales in the amount of JPY261,216 million and posted an operating income of JPY1,128 million.

■ **Sales by Segment**

Segment	FY2010		FY2011 (year under review)		Year-on-year Change
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
Electronic Device Systems	95,899	14.7	102,386	15.9	6.8
Fine Technology Systems	38,803	5.9	22,979	3.6	(40.8)
Science & Medical Systems	115,377	17.7	147,055	22.8	27.5
Industrial & IT Systems	118,206	18.1	121,687	18.8	2.9
Advanced Industrial Products	295,646	45.2	261,216	40.4	(11.6)
Others and Adjustments	(10,499)	(1.6)	(9,458)	(1.5)	-
Consolidated net sales - Total	653,431	100.0	645,865	100.0	(1.2)

Note: Others and Adjustments represent sales from indirect and ancillary businesses and elimination of sales between the segments.

■ **Sales by Region**

Region	FY2010		FY2011 (year under review)		Year-on-year Change
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
North America	58,464	9.0	83,040	12.9	42.0
Europe	70,610	10.8	89,049	13.8	26.1
Asia	223,681	34.2	184,924	28.6	(17.3)
Continental China among Asia	96,015	14.7	93,618	14.5	(2.5)
Other regions	9,260	1.4	14,858	2.3	60.5
Overseas - Subtotal	362,015	55.4	371,871	57.6	2.7
Japan	291,416	44.6	273,994	42.4	(6.0)
Consolidated net sales - Total	653,431	100.0	645,865	100.0	(1.2)

(2) Problems Facing of the Group

The outlook for the Japanese economy remains harsh, despite certain signs of recovery in domestic demand as a result of reconstruction efforts from the earthquake. In terms of the world economy, while economic recovery by the industrialized nations of Europe and the U.S. is expected to take some time and growth among the emerging economies is showing signs of slowing down, relatively speaking, the outlook is for continuing high growth.

In such a business climate, the Group will need to address the task of creating a business structure that can adapt to the changing market environment in order to realize early improvement in its business performance. The Group intends to enhance its business portfolio by shifting resources to growth areas and prepare for future business expansion by accelerating development and making aggressive investments to promote the creation of new businesses, while continuing to proactively promote and expand its global businesses and reinforce the foundations of consolidated management.

Moreover, its "Placing the customer first" and "Ethics and Integrity" will be strictly enforced, and management will be undertaken with a strong awareness of CSR (*), in order to become an enterprise group trusted by the general public and its shareholders.

For the purpose of accelerating the Group's growth strategy and boosting its status in the marketplace, efforts will be focused on the formulation and execution of the "Hitachi High-Tech Medium-term Management Plan 2013," which will reach its final year in FY 2013, and the "Long-term Management Strategy (CS11: Corporate Strategy 2011)," to cover the next 10 years.

(*) Corporate Social Responsibility

1. Outline of "Hitachi High-Tech Medium-term Management Plan 2013"

Under the "Hitachi High-Tech Medium-term Management Plan 2013," efforts toward achieving record-breaking profits in fiscal year 2013, the final year of the Plan, will be promoted.

The long-term management strategies to be determined in "CS11" will be integrated into the execution phases, and in order to accelerate further growth, the Group will engage in the following five management measures as its top priority.

1) The Group will maintain and reinforce the core businesses in each segment and promote further cost reductions with the end of establishing a stable revenue base.
2) The Group will shift its resources to growth areas and reinforce its business portfolio. The Group intends to enhance its product development framework and establish a worldwide framework for optimal business operation by strategically shifting its management resources. In terms of the production bases, land for new plants will be acquired in China (Suzhou) and efforts will be made to expand production items as well as enhance productivity. Additionally, in order to speed up the decision-making process, the Group, starting from April 2011, has already shifted to four business groups in which each Business Group assumes the responsibility for the business, thereby enabling accelerated business management. Under this framework, the Group will provide solutions based on its unique strengths that come from the combination of its trading and manufacturing functions, and will promote business models offering high added value that integrates IT services.
3) The Group will aim for higher earnings by promoting the solutions business. The Group has already commenced activities to create new businesses and has been promoting the commercialization of new projects including support for pharmaceutical research, social infrastructure analysis solutions, and coating and depositions solutions,
4) The Group will promote its environmental business. By aggregating the Hitachi Group's engineering strengths in the fields of environment and new energy, and automobile and lithium-ion battery fields, the Group will engage in global business expansion, and create new business models by investing in and collaborating with local partners in emerging countries.

5) The Group will promote its social innovation business in emerging countries. The Group will aim to create and develop businesses that deal with the social and industrial infrastructure of emerging countries, including electricity, water, telecommunications and security. In preparation, an overseas subsidiary was established in Indonesia in September 2011. Additionally, the number of representatives at its offices in India, Brazil and the Middle East will be increased to speed up the business development process. Furthermore, in addition to the further expansion and deepening of sales activities in overseas markets, the Group will focus on shifting its resources overseas and raising overseas sales as a percentage of total sales by building a world-wide framework for production, procurement and services, among other steps.

2. Outline of the Long-term Management Strategy (CS11)

In order to realize its Corporate Vision of "becoming a global leader in high-tech solutions," the Group has drawn up the "CS11," which will serve as the roadmap for business promotion as well as the basis for its decision-making for the next ten years. Additionally, in order to share the "CS11" with every Group company, the statement, "Leading the way for our customers' future as a fast-moving creator of cutting-edge business," has been adopted as the strategic statement to serve as the core of CS11. Under CS11, the Group will primarily promote the following measures:

1) Four promising business domains will be selected and the pillars for the Group's next-generation businesses will be nurtured in the next-generation electronics, life science, environment and new energy and social innovation fields by reinforcing its business portfolio and shifting its management resources. Additionally, the Group will aim for overseas sales to exceed more than two-thirds of total sales by fiscal year 2020, and to this end will strengthen its responses to the ever-expanding global market and promote overseas expansion particularly in the Asian belt.
2) The Group will capitalize on it business creation capabilities born from the fusion of its trading functions (global sales force and sourcing capabilities) and manufacturing functions (technical development capabilities, manufacturing and service capabilities," which have been paired with the Hitachi Group's "comprehensive strengths," and put priority emphasis on development, in order to continuously pursue added value from the customer's perspective. Through these efforts, the Group will shift one-third of its sales to new businesses by fiscal year 2020.

Additionally, the Group will aim to become a true CSR-oriented company through the sharing and realization of the Group's philosophy, values and strategies. To this end the Group has adopted the "Hitachi High-Tech SPIRIT," comprising the four values to be shared, in other words, "Challenge," "Speed," "Openness," and "Teamwork," and designated all corporate activities, including activities toward the realization of the Corporate Vision and "CS11" as the "Hitachi High-Tech WAY."

(3) Financing Activity of the Group

There were no financing activities within the Group by such means as the issue of corporate bonds or new shares or significant borrowings in the fiscal year under review. As of March 31, 2012, there were no borrowings.

(4) Capital Investments by the Group

In the fiscal year under review, the Group's capital investment totaled JPY17,320 million.

There was a capital investment with a material impact on the Group's production capacity, namely, refurbishing of buildings of Naka Region in the amount of JPY4,532 million during the fiscal year. (The total amount spent up until the fiscal year ended March 31, 2012 was JPY8,598 million, expected investment amount is JPY8,865 million).

(5) Trends in Assets and Results of Operation of the Group

[Trends in Assets and Results of Operation of the Group]

	FY2008	FY2009	FY2010	FY2011 (under review)
Net sales (million yen)	774,950	616,877	653,431	645,865
Ordinary income (loss) (million yen)	16,475	(496)	29,475	26,233
Net income (loss) (million yen)	7,075	(2,827)	17,752	14,265
Net income (loss) per share (yen)	51.44	(20.55)	129.07	103.71
Net assets (million yen)	234,278	229,399	242,845	253,012
Total assets (million yen)	427,576	411,049	413,267	442,162

Note: Net income per share is calculated based on the total average number of outstanding shares during the period excluding treasury stock.

[Trends in Assets and Results of Operation of the Company]

	FY2008	FY2009	FY2010	FY2011 (under review)
Net sales (million yen)	601,826	469,337	488,222	476,410
Ordinary income (loss) (million yen)	15,243	(2,327)	19,037	14,030
Net income (loss) (million yen)	4,177	(3,355)	13,978	7,849
Net income (loss) per share (yen)	30.37	(24.39)	101.63	57.06
Net assets (million yen)	191,475	186,488	197,516	201,547
Total assets (million yen)	357,158	342,459	335,950	359,570

Note: Net income per share is calculated based on the total average number of outstanding shares during the period excluding treasury stock.

(6) Main Merchandise and Products of the Group

(As of March 31, 2012)

The main merchandise and products sold by the Group are as follows.

Segment	Main Merchandise and Products
Electronic Device Systems	Semiconductor Manufacturing Equipment such as Etching Systems, CD-Measurement SEM(CD-SEM), Inspection Systems and Die Bonders; Surface Mount Systems such as Chip Mounters
Fine Technology Systems	LCD Manufacturing Equipment, HD Manufacturing Equipment and Railroad Inspection Equipment
Science & Medical Systems	Various Analyzers and Measuring Equipment such as Mass Spectrometers, Spectrophotometers and Chromatographs; Analysis Systems such as Electron Microscopes; Biotechnology Equipment and Clinical Analyzers
Industrial & IT Systems	Automated Assembly Systems of Lithium Ion Batteries, Hard Disk Drives, Power Generating and Electrical Substation Facilities, Design and Manufacturing Solutions, Video Conferencing Systems, Communication Equipment, and Measuring Equipment and Related Systems
Advanced Industrial Products	Steel Products, Special Steel Products, Nonferrous Metals, Materials for Circuit Board, Plastic Resins and Engineering Plastics, Silicon Wafers, Automotive Components, Solar Cell Materials and Related Equipment, Optical Devices & Materials, Raw Materials for Optical Disc, Electronic Materials & Components for Semiconductors and Petroleum Products

Hitachi High-Technologies Group also undertakes work as a subcontractor and carries out maintenance and provides services incidental to the sales of the aforementioned main merchandise and products.

(7) Major Business Offices of the Group

(As of March 31, 2012)

[Offices]

Name	Location
Head Office	Minato-ku, Tokyo
Hokkaido Branch Office	Sapporo City, Hokkaido Prefecture
Tohoku Branch Office	Sendai City, Miyagi Prefecture
Ibaraki Branch Office	Hitachi City, Ibaraki Prefecture
Chubu Branch Office	Nagoya City, Aichi Prefecture
Kansai Branch Office	Osaka City, Osaka Prefecture
Kyushu Branch Office	Fukuoka City, Fukuoka Prefecture

[Production Bases]

Name	Location
Naka Region	Hitachinaka City, Ibaraki Prefecture
Kasado Region	Kudamatsu City, Yamaguchi Prefecture
Shonan Region	Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture
Saitama Region	Kamisato-machi, Kodama-gun, Saitama Prefecture

[Major Subsidiaries]

Major subsidiaries and their locations are as stated in "(9) Major Parent Company and Subsidiaries".

(8) Employees of the Group

(As of March 31, 2012)

[Number of Employees in the Group]

Segment	Number of employees	(Change from the end of the preceding year)
Electronic Device Systems	2,556	(-264)
Fine Technology Systems	1,040	(-136)
Science & Medical Systems	3,585	(+594)
Industrial & IT Systems	1,265	(+126)
Advanced Industrial Products	664	(-386)
Group-wide (common)	1,230	(+306)
Total	10,340	(+240)

Notes: 1. The number of employees refers to the number of persons on the payroll.
2. The number of employees referred to in “Group-wide (common)” is the number of members of the administration division who cannot be classified into any particular business segment.

[Number of Employees in the Company]

Number of employees (Change from the end of the preceding year)	4,445 (+120)
Average number of years of service	18 years and 4 months
Average age	41 years and 0 months old

Note: The number of employees refers to the number of persons on the payroll.

(9) Major Parent Company and Subsidiaries

[Parent Company]

The Company’s parent company is Hitachi, Ltd., which owns 71,135,619 shares of its outstanding shares. The Company purchases information equipment and power-generation-related components, etc. from its parent company, and sells various information equipment, power-generation-related components, etc. to its parent company.

[Subsidiaries]

There are 27consolidated subsidiaries, including the following major subsidiaries.

The Company's major subsidiaries are as follows.

Company name	**Location of Head Office**	
Main business activities	**Capital**	**Equity Stake**
Hitachi High-Tech Trading Corp.	Minato-ku, Tokyo	
Sales of electronic equipment, electronic components, measuring equipment and related systems, etc.	JPY400 million	100%
Hitachi High-Tech Materials Corp.	Minato-ku, Tokyo	
Sales of energy, functional chemicals, etc.	JPY200 million	100%
Hitachi High-Tech Solutions Corporation	Kawasaki City, Kanagawa Prefecture	
Sales and development of software, and operation and management of information processing systems	JPY100 million	100%
Hitachi High-Tech Fielding Corp.	Shinjuku-ku, Tokyo	
Maintenance services for semiconductor manufacturing equipment, analyzers and measuring equipment	JPY1,000 million	100%
Hitachi High-Tech Control Systems Corp.	Mito City, Ibaraki Prefecture	
Design and manufacturing of measuring equipment and related systems, etc.	JPY200 million	100%
Hitachi High-Tech Manufacturing & Service Corp.	Hitachinaka City, Ibaraki Prefecture	
Manufacturing of clinical analyzer, etc.	JPY230 million	100%
Hitachi High-Tech Instruments Co., Ltd.	Kumagaya City, Saitama Prefecture	
Design, manufacturing and maintenance services of semiconductor mounting systems and equipment related to Back-end Processes in semiconductor manufacturing, etc.	JPY450 million	100%
Hitachi High Technologies America, Inc.	USA	
Sales of semiconductor manufacturing equipment, communication equipment, industrial materials, etc.	USD7,950 thousand	100%
Hitachi High-Technologies Europe GmbH	Germany	
Sales of semiconductor manufacturing equipment, clinical analyzers, etc.	EUR3,129 thousand	100%
Hitachi High-Technologies (Singapore) Pte. Ltd.	Singapore	
Sales of semiconductor manufacturing equipment, electronic materials, etc.	SGD3,800 thousand	100%
Hitachi High-Technologies (Shanghai) Co., Ltd.	China	
Sales of industrial materials, electronic materials, chip mounters, etc.	USD2,600 thousand	100%
Hitachi High-Technologies Hong Kong Limited	China	
Sales of industrial materials, electronic materials, electronic components, etc.	HKD15,000 thousand	100%

Note: Hitachi High-Tech Trading Corp. and Hitachi High-Tech Solutions Corporation merged on April 1, 2012, with Hitachi High-Tech Trading Corp. as the surviving company, and changed its name to Hitachi High-Tech Solutions Corporation.

2. Matters Concerning the Company's Stock (As of March 31, 2012)

(1) Total Number of Shares

Authorized	350,000,000 shares
Issued	137,738,730 shares
Common Stock	JPY7,938,480,525
Number of Shares per Unit	100 shares

(2) Number of Shareholders 8,130 shareholders

(3) 10 Largest Shareholders

Name	Shareholding	Shareholding Ratio
	shares	
Hitachi, Ltd.	71,135,619	51.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,698,400	4.87
Japan Trustee Services Bank, Ltd. (Trust Account)	4,388,800	3.19
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,818,600	2.05
Hitachi High-Technologies Corp.'s Shareholding Association	2,333,336	1.70
NOMURA BANK (LUXEMBOURG) S.A. S/A NOMURA MULTI CURRENCY JP STOCK LEADERS FD	2,279,600	1.66
NIPPONVEST	1,500,000	1.09
RBC DEXIA INVESTOR SERVICES BANK A/C DUB NON RESIDENT/DOMESTIC RATE	1,336,802	0.97
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,223,173	0.89
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,203,200	0.87

Note: Shareholding ratio is calculated by deducting treasury stock (199,621 shares).

3. Directors and Executive Officers

(1) Name, Position and Responsibilities, etc. of Directors and Executive Officers

[Directors]

Position	Name	Committee Membership	Significant Concurrently-held Positions
Chairman of the Board	Hidehito Obayashi	Nominating Committee Compensation Committee	
Director	Masao Hisada	Nominating Committee Compensation Committee	
Director	Katsumi Mizuno	Audit Committee	
Director	Hideyo Hayakawa	Nominating Committee Audit Committee	
Director	Toyoaki Nakamura	Nominating Committee Compensation Committee	Executive Officer, Hitachi, Ltd. Outside Director, Hitachi Metals, Ltd. Corporate Auditor, Renesas Electronics Corporation
Director	Ryuichi Kitayama	Nominating Committee Audit Committee Compensation Committee	Executive Officer, Hitachi, Ltd.

Notes:
1. As of the Board of Directors meeting held on June 22, 2011, Director Hidehito Obayashi has become a member of the Nominating Committee and is no longer a member of the Compensation Committee.
2. Director Masao Hisada also serves concurrently as Executive Officer.
3. Directors Hideyo Hayakawa, Toyoaki Nakamura and Ryuichi Kitayama are outside directors set forth in Article 2, Item 15 of the Company Law.
4. Directors Toyoaki Nakamura and Ryuichi Kitayama are Executive Officers of Hitachi, Ltd. The relationship between Hitachi, Ltd. and the Company is as described in "1. Information on Current State of Hitachi High-Technologies Group (9) Major Parent Company and Subsidiaries."
5. Director Toyoaki Nakamura is an Outside Director of Hitachi Metals, Ltd. A relationship of purchasing and selling products exists between Hitachi Metals, Ltd. and the Company.
6. Hitachi Metals, Ltd. and the Company have the same parent company.
7. Director Hideyo Hayakawa is registered as an independent corporate officer with the Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd.

[Executive Officers]

Position	Name	Responsibilities
Representative Executive Officer, President, Chief Executive Officer	Masao Hisada	Overall management execution
Representative Executive Officer, Senior Vice President, Executive Officer	Masaho Masuyama	Corporate Marketing, Global Trading, CSR, Export Control
Vice President and Executive Officer	Masanori Kazamaki	Domestic sales and Marketing
Vice President and Executive Officer	Takashi Matsuzaka	Corporate strategy, Group companies, R&D, Intellectual Property, Environmental Management, CSR
Vice President and Executive Officer	Shinichi Tachi	Electronic Device Systems, Corporate Manufacturing Strategy, Quality Assurance, Procurement
Vice President and Executive Officer	Morihiro Nishida	Accounting, Finance, Operations, Logistics, Information Systems, Export Control, CSR, IR*
Vice President and Executive Officer	Shigekazu Kato	Fine Technology Systems
Vice President and Executive Officer	Toshio Kajimoto	Science & Medical Systems
Executive Officer	Hidenori Nagao	Global Trading, Corporate Strategy
Executive Officer	Koji Isahaya	Fine Technology Systems
Executive Officer	Kunihiko Ukena	Global Trading, Corporate Marketing
Executive Officer	Shuji Sugiyama	Corporate Manufacturing Strategy, Quality Assurance, Procurement, Production in Naka Region
Executive Officer	Toshiyuki Ikeda	Science and Medical Systems
Executive Officer	Syunichi Uno	Accounting and Finance
Executive Officer	Hideo Kakii	Electronic Device Systems
Executive Officer	Katsutaka Kimura	Electronic Device Systems, Evaluation, Design and Development
Executive Officer	Yoshikazu Dairaku	Human Resources and General Affairs, CSR, Legal and Public Affairs

Notes: 1. The above Executive Officers were nominated at the meeting of the Board of Directors held on February 22, 2011and appointed on April 1, 2011.
2. Executive Officer Masao Hisada concurrently serves as Director.
3. The following Executive Officers concurrently serve as representatives of the Company's subsidiaries.
Shuji Sugiyama, President of Hitachi Instrument (Suzhou), Ltd.

(*) IR: Investor Relations

[Other Material Information Concerning Directors and Executive Officers of the Company]

The Company changed its Executive Officers on April 1, 2012. The new lineup of Executive Officers is as follows.

(As of April 1, 2012)

Position	Name	Responsibilities
Representative Executive Officer, President, Chief Executive Officer	Masao Hisada	Overall management execution
Representative Executive Officer, Senior Vice President, Executive Officer	Masaho Masuyama	Corporate Marketing, Global Trading, Internal Control, Export Control
Vice President and Executive Officer	Takashi Matsuzaka	Corporate Strategy, Group companies, R&D, Intellectual Property, Environmental Management
Vice President and Executive Officer	Shinichi Tachi	Electronic Device Systems
Vice President and Executive Officer	Morihiro Nishida	Accounting, Finance, Operations, Logistics, Export Control, Information Systems, Internal Control, IR
Vice President and Executive Officer	Shigekazu Kato	Fine Technology Systems
Vice President and Executive Officer	Toshio Kajimoto	Science & Medical Systems
Vice President and Executive Officer	Shuji Sugiyama	Corporate Manufacturing Strategy, Quality Assurance, Procurement, Production in Naka Region
Executive Officer	Kunihiko Ukena	Global Trading
Executive Officer	Toshiyuki Ikeda	Science and Medical Systems
Executive Officer	Syunichi Uno	Accounting, Finance, Operations, Logistics, Export Control
Executive Officer	Hideo Kakii	Electronic Device Systems
Executive Officer	Katsutaka Kimura	Electronic Device Systems, Evaluation, Design and Development
Executive Officer	Yoshikazu Dairaku	Human Resources and General Affairs, CSR, Legal and Public Affairs
Executive Officer	Hideki Tomioka	Corporate Manufacturing Strategy
Executive Officer	Ryuichi Mizutani	Global Trading

(2) Matters Concerning Outside Directors

[Major Activities of Outside Directors]

Name	Major Activities
Hideyo Hayakawa	Mr. Hayakawa was nominated and appointed at the 92nd Ordinary General Meeting of Shareholders of the Company convened on June 22, 2011. Since his appointment, he has attended all meetings of the Board of Directors (11 meetings total) and all meetings of the Audit Committee (11 meetings total), and based on his extensive knowledge and experience in business administration as well as his extensive knowledge and experience in the field of legal works, has been expressing opinions based on his awareness of legality, corporate governance and effectiveness of internal control, as well as opinions from the perspective of general shareholders' interest in regard to agenda items in general.
Toyoaki Nakamura	Mr. Nakamura was nominated and appointed at the 92nd Ordinary General Meeting of Shareholders of the Company convened on June 22, 2011. Since his appointment, he has attended all meetings of the Board of Directors (11 meetings total), and has been expressing opinions based on his rich experience in corporate management and his extensive knowledge and experience in the fields of accounting and finance.
Ryuichi Kitayama	Mr. Kitayama has attended all meetings of the Board of Directors (13 meetings total) as well as all meetings of the Audit Committee (13 meetings total) held in the fiscal year under review, and based on his extensive knowledge and experience in business administration, management and sales activities, has been expressing opinions on general management, sales and the promotion of new businesses with an awareness for the synergies among the Hitachi Group.

[General Intent of Limited Liability Agreement with Outside Directors]

The Company has concluded, with each outside Director, a limited liability agreement that limits the liability for damages set forth in Article 423, Paragraph 1 of the Company Law to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Company Law, under the provision of paragraph 2 of Article 23 of the Articles of Incorporation.

(3) Compensation for Directors and Executive Officers

[Policy on the Determination of Compensation of Directors and Executive Officers]

The policy on the determination of the amount of compensation, etc. of Directors and Executive Officers of the Company has been set forth as follows by the Compensation Committee by obtaining advice from outside experts.

1. Basic Policy

1) Directors and Executive Officers in charge of the management of the Company will be paid compensation for executing management aimed at making it an enterprise trusted by all of its stakeholders and contributing to social progress and development through business activities that emphasize value creation through high-tech solutions.

2) The standard level of compensation for Directors and Executive Officers of the Company will be determined in consideration of each individual's duties commensurate with his/her position, the Company's business performance including the Group companies, business environment, the average rate in the business world, and other such factors.

2. Specific Policy

(1) Compensation for Directors

Compensation for Directors will consist of a monthly salary and a year-end allowance. Also, health management services will be provided as a nonmonetary reward.

- The monthly salary to be received by the Company's Directors will be fixed in amount considering that the Directors' duties are to perform supervisory functions. The level of pay will be determined by distinguishing between full-time and part-time Directors, subject to variation depending on the Committees to which they belong and the nature of their respective duties.
- The amount of year-end allowance paid will be capped at 1.5 times the monthly salary; however, the amount may be cut depending on the Company's business performance.
- As a nonmonetary reward, Directors in a position (with a duty) that has a major impact on management will be provided with health management services from a medical institution under a contract with the Company, in order to avert and reduce their health risks as a part of corporate risk management.

A Director concurrently serving as an Executive Officer will not be paid compensation as a Director.

(2) Compensation for Executive Officers

Compensation for Executive Officers will consist of a monthly salary and a performance-linked component. Also, health management services will be provided as a nonmonetary reward to Executive Officers.

- Compensation received by Executive Officers of the Company will be fixed in amount by position (duty), and will be determined by adding an extra amount depending on the job title.
- The performance-linked component will be set within a range based on the standard bonus on a position-by-position basis, depending on the Company's business performance during the fiscal year, the business performance of the division under the control of the Executive Officer, the results of operations in his/her charge, and efforts/contributions made towards management.
- As a nonmonetary reward, Executive Officers in a position (with a duty) that has a major impact on management and execution of operations will be provided with health management services from a medical institution under a contract with the Company, in order to avert and reduce their health risks as a part of corporate risk management.

[Amount of Compensation to Directors and Executive Officers] (FY2011)

	Total amount of remuneration by type				
	Monthly Salary		Year-end Allowance or Performance-linked Component		Total
	Number	Amount (millions of yen)	Number	Amount (millions of yen)	Amount (millions of yen)
Directors	9	102	5	12	114
Outside Directors	5	20	3	3	23
Executive Officers	17	335	17	136	471

Note: 1. The number of Directors and the amount do not include Directors who concurrently serve as Executive Officers.
2. The above Monthly Salary includes the monthly salary paid to four Directors (including two outside Directors) who retired upon the expiry of term of office at the close of the 92nd Ordinary General Meeting of Shareholders of the Company held on June 22, 2011.

[Amount of Compensation, etc. received by Outside Directors as Officers from the Parent Company, etc. of the Company in Fiscal Year ended March 31, 2012]

The amount of compensation, etc. received by outside Directors as officers from the parent company of the Company or its subsidiaries (excluding the Company) totaled JPY101 million.

Note: The above amount includes the amount of compensation, etc. received from the parent company of the Company or its subsidiaries (excluding the Company) by one outside Director who retired upon the expiry of term of office at the close of the 92nd Ordinary General Meeting of Shareholders of the Company held on June 22, 2011.

4. Matters Concerning Accounting Auditor

(1) Name of accounting auditor Ernst & Young ShinNihon LLC

(2) Fees to accounting auditor

1) Fees, etc. for the fiscal year ended March 31, 2012: JPY65 million

2) Total amount of cash and other financial benefits payable by the Company and its subsidiaries: JPY82 million

Notes 1. The above amounts include the auditing fees, etc. for audits under the Financial Instruments and Exchange Law, as the amount of auditing fees, etc. for audits under the Company Law and audits under the Financial Instruments and Exchange Law are not clearly distinguished under the audit agreement between the Company and the accounting auditor, and in practice, cannot be distinguished from each other.

2. Among the Company's major subsidiaries (referred to in "1. Information on Current State of Hitachi High-Technologies Group (9) Major Parent Company and Subsidiaries"), overseas subsidiaries have been audited by auditing firms other than the Company's accounting auditor.

(3) Dismissal and non-retention policy on accounting auditors

1. Dismissal

(1) In the event the Audit Committee determines that the causes provided for in Articles 340, Paragraph 1, Item 1 or 2 of the Company Law apply to an accounting auditor, due to such reasons as that it can reasonably be expected that the accounting auditor, which is an auditing firm, is ordered by the Prime Minister of Japan to suspend its operations, in whole or in part, or to dissolve the firm pursuant to Article 34-21, Paragraph 2 of the Certified Public Accountants Law, the Audit Committee shall determine the contents of the agenda on the dismissal of the accounting auditor to be submitted to the general meeting of shareholders.

(2) In the event significant adverse effects on the audit of financial statements are reasonably expected in the case of the preceding paragraph, the Audit Committee shall dismiss the accounting auditor by unanimity.

Should this occur, the Audit Committee member selected by the Audit Committee shall give a report on the dismissal of the accounting auditor and the reason therefor at the first general meeting of shareholders to be convened after said dismissal.

2. Non-retention

(1) In the event individuals selected by an accounting auditor, which is an auditing firm, from among its employees to perform their duties as accounting auditors are found to fall under any or all of the items under Article 340, Paragraph 1 of the Company Law or breach the obligation(s) of CPAs provided for in the Certified Public Accountants Law, should said auditing firm fail to select promptly individuals to perform their duties as accounting auditors in the place of the former, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

(2) In the event it is determined that an adequate performance of duties cannot be ensured with respect to the matters related to the performance of duties by accounting auditors provided for in Article 131 of the Regulations of Companies' Financial Statements, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

5. Policy on Determination of Distribution of Surplus etc.

The Company's basic policy for allocating profits is to generate appropriate returns for shareholders while enhancing its financial position and management foundations. Specifically, the Company endeavors to pay stable dividends in consideration of the balance with retained earnings.

In the fiscal year ended March 31, 2012, the year-end dividend will be JPY10 per share, resulting in an annual dividend of JPY30 including the interim dividend of JPY20 per share (ordinary dividend of JPY10 and the 10th Anniversary Commemorative Dividend of JPY10), which has already been paid.

Retained earnings will be utilized for securing and expanding trade rights, promoting the development of new businesses and new technologies, and in investments aimed at establishing a business model that generates high earnings and improving management efficiency, in an effort to further enhance business competitiveness.

6. Summary of Resolution of Board of Directors on Enhancing Structures and Other Things to Ensure Adequacy of Business Operations

The Company, at its Board of Directors meeting held on March 22, 2012, passed a resolution on matters relating to the establishment of a new Internal Control Management Committee for the purpose of reinforcing internal controls, and matters reflecting the necessary changes to be made to the system in order to establish said Committee.

Item	Details of the Resolution
1. System related to storage and management of information associated with execution of duties by Executive Officers	(1) Resolutions by the Board of Directors, decisions made by the Executive Committee and approval documents resolved by the Executive Officers shall be permanently stored under Document Storage Rules. (2) Filing, retention, storage or disposal of documents shall be handled with precision according to the Document Storage Rules, Information Security Management Rules and other related rules.
2. Provisions related to management of risk of loss and other systems	(1)The Company shall establish Risk Management Regulations, which have been prepared to help boost the soundness of its management, shareholders' interests and social credibility, and develop a system to properly identify and manage risks. (2) The Company, pursuant to the Risk Management Regulations, shall create the position of Chief Risk management Officer (hereinafter "CRO") in charge of overseeing compliance-related risks as group-wide risks, estimate and assess specific risks in advance, and, in terms of individual risks, determine the division in charge of the risks in consideration of their attributes and deal with such risks accordingly, and develop a framework for dealing with such risks at each Committee and each division. (3) The CRO shall be responsible for communicating information in a speedy and appropriate manner in the event of an emergency and setting up an emergency task force.
3. System to ensure efficient execution of duties by Executive Officers	(1) When making important decisions, Executive Officers shall engage in deliberations at the Executive Committee, the Management Committee and the Management Committee of the Business Group, in accordance with internal rules including the Executive Committee Regulations and Approval Regulations, etc. (2) The Company shall check and improve the business promotion status through management control processes ("Medium to long term plans," "Annual budgets," "Performance outlook," "Quarterly financial closing," "Monthly closing," and "Profit/loss management by segment"). (3) The Internal Auditing Division shall conduct internal audits to verify the effective utilization of management resources. (4) Members of the Audit Committee shall attend important internal meetings (Budget / Medium-term Management Plan Deliberation Committee, Internal Control Management Committees, Management Meetings, Executive Committees, Sales Strategy Committees, Global Sales Committees, and Stagnation Committees) as observers, as necessary, in addition to conducting investigation or physical inspection including subsidiaries, to fulfill checking functions from the viewpoint of management efficiency.

Item	Details of the Resolution
4. System to ensure that the execution of duties by Executive Officers and Employees conforms to laws and regulations and the Articles of Incorporation	(1) Strict observance of the law shall be the premise of all corporate activities in accordance with the "Corporate Vision" and "Code of Corporate Conduct", and internal rules, including the "Corporate Vision," shall be made available for perusal at all times via in-house intranet. (2) The CRO shall be the officer responsible for internal controls. Additionally, the Company shall establish an Internal Control Management Committee, which will be chaired by the CRO, that oversees compliance and group-wide risks, and reinforce compliance with laws and regulations by the executive officers and employees. (3) The Internal Control Management Committee, by conducting training that takes into account the attributes of the organization, shall operate the "Priority management division system," to the end of preventing violations of laws, regulations and internal rules, and the recurrence thereof. (4) The Compliance Committee, which will be chaired by the officer in charge of CSR, shall be established to conduct information gathering and confirmation, request improvements, approve compliance programs, report on the results, etc., (5)In-house workshops shall be periodically held by divisions in charge of legal affairs and compliance. (6) The Internal Auditing Division shall conduct internal audits to identify whether duties are executed in compliance with laws and regulations as well as the Articles of Incorporation. (7) Information shall be gathered and investigation shall be conducted based on the internal reporting system.
5. System to ensure the appropriateness of business operations within the corporate group comprising the stock company in question, its parent company and subsidiaries	(1) Arrangement with parent company 1) In terms of transactions between the parent company and Group companies, checks shall be conducted by multiple divisions so that they are performed appropriately in compliance with laws and regulations. 2) The Company shall be subjected to audits periodically conducted by its parent company with respect to operations, accounting, export management and compliance, and be informed of the audit results and receive appropriate feedback. (2) Relationship with subsidiaries 1) The Company shall periodically receive reports on the execution of operations and financial position (budget, financial statements) of its subsidiaries. 2) The Internal Auditing Division shall periodically conduct operational audits and accounting audits on the subsidiaries. 3) The Audit Committee shall periodically conduct interviews with subsidiaries. 4) The Internal Control Management Committee shall establish a risk management structure based on a compliance risk management system including subsidiaries, and reinforce and improve internal controls. 5) Information shall be gathered and investigation shall be conducted based on the internal reporting system, which will include the subsidiaries.

Item	Details of the Resolution
	6) The Company shall thoroughly enforce the strict observance of the law by conducting education by such means as holding workshops at each job rank and compliance training. 7) The "Hitachi High-Technologies Group Code of Conduct," comprising the concrete code of conduct to be applied to the corporate group comprising the Company's parent company, the Company and the Company's subsidiaries, shall be established, and corporate activities shall be conducted that are rooted in corporate ethics and compliance, in line with "ethics and integrity." (3) The Company shall develop an "Internal Control System" for financial reporting as a corporate group comprising the Company's parent company, the Company and the Company's subsidiaries, and the Internal Auditing Division shall verify the System.
6. Matters concerning Directors and employees who assist the duties of the Audit Committee	(1) The Company shall establish a Board of Directors' Office and appoint Audit Committee staff, who will belong to the Board of Directors' Office. (2) The Audit Committee staff shall assist the duties of the Audit Committee. (3) As the need arises, the Internal Auditing Division and administrative divisions shall assist with the duties of the Audit Committee.
7. Matters concerning independence of Directors and employees mentioned above from Executive Officers	(1) The Audit Committee shall receive a report on personnel reshuffling regarding the Audit Committee staff, who have been appointed to the Board of Directors' Office, in advance, and may propose changes in such personnel reshuffling to the Executive Officer in charge of Human Resources and General Affairs by stating the reason for such changes. (2) If an Audit Committee staff belonging to the Board of Directors' Office is to be disciplined, the Executive Officer in charge of Human Resources and General Affairs shall obtain approval from the Audit Committee in advance.
8. System to enable reporting by Executive Officers and employees to the Audit Committee and other systems to enable reports to the Audit Committee	(1) Agenda items put forward for deliberation or reported at meetings of the Executive Committee shall be reported by the Executive Officer involved in administration, etc. to members of the Audit Committee without delay. (2) Results of internal audits conducted by the Internal Auditing Division shall be reported without delay to members of the Audit Committee. (3) The status of reporting, through the internal reporting system, especially matters of particular importance, shall be reported to members of the Audit Committee by the Head of the Compliance Committee.
9. Other systems to ensure that audits by the Audit Committee are effectively implemented	(1) The Audit Committee shall utilize the Internal Auditing Division in charge of internal audits and the accounting auditor as necessary, such as entrusting them with some audit matters and receiving reports on the results of the audits, and conduct audits through collaborative efforts. (2) The results of audits conducted by the Audit Committee and the Internal Auditing Division shall be reported to the Board of Directors and the Executive Committee and feed back shall be provided.

Consolidated Balance Sheets

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2010 (As of March 31, 2011)
	(Millions of yen)	
Assets		
Current assets	**353,765**	**330,442**
Cash and cash equivalents	23,293	24,968
Trade notes and accounts receivable	130,038	130,093
Marketable securities	578	80
Merchandise and finished goods	30,834	27,442
Work in process	34,176	38,366
Raw materials	3,552	3,030
Deferred tax assets	8,927	10,130
Advances to suppliers	2,246	2,081
Deposit to Hitachi group cash management fund	98,831	80,609
Other	22,740	15,176
Allowance for doubtful receivables	(1,451)	(1,552)
Fixed assets	**88,397**	**82,846**
Property, plant and equipment	**59,685**	**53,873**
Buildings and structures	26,769	22,564
Machinery, equipment and vehicles	6,899	6,099
Tools, furniture & fixtures	5,917	4,631
Land	19,913	20,319
Construction in progress	186	260
Intangible assets	**6,275**	**6,249**
Goodwill	776	1,095
Software	5,369	5,028
Other	130	126
Investments and others	22,437	22,723
Investments in securities	11,062	8,189
Long-term loan receivables	153	227
Deferred tax assets	5,944	8,276
Other	5,619	7,047
Allowance for doubtful receivables	(342)	(1,016)
Total assets	**442,162**	**413,267**

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2010 (As of March 31, 2011)
	(Millions of yen)	
Liabilities		
Current liabilities	**161,545**	**142,874**
Trade notes and accounts payable	105,484	94,920
Accrued income taxes	8,489	3,965
Accrued expenses	18,175	17,894
Advances from customers	11,531	13,392
Provision for product warranty expensive	2,397	2,227
Provision for loss from disaster	—	1,082
Other	15,468	9,393
Long-term liabilities	**27,605**	**27,549**
Accrued retirement and severance benefits	26,576	26,323
Reserve for retirement benefits for senior executives	289	306
Other	740	920
Total liabilities	**189,150**	**170,423**
Net assets		
Shareholders' equity	**254,416**	**244,279**
Common stock	7,938	7,938
Capital surplus	35,745	35,745
Retained earnings	211,059	200,920
Treasury stock	(326)	(325)
Accumulated other comprehensive income	**(1,642)**	**(1,568)**
Unrealized holding gains on securities	3,798	3,314
Deferred profit or loss on hedges	(278)	15
Foreign currency translation adjustment	(5,162)	(4,897)
Minority interests	**237**	**134**
Total net assets	**253,012**	**242,845**
Total liabilities and net assets	**442,162**	**413,267**

Consolidated Statements of Income

	Years ended March 31	
	2012	2011
	(Millions of yen)	
Net sales	**645,865**	**653,431**
Cost of sales	532,894	541,982
Gross profit	**112,971**	**111,449**
Selling, general and administrative expenses	87,512	83,556
Operating income	**25,459**	**27,893**
Other income	**1,625**	**2,099**
Interest income	412	299
Dividends income	149	125
Reversal of allowance for doubtful receivables	205	927
Foreign exchange gains	258	259
Subsidy for employment adjustment	231	15
Other	370	474
Other deductions	**852**	**517**
Interest expenses	69	78
Loss on disposal of property, plant and equipment	521	290
Other	261	149
Ordinary income	**26,233**	**29,475**
Extraordinary gain	**6,171**	**69**
Gain on insurance adjustment	4,170	—
Insurance income	1,890	—
Gain on sales of property, plant and equipment	3	—
Gain on sales of investments in securities	104	47
Gain on sales of membership	5	23
Extraordinary loss	**4,090**	**3,427**
Restructuring charges	2,130	—
Loss from disaster	580	1,565
Impairment losses	1,196	1,326
Environmental expenses	67	212
Losses on devaluation of investments in securities	117	20
Loss on sales of investments in securities	—	1
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	303
Income before income taxes and minority interests	**28,314**	**26,117**
Income taxes-current	10,080	5,748
Income taxes-deferred	3,872	2,537
Income before minority interests	**14,362**	**17,832**
Minority interests	98	80
Net income	**14,265**	**17,752**

Consolidated Statements of Changes in Net Assets

FY2011 (under review) (April 1, 2011 to March 31, 2012) (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	7,938	35,745	200,920	(325)	244,279
Change during year					
Dividends from surplus	—	—	(4,126)	—	(4,126)
Net income	—	—	14,265	—	14,265
Acquisition of treasury stock	—	—	—	(1)	(1)
Disposal of treasury stock	—	0	—	0	0
Net changes in items other than shareholders' equity	—	—	—	—	—
Total change in during year	—	0	10,139	(1)	10,138
Balance at March 31, 2012	7,938	35,745	211,059	(326)	254,416

	Accumulated other comprehensive income				Minority interests	Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2011	3,314	15	(4,897)	(1,568)	134	242,845
Change during year						
Dividends from surplus	—	—	—	—	—	(4,126)
Net income	—	—	—	—	—	14,265
Acquisition of treasury stock	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	0
Net changes in items other than shareholders' equity	483	(292)	(265)	(74)	104	29
Total change in during year	483	(292)	(265)	(74)	104	10,167
Balance at March 31, 2012	3,798	(278)	(5,162)	(1,642)	237	253,012

Unconsolidated Balance Sheets

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2010 (As of March 31, 2011)
	(Millions of yen)	
Assets		
Current assets	**279,362**	**260,264**
Cash and cash equivalents	9,727	8,076
Notes receivable	6,958	6,123
Accounts receivable	97,626	98,421
Marketable securities	501	—
Merchandise and finished goods	17,504	12,778
Work in process	27,290	28,828
Raw materials	2,575	2,249
Advances paid	1,887	1,661
Prepaid expenses	19	10
Deferred tax assets	4,434	5,665
Short-term loan receivables	12,620	14,980
Accounts receivable-other	8,032	7,767
Deposit to Hitachi Group cash management fund	98,831	80,609
Other	243	392
Allowance for doubtful receivables	(8,886)	(7,294)
Fixed assets	**80,209**	**75,686**
Property, plant and equipment	**49,696**	**46,229**
Buildings	21,080	16,744
Structures	612	510
Machinery and equipment	5,044	4,972
Vehicles	19	16
Tools, furniture & fixtures	4,166	2,897
Land	18,612	20,983
Construction in progress	163	107
Intangible assets	**4,142**	**3,765**
Patents	5	7
Software	4,068	3,723
Right of using facilities	33	34
Other	36	2
Investments and others	**26,371**	**25,692**
Investments in securities	10,984	7,992
Affiliated companies' common stock	7,041	7,041
Investments in companies	5	31
Investments in affiliated companies	1,534	1,534
Long-term loan receivables to employees	141	179
Past-due operating claims	137	816
Long-term prepaid expenses	1,691	2,703
Deferred tax assets	3,071	4,609
Lease and guarantee deposits	1,247	1,178
Other	846	621
Allowance for doubtful receivables	(327)	(1,013)
Total assets	**359,570**	**335,950**

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2010 (As of March 31, 2011)
	(Millions of yen)	
Liabilities		
Current liabilities	**141,258**	**121,381**
Notes payable	422	509
Accounts payable	84,421	74,066
Other accounts payable	8,330	4,123
Accrued expenses	10,605	10,093
Income taxes	4,531	930
Advances received	5,446	8,008
Deposits received	23,796	19,514
Current portion of guarantee deposits received	2,885	2,965
Warranty reserve	33	62
Provision for loss from disaster	—	1,002
Other	790	110
Long-term liabilities	**16,766**	**17,054**
Deferred tax liabilities for land revaluation	51	147
Accrued pension liability	16,231	16,230
Asset retirement obligations	362	323
Other	121	354
Total liabilities	**158,023**	**138,435**
Net assets		
Shareholders' equity	**197,705**	**192,841**
Common stock	**7,938**	**7,938**
Capital surplus	**35,745**	**35,745**
Capital reserve	35,723	35,723
Others	21	21
Retained earnings	**154,348**	**149,483**
Earned surplus reserve	1,385	1,385
Others	152,963	148,098
Reserve for advanced depreciation of fixed assets	157	142
Reserve for special account for advanced depreciation of fixed assets	1,349	—
General reserve	142,095	136,095
Retained earnings brought forward	9,362	11,861
Treasury stock	**(326)**	**(325)**
Valuation and translation adjustments	**3,841**	**4,674**
Unrealized holding gains on securities	**3,780**	**3,296**
Deferred profit or loss on hedges	**(301)**	**(6)**
Revaluation reserve for land	**363**	**1,384**
Total net assets	**201,547**	**197,516**
Total liabilities and net assets	**359,570**	**335,950**

Unconsolidated Statements of Income

	Years ended March 31	
	2012	**2011**
	(Millions of yen)	
Net sales	**476,410**	**488,222**
Cost of sales	403,751	417,497
Gross profit	**72,659**	**70,725**
Selling, general and administrative expenses	60,576	57,041
Operating income	**12,083**	**13,683**
Other income	**4,844**	**5,808**
Interest income	347	274
Interest income on securities	30	24
Dividends income	3,188	3,865
Reversal of allowance for doubtful receivables	691	891
Foreign exchange gains	159	303
Other	429	450
Other deductions	**2,897**	**454**
Interest expenses	118	134
Loss on disposal of property, plant and equipment	415	256
Provision of allowance for doubtful accounts for affiliated companies	2,180	—
Other	183	64
Ordinary income	**14,030**	**19,037**
Extraordinary gain	**5,997**	**2,664**
Gain on insurance adjustment	4,129	—
Insurance income	1,764	—
Gain on sales of investments in securities	104	27
Reversal of allowance for doubtful receivables of affiliated companies	—	2,637
Extraordinary loss	**4,868**	**3,015**
Restructuring charges	3,043	—
Loss from disaster	534	1,218
Impairment losses	1,196	1,326
Environmental expenses	67	212
Loss on disposal of property, plant and equipment	1	—
Losses on devaluation of investments in securities	28	20
Loss on sales of investments in securities	—	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	239
Income before income taxes	**15,159**	**18,687**
Income taxes-current	4,171	1,384
Income taxes-deferred	3,139	3,324
Net income	**7,849**	**13,978**

Unconsolidated Statements of Changes in Net Assets

FY2011 (under review) (April 1, 2011 to March 31, 2012) (Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Capital reserve	Others	Earned surplus reserve	Others		
Balance at April 1, 2011	7,938	35,723	21	1,385	148,098	(325)	192,841
Change during year							
Dividends from surplus	—	—	—	—	(4,126)	—	(4,126)
Reversal of revaluation reserve for land	—	—	—	—	1,142	—	1,142
Net income	—	—	—	—	7,849	—	7,849
Acquisition of treasury stock	—	—	—	—	—	(1)	(1)
Disposal of treasury stock	—	—	0	—	—	0	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total change during year	—	—	0	—	4,865	(1)	4,864
Balance at March 31, 2012	7,938	35,723	21	1,385	152,963	(326)	197,705

	Valuation and translation adjustments				Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at April 1, 2011	3,296	(6)	1,384	4,674	197,516
Change during year					
Dividends from surplus	—	—	—	—	(4,126)
Reversal of revaluation reserve for land	—	—	(1,142)	(1,142)	—
Net income	—	—	—	—	7,849
Acquisition of treasury stock	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	0
Net changes in items other than shareholders' equity	484	(295)	120	310	310
Total change during year	484	(295)	(1,022)	(833)	4,031
Balance at March 31, 2012	3,780	(301)	363	3,841	201,547

Note: Breakdown of other retained earnings (Millions of yen)

	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	Total
Balance at April 1, 2011	142	—	136,095	11,861	148,098
Change during year					
Dividends from surplus	—	—	—	(4,126)	(4,126)
Reserve for advanced depreciation of fixed assets	15	—	—	(15)	—
Reserve for special account for advanced depreciation of fixed assets	—	1,349	—	(1,349)	—
Reversal of revaluation reserve for land	—	—	—	1,142	1,142
Provision of general reserve	—	—	6,000	(6,000)	—
Net income	—	—	—	7,849	7,849
Total change during year	15	1,349	6,000	(2,500)	4,865
Balance at March 31, 2012	157	1,349	142,095	9,362	152,963

Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 18, 2012

To Mr. Masao Hisada, President & Chief Executive Officer
Hitachi High-Technologies Corporation

Ernst & Young ShinNihon LLC
Limited Liability Shitei Shain
Gyomu Shikko Shain CPA Ryo Kayama
Limited Liability Shitei Shain
Gyomu Shikko Shain CPA Takahiro Saga

We have audited the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and the notes to the consolidated financial statements of Hitachi High-Technologies Corporation for the business year (from April 1, 2011 to March 31,2012) for the purpose of reporting under Article 444, Paragraph 4 of the Company Law.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with generally accepted accounting standards in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent viewpoint, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures select and apply depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the manner of their application, as well as the accounting estimates made by management, in addition to evaluating the overall presentation of the consolidated financial statements.

We believe that our audit provides sufficient and appropriate audit evidence to act as a basis for our opinion.

Auditors' Opinion

In our opinion, the consolidated financial statements referred to above presented fairly, in every significant aspect, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period of the consolidated financial statements in accordance with the corporate auditing standards generally accepted in Japan.

Relationship of Interest

We have no interest in the Company which should be disclosed pursuant to the provision of the Certified Public Accountants Law.

Transcript of Accounting Auditors' Audit Report on Unconsolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 18, 2012

To Mr. Masao Hisada, President & Chief Executive Officer
Hitachi High-Technologies Corporation

Ernst & Young ShinNihon LLC
Limited Liability Shitei Shain
Gyomu Shikko Shain CPA Ryo Kayama
Limited Liability Shitei Shain
Gyomu Shikko Shain CPA Takahiro Saga

We have audited the unconsolidated balance sheets, the unconsolidated statements of income, the unconsolidated statements of changes in net assets, the notes to the unconsolidated financial statements and their supporting schedules of Hitachi High-Technologies Corporation for the 93rd business term (from April 1, 2011 to March 31, 2012) pursuant to Article 436, Paragraph 2, Item 1 of the Company Law.

Management's Responsibility for Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of unconsolidated financial statements and their supporting schedules in accordance with generally accepted accounting standards in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of unconsolidated financial statements and their supporting schedules that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements and their supporting schedules from an independent viewpoint, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the unconsolidated financial statements and their supporting schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements and their supporting schedules. The procedures select and apply depend on the auditors' judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements and their supporting schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements and their supporting schedules in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the manner of their application, as well as the accounting estimates made by management, in addition to evaluating the overall presentation of the unconsolidated financial statements and their supporting schedules.

We believe that our audit provides sufficient and appropriate audit evidence to act as a basis for our opinion.

Auditors' Opinion

In our opinion, the unconsolidated financial statements and their supporting schedules referred to above presented fairly, in every significant aspect, the financial position and the results of operations of the Company for the period of the unconsolidated financial statements and their supporting schedules based on the corporate accounting standards generally accepted in Japan.

Relationship of Interest

We have no interest in the Company which should be disclosed pursuant to the provision of the Certified Public Accountants Law.

Transcript of Audit Committee's Audit Report

AUDIT REPORT

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 93rd business term (from April 1, 2011to March 31, 2012). We hereby report as follows on the method and results thereof:

1. Method of Audit

(1) We received reports from the Directors, Executive Officers and employees on the contents of the of the resolutions of the Board of Directors concerning the matters as listed in Article 416, Paragraph 1, Item 1 (ro) and (ho) of the Company Law, and the systems (internal control systems) established thereunder, confirmed the contents of such reports, and conducted exchanges of opinions, as necessary.

(2) We conducted the following activities in accordance with the audit policy and assignment of audit duties, as determined by the Audit Committee.

   1) We attended important meetings including the Board of Directors and executive meetings, and received reports from and conducted interviews with Directors and Executive Officers on the execution of their duties.
   2) We inspected important decision documents, etc.
   3) We made investigations into the state of activities and property at the head office and the principle business offices of the Company.
   4) We received reports from or conducted interviews with subsidiaries about their business operation.

(3) We received reports from the internal auditing division and other relevant departments and exchanged opinions on the status of internal control.

(4) We monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties and requested explanations as necessary. We also received a notice from the Accounting Auditors to the effect that "structures for ensuring that duties are appropriately performed" (matters stipulated in each item under Article 131 of the Regulations of Companies' Financial Statements) were being developed pursuant to the "Quality Management Standards for Auditing" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

(5) With respect to internal controls for financial reporting, we received reports from or conducted interviews with Executive Officers, etc. and Ernst & Young ShinNihon LLC about the status of evaluation and audit of such internal controls, and requested explanations as necessary.

We audited the business reports and their supporting schedules, the consolidated financial statement (the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and the notes to consolidated financial statements) and the unconsolidated financial statements (the unconsolidated balance sheets, the unconsolidated statements of income, the unconsolidated statements of changes in net assets, and the notes to unconsolidated financial statements), and their supporting schedules for this business term in accordance with the foregoing method.

2. Results of Audit

(1) Results of Audit on Business Report etc.

We are of the opinion:

1) that the business report and its supporting schedules fairly present the state of the Company in accordance with the laws, regulations and the Articles of Incorporation.
2) that, in connection with the performance by Directors and Executive Officers of their duties, no dishonest act or material fact of violation of laws, regulations or the Articles of Incorporation exists.
3) that the contents of the resolution by the Board of Directors concerning internal control systems are appropriate. Further, there is nothing to note with respect to the contents of the description of said internal control systems in the Business Report and the performance by Directors and Executive Officers of their duties related to said internal control systems, including internal controls for financial reporting.

(2) Results of Audit on Consolidated Financial Statements and Unconsolidated Financial Statements and Their Supporting Schedules

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

May 21, 2012

Audit Committee, Hitachi High-Technologies Corporation
Katsumi Mizuno
Hideyo Hayakawa
Ryuichi Kitayama

Note: Mr. Hideyo Hayakawa and Mr. Ryuichi Kitayama are outside Directors pursuant to Article 2, Item 15 of the Company Law.

(Translation)

Matters for Internet Disclosure of the 93rd Ordinary General Meeting of Shareholders

1. Notes to Consolidated Financial Statements
2. Notes to Unconsolidated Financial Statements

Hitachi High-Technologies Corporation

The above documents are posted on the Company's website to provide necessary information to our shareholders in accordance with the provisions of applicable laws, regulations and the Articles of Incorporation of the Company.

Notes to Consolidated Financial Statements

1. All figures are rounded off to the nearest million yen.

2. Notes concerning important matters serving as basis of preparation of consolidated financial statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries: 27

Name of companies: Hitachi High-Tech Trading Corp., Hitachi High-Tech Materials Corp., Hitachi High-Tech Solutions Corporation, Hitachi High-Tech Fielding Corp., Hitachi High-Tech Control Systems Corp., Hitachi High-Tech Manufacturing & Service Corp., Hitachi High-Tech Instruments Co., Ltd., Hitachi High Technologies America, Inc., Hitachi High-Technologies Europe GmbH, Hitachi High-Technologies (Singapore) Pte. Ltd., Hitachi High-Technologies (Shanghai) Co., Ltd., Hitachi High-Technologies Hong Kong Limited and 15 other companies

PT. Hitachi High-Technologies Indonesia was established as of September 29, 2011 and has been included in the scope of consolidation starting from this fiscal year.

Hitachi High-Tech Trading Corp. and Hitachi High-Tech Solutions Corporation merged effective April 1, 2012, with Hitachi High-Tech Trading Corp. as the surviving company, and changed its name to Hitachi High-Tech Solutions Corporation.

2) Number of non-consolidated subsidiaries: 0

(2) Application of equity method

Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: 0

(3) End of fiscal year, etc. of consolidated subsidiaries

The following consolidated subsidiaries have a different fiscal year end from the consolidated fiscal year end.

Name of companies:	Giesecke & Devrient K.K and 5 other companies
End of fiscal year:	December 31

Consolidation procedures have been taken based on financial statements as of March 31, 2012 prepared by provisionally settling accounts in accordance with the annual closing of accounts.

(4) Accounting standards

1) Basis and method of valuation of significant assets

(i) Securities

Available-for-sale securities

Securities with fair value:	Securities with fair value are stated at the quoted market price, etc. as at the end of the fiscal year. Selling cost is calculated based on moving-average method. (Unrealized holding gains/losses are directly charged or credited to Net Assets.)
Securities without fair value:	Securities without fair value are stated at cost determined by the moving average method.

(ii) Derivatives

Derivatives are marked to market.

(iii) Inventories

Merchandise, finished goods, semi-finished goods, raw materials:

Stated at cost determined principally by the moving-average method (however, the amount stated in the balance sheet was computed by reducing the book value to reflect deterioration in profitability).

Work in process:

Stated at cost by specific identification method (however, the amount stated in the balance sheet was computed by reducing the book value to reflect deterioration in profitability).

2) Method of depreciation of significant depreciable assets

(i) Property, plant and equipment

Depreciation of property, plant and equipment is calculated primarily by the declining-balance method. However, rental assets are depreciated by the straight-line method according to the length of the rental period, and buildings (except for building attachments) acquired on or after April 1, 1998 are depreciated by the straight-line method.

Buildings transferred upon the absorption and merger effective October 1, 2001 are depreciated by the straight-line method.

(ii) Intangible assets

Intangible assets are principally amortized by the straight-line method. However, software for internal use is amortized over its estimated in-house useful life (five years). The amount of amortization of software for sale for the fiscal year is the amortization amount based on the expected sales volume, or the equally allocated amount over the remaining effective period (within three years), whichever is larger.

3) Accounting standard for significant allowances

(i) Allowance for doubtful receivables

In order to prepare against losses due to bad debt, etc., allowances are mainly provided for, in the case of general claims, by using the rate based on the Company's history of credit losses, and in the case of specific claims such as doubtful claims, by applying the estimated amount deemed uncollectible in consideration of their collectability on an individual basis.

(ii) Provision for product warranty expensive

To prepare for expenses associated with field services for products, the projected amount of service expenses within the warranty period is recorded based on the Company's past records.

(iii) Accrued retirement and severance benefits for employees

To prepare for accrued pension liability, the Company and its subsidiaries record the allowance based on the projected amount of retirement benefit obligations and pension assets at the fiscal year end.

(iv) Reserve for retirement benefits for senior executives

To prepare for the payment of reserve for retirement benefits for senior executives, some domestic consolidated subsidiaries record the amount payable at the end of the fiscal year under the Rules on Retirement and Severance Benefits for Senior Executives.

4) Significant hedge accounting method

(i) Hedge accounting method

Deferred hedge accounting method is applied.

(ii) Hedging instruments and hedged items

Hedging instruments:	Forward exchange contracts
Hedged items:	Risk of fluctuations in cash flow due to exchange rate volatility associated with scheduled receivables and payables based on transactions denominated in foreign currencies

(iii) Hedging policy

The Company and its subsidiaries perform forward exchange transactions capped at the contract amount (including transactions for which contracts are yet to be signed but have an extremely high possibility of being executed) for the purpose of averting risks of exchange rate volatility in foreign-currency-denominated transactions according to in-house risk management policies.

(iv) Method of evaluating hedge effectiveness

In principle, the Company evaluates hedge effectiveness by comparing the changes in the market price of the hedged items or cumulative changes in cash flows from the hedged items with the corresponding changes in the hedging instruments over the duration from the point of commencing hedging to the point of conducting the evaluation, based on their respective changes in amount and other such factors.

5) Amortization method and amortization period of goodwill

Goodwill is amortized over a period of 5 years based on the equal installment method. However, goodwill items in small amount are written off in full in the fiscal year in which they accrued. Negative goodwill accrued on or before March 31, 2010 is amortized over a period of 5 years based on the equal installment method.

6) Other important matters for the preparation of consolidated financial statements

Consumption tax, etc. is excluded.

(5) Change in important matters serving as basis of preparation of consolidated financial statements

1) Changes in the method of presentation

(Consolidated Balance Sheets)

"Right of using facilities" (JPY86 million in the fiscal year under review), which had been presented separately in the previous fiscal year, has been included in "Other" under "Intangible assets" from the fiscal year under review, as the amount has become insignificant.

(Consolidated Statements of Income)
"Reversal of allowance for doubtful receivables" (JPY927 million in the previous fiscal year), which had been included in "Other" income in the previous fiscal year, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the consolidated financial statements of the Annual Securities Report.
Additionally, "Subsidy for employment adjustment" (JPY15 million in the previous fiscal year), which had been included in "Other" income in the previous fiscal year, has been presented separately starting from this fiscal year, as the amount has become significant.

"Loss on disposal of property, plant and equipment" (JPY290 million in the previous fiscal year), which had been included in "Other" deductions in the previous fiscal year, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the consolidated financial statements of the Annual Securities Report.

2) Additional information
(Application of Accounting Standard for Accounting Changes and Error Corrections)
For the purpose of accounting changes and error corrections taking place from the beginning of this fiscal year, the Group has adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009).

(Adjustment of deferred tax assets and deferred tax liabilities due to changes in the normal effective statutory tax rate)
Following the promulgation on December 2, 2011 of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117, 2011), the effective statutory tax rates, which are used to measure deferred tax assets and deferred tax liabilities, will be reduced from 40.7% to 38.0% for temporary differences that are expected to be eliminated during the fiscal year starting on and after April 1, 2012, and to 35.6% for temporary differences that are expected to be eliminated in the fiscal year starting on and after April 1, 2015.
These changes have resulted in decreases of JPY1,130 million and JPY12 million, respectively, in the amount of deferred tax assets (after deducting deferred tax liabilities) and deferred profit or loss on hedges, and increases of JPY1,415 million and JPY297 million, respectively, in the amount of income taxes-current and unrealized holding gains on securities recorded in this fiscal year.

3. Notes to consolidated balance sheets

(1)	Accumulated depreciation of property, plant and equipment:	JPY81,415 million
(2)	Collateralized assets and secured liabilities	
	Collateralized assets	
	Investments in securities (shares) (guarantee for transactions)	JPY22 million
	Secured liabilities	
	Accounts payable	JPY11 million
(3)	Guarantees (employee home loans)	JPY418 million
(4)	Export bill discount	JPY15 million
(5)	Notes endorsed	JPY61 million

(6) Accounting for notes maturing at the end of the fiscal year
As the end of the fiscal year under review fell on a bank holiday, notes maturing at the end of the fiscal year are accounted for as having been settled on the maturity date.
Such amounts include the following:

Notes receivable	JPY1,240 million
Notes payable	JPY36 million

4. Notes to consolidated statements of income

(1) Gain on insurance adjustment

Gains on insurance adjustment refer to insurance adjustments associated with the Great East Japan Earthquake.

(2) Insurance income

Insurance income refers to insurance income associated with the Great East Japan Earthquake.

(3) Gain on sales of property, plant and equipment

Gains on sales of property, plant and equipment refer to gains from the partial sale of a factory site.

(4) Restructuring charges

Restructuring charges refer to expenses incurred in conjunction with the execution of structural reforms by the Company and its consolidated subsidiaries.

Breakdown: Additional retirement benefits	JPY1,650 million
Impairment loss due to integration of business offices (Note 1)	JPY436 million
Relocation expenses due to integration of business offices	JPY43 million
Total	JPY2,130 million

(Note 1) Loss on impairment of assets

Location	Purpose	Type	Impairment Loss (million yen)
Shonan Region (Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture)	Assets determined to be disposed of	Buildings, structures, machinery and equipment, tools, furniture & fixtures, land, and software	430
Saitama Region (Kamisato-machi, Kodama-gun, Saitama Prefecture)	Assets determined to be disposed of	Buildings, machinery and equipment, and tools, furniture & fixtures	7
Total			436

In the case of assets determined to be disposed of, the difference between the net selling price and the book value was declared as an impairment loss under extraordinary losses, since they were removed from their conventional applications and the invested amount was no longer expected to be recoverable due to the decision to dispose of such assets.

(5) Loss from disaster

Losses incurred as a result of the Great East Japan Earthquake have been recorded, the breakdown of which is as follows.

Impairment losses for inventories	JPY63 million
Impairment losses for fixed assets	JPY96 million
Total	JPY159million
Inspection and dismantlement expenses	JPY500 million
Restoration expenses	JPY253 million
Total loss from disaster	JPY912 million
Uncollected insurance claims	(JPY332 million)
Net loss from disaster	JPY580 million

Provision for reserve for loss from disaster is included in the inspection and dismantlement expenses and restoration expenses.

(6) Loss on impairment of assets

When determining signs of impairment, the Company and its consolidated subsidiaries classify the assets according to administrative and accounting categories based on business units.

In the fiscal year ended March 31, 2012, the Company and its consolidated subsidiaries accounted for impairment losses for the following assets.

Location	Purpose	Type	Impairment Loss (million yen)
Head Office (Minato-ku, Tokyo)	Assets determined to be disposed of	Buildings, structures, tools, furniture & fixtures, and land,	975
Naka Region (Hitachinaka City, Ibaraki Prefecture)	Manufacturing facilities of inspection systems	Machinery and equipment, and tools, furniture & fixtures,	48
	Manufacturing facilities of analysis systems such as electron microscopes	Tools, furniture & fixtures	31
	Manufacturing facilities of biotechnology equipment	Machinery and equipment, tools, furniture & fixtures, and software	42
	Assets determined to be disposed of	Buildings, structures, machinery and equipment, and tools, furniture & fixtures	31
Kasado Region (Kudamatsu City, Yamaguchi Prefecture)	Assets determined to be disposed of	Machinery and equipment	69
Total			1,196

In the case manufacturing facilities of inspection systems, manufacturing facilities of analysis systems such as electron microscopes and manufacturing facilities of biotechnology equipment, the book value has been reduced to the recoverable value measured based on utility value due to the deterioration in profitability stemming from the severe downturn in market conditions. As for such assets, due to the lack of prospects for generating sufficient cash flow in the future, manufacturing facilities of inspection systems have been written off, at book value in full, as impairment losses as a component of extraordinary losses, while a portion of the book value of manufacturing facilities of analysis systems such as electron microscopes and manufacturing facilities of biotechnology equipment has been written off as an impairment loss as a component of extraordinary losses. The recoverable value of these assets has been measured based on the utility value, and the discount rate used in calculating the utility value was 7.0%. In terms of assets determined to be disposed of, the difference between the net selling price and the book value was declared as an impairment loss under extraordinary losses, since they were removed from their conventional applications and the invested amount was no longer expected to be recoverable due to the decision to dispose of such assets.

(7) Environmental expenses

Environmental expenses represent the cost of disposing of contaminated soil, in conjunction with the construction of the Naka Region.

5. Notes to consolidated statements of changes in net assets

(1) Class and number of shares issued

(shares)

Class of shares	Total number of shares as at April 1, 2011	Increase during fiscal year ended March 31, 2012	Decrease during fiscal year ended March 31, 2012	Total number of shares as at March 31, 2012
Common stock	137,738,730	-	-	137,738,730

(2) Stock acquisition rights, etc.

Not applicable.

(3) Cash dividends

(i) Total amount of cash dividends

Resolution	Class of shares	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record Date	Effective Date
Meeting of Board of Directors held on May 23, 2011	Common stock	1,375	10.00	March 31, 2011	June 3, 2011
Meeting of Board of Directors held on October 25, 2011	Common stock	2,751	20.00	September 30, 2011	November 28, 2011

(ii) Cash dividends whose record date falls in FY2010 but effective date falls in FY2011

Proposal	Class of shares	Financial source of cash dividends	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record Date	Effective Date
Meeting of Board of Directors held on May 24, 2012	Common stock	Retained earnings	1,375	10.00	March 31, 2012	June 4, 2012

6. Notes on financial instruments

(1) Status of financial instruments

When investing funds, the Group focus first and foremost on the safety of principal and income, and also on ensuring proper liquidity.

Efforts are made to reduce customers' credit risks regarding trade notes and accounts receivable, and trade notes and accounts payable according to credit management regulations. Short-term investments and investments in securities, which are mainly comprised of bonds for the purpose of investment of funds, shares held for business promotion purposes and other investment of funds.

Derivative transactions are utilized mainly to mitigate the risk of changes in cash flow due to foreign currency fluctuations. The Group does not enter into speculative derivative transactions.

(2) Estimated fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheets as of March 31, 2012 and unrealized gains and losses are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Refer to Note 2.)

	Carrying value (million yen)	Estimated fair value (million yen)	Unrealized gains (losses) (million yen)
(i) Cash	23,293	23,293	-
(ii) Trade notes and accounts receivable	130,038		
Less allowance for doubtful receivables*1	(1,451)		
Net amount	128,587	128,587	(0)
(iii) Deposits to Hitachi Group cash management fund	98,831	98,831	-
(iv) Short-term investments and investments in securities			
Other securities	11,559	11,559	-
Total assets	262,270	262,270	(0)
Notes and accounts payable	105,484	105,484	-
Total liabilities	105,484	105,484	-
Derivative transactions*2			
Those to which hedge accounting is not applied	(276)	(276)	-
Those to which hedge accounting is applied	(440)	(440)	-
Total derivative transactions	(715)	(715)	-

*1: This represents allowance for doubtful receivables provided for trade notes and accounts receivable.

*2: These represent net assets or liabilities arising from derivative transactions. The figures in parentheses indicate net liabilities.

(Note 1) Method to Determine the Estimated Fair Value of Financial Instruments and Other Matters Related to Securities and Derivative Transactions

Assets

(1) Cash

The fair value approximates the carrying amount because of the short-term nature. Thus, the carrying amount is used as fair value.

(2) Trade Notes and Accounts Receivable

The fair value is based on the present value calculated by discounting receivables reflecting credit risk for each receivable categorized by time to maturity by an interest rate for the time to maturity.

(3) Deposits to Hitachi Group Cash Management Fund

The fair value approximates the carrying amount because of the short-term nature. Thus, the carrying amount is used a fair value.

(4) Short-Term Investments and Investments in Securities

While the fair values of listed shares are measured by quoted market prices, the fair values of bond securities are measured by the prices obtained from financial institutions.

Liabilities

Trade notes and accounts payable

Trade notes and accounts payable are stated at book value, as all notes and accounts payable are short-term and hence their market values are nearly the same as their book values.

Derivative transactions

Derivative transactions are all forward exchange contracts, and are calculated based on the forward exchange rates.

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value

Classification	Carrying value (million yen)
Unlisted equity securities	78
Unlisted foreign bonds	0
Investments in limited investment partnership	4

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in short-term investments and investments in securities.

7. Notes on per share information

(1) Net assets per share: JPY1,837.84

(2) Net income per share: JPY103.71

8. Notes on significant subsequent events

Not applicable.

Notes to Unconsolidated Financial Statements

1. All figures are rounded off to the nearest million yen.

2. Notes concerning significant accounting policies

(1) Basis and method of valuation of assets

1) Basis and method of valuation of securities

Shares of subsidiaries and shares of affiliated companies: Stated at cost determined by the moving average method.

Available-for-sale securities

Securities with fair value:	Securities with fair value are stated at the quoted market price, etc. as at the end of the fiscal year. Selling cost is calculated based on the moving-average method. (Unrealized holding gains/losses are directly charged or credited to Net Assets.)
Securities without fair value:	Securities without fair value are stated at cost determined by the moving average method.

2) Basis and method of valuation of derivatives

Derivatives are marked to market.

3) Basis and method of valuation of inventories

Merchandise, finished goods, semi-finished goods, raw materials:

Stated at cost determined by the moving-average method (however, the amount stated in the balance sheet was computed by reducing the book value to reflect deterioration in profitability).

Work in process:

Stated at cost by specific identification method (however, the amount stated in the balance sheet was computed by reducing the book value to reflect deterioration in profitability).

(2) Method of depreciation of depreciable assets

1) Property, plant and equipment

Depreciation of property, plant and equipment is calculated by the declining-balance method. However, rental assets are depreciated by the straight-line method according to the length of the rental period, and buildings (except for building attachments) acquired on or after April 1, 1998 are depreciated by the straight-line method. Buildings transferred upon the absorption and merger effective October 1, 2001 are depreciated by the straight-line method.

2) Intangible assets

Intangible assets are amortized by the straight-line method. However, software for internal use is amortized over its estimated in-house useful life (five years). The amount of amortization of software for sale for the fiscal year is the amortization amount based on the expected sales volume, or the equally allocated amount over the remaining effective period (within three years), whichever is larger.

(3) Accounting standard for allowances

1) Allowance for doubtful receivables

In order to prepare against losses due to bad debt, etc., allowances are provided for, in the case of general claims, by using the rate based on the Company’s history of credit losses, and in the case of specific claims such as doubtful claims, by applying the estimated amount deemed uncollectible in consideration of their collectability on an individual basis.

2) Provision for product warranty expensive

To prepare for expenses associated with field services for products, the projected amount of service expenses within the warranty period is recorded based on the Company’s past records.

3) Accrued retirement and severance benefits for employees

To prepare for accrued pension liability, the Company records the allowance based on the projected amount of retirement benefit obligations and pension assets at the fiscal year end.

(4) Hedge accounting method

1) Hedge accounting method

Deferred hedge accounting method is applied.

2) Hedging instruments and hedged items

Hedging instruments:	Forward exchange contracts
Hedged items:	Risk of fluctuations in cash flow due to exchange rate volatility associated with scheduled receivables and payables based on transactions denominated in foreign currencies

3) Hedging policy

The Company performs forward exchange transactions capped at the contract amount (including transactions for which contracts are yet to be signed but have an extremely high possibility of being executed) for the purpose of averting risks of exchange rate volatility in foreign-currency-denominated transactions according to in-house risk management policies.

4) Method of evaluating hedge effectiveness

In principle, the Company evaluates hedge effectiveness by comparing the changes in the market price of the hedged items or cumulative changes in cash flows from the hedged items with the corresponding changes in the hedging instruments over the duration from the point of commencing hedging to the point of conducting the evaluation, based on their respective changes in amount and other such factors.

(5) Other important matters serving as the basis of preparation of unconsolidated financial statements

Consumption tax, etc. is excluded.

3. Accounting policy change

(1) Change in presentation

(Unconsolidated Balance Sheets)

“Prepaid expenses” (JPY10 million in the previous fiscal year), which had been included in “Other” under Current assets in the previous fiscal year, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the non-consolidated financial statements of the Annual Securities Report.

“Long-term loan receivables,” which had been reported under “Investment and others” in the previous fiscal year, has been presented as “Long-term loan receivables to employees” starting from the fiscal year under review, in order to maintain consistency with the items presented in the non-consolidated financial statements of the Annual Securities Report.

“Asset retirement obligations” (JPY323 million in the previous fiscal year), which had been included in “Other” under long-term liabilities in the previous fiscal year, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the non-consolidated financial statements of the Annual Securities Report.

(Unconsolidated Statements of Income)

“Interest income on securities” (JPY24 million in the previous fiscal year), which had been included in “Interest income” in the previous fiscal year, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the non-consolidated financial statements of the Annual Securities Report.

“Reversal of allowance for doubtful receivables” (JPY891 million in the previous fiscal year), which had been included in “Other” income in the previous fiscal year, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the non-consolidated financial statements of the Annual Securities Report.

“Loss on disposal of property, plant and equipment” (JPY256 million in the previous fiscal year), which had been included in “Other” deductions, has been presented separately starting from the fiscal year under review, in order to maintain consistency with the items presented in the non-consolidated financial statements of the Annual Securities Report.

(2) Additional information

(Application of Accounting Standard for Accounting Changes and Error Corrections)
For the purpose of accounting changes and error corrections taking place from the beginning of this fiscal year, the Company has adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009).

4. Notes to unconsolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment: JPY64,697 million
(2) Guarantees JPY1,829 million
The breakdown of guarantees is as follows.

2 affiliated companies (guarantee for trade accounts payable)	JPY1,509 million
Employees (home loans)	JPY279 million
1 affiliated company (guarantee for office rent)	JPY40 million

(3) Short-term receivables from affiliated companies JPY58,124 million
(4) Short-term payables to affiliated companies JPY39,551 million
(5) Export bill discount JPY15 million
(6) Accounting for notes maturing at the end of the fiscal year
As the end of the fiscal year under review fell on a bank holiday, notes maturing at the end of the fiscal year are accounted for as having been settled on the maturity date.
Such amounts include the following:

Notes receivable	JPY946 million
Notes payable	JPY15 million

(7) Land revaluation
The Company revaluated its business-purpose land on March 31, 2002 in accordance with the "Act on Revaluation of Land" (Law No.34 promulgated on March 31, 1998). The Company declared the tax component of the valuation difference as "deferred tax liabilities for land revaluation" in the "Liabilities" section and the full amount of such valuation difference minus the tax component as "revaluation reserve for land" in the "Net assets" section according to the "Law to Partially Modify the Act on Revaluation of Land" (Law No.24 promulgated on March 31, 1999).

- Method of revaluation

Calculation by computation method involving reasonable adjustments to the standard price determined under the provisions of the Enforcement Order for the National Land Use Planning Law (Ordinance No.387 promulgated on December 20, 1974) set forth in item 2, Article 2 of the "Enforcement Order on Act on Revaluation of Land" (Ordinance No. 119 promulgated on March 31, 1998).

5. Notes to unconsolidated statements of income

(1) Transactions with affiliated companies

Sales	JPY214,956 million
Purchases	JPY91,013 million
Non-operating transactions	JPY22,432 million

(2) Extraordinary gain

1) Gain on insurance adjustment

Gains on insurance adjustment refer to insurance adjustments associated with the Great East Japan Earthquake.

2) Insurance income

Insurance income refers to insurance income associated with the Great East Japan Earthquake.

(3) Extraordinary loss

1) Restructuring charges

Restructuring charges refer to expenses incurred in conjunction with the execution of structural reforms by the Company.

Breakdown:

Impairment loss due to integration of business offices (Note 1)	JPY2,403 million
Additional retirement benefits	JPY639 million
Total	JPY3,043 million

(Note 1) Loss on impairment of assets

Location	Purpose	Type	Impairment Loss (million yen)
Shonan Region (Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture)	Assets determined to be disposed of	Buildings, structures, machinery and equipment, tools, furniture & fixtures, land, and software	2,396
Saitama Region (Kamisato-machi, Kodama-gun, Saitama Prefecture)	Assets determined to be disposed of	Buildings, machinery and equipment, and tools, furniture & fixtures	7
Total			2,403

In the case of assets determined to be disposed of, the difference between the net selling price and the book value was declared as an impairment loss under extraordinary losses, since they were removed from their conventional applications and the invested amount was no longer expected to be recoverable due to the decision to dispose of such assets.

2) Loss from disaster

Losses incurred as a result of the Great East Japan Earthquake have been recorded, the breakdown of which is as follows.

Impairment losses for inventories	JPY32million
Impairment losses for fixed assets	JPY89million
Total	JPY122million
Inspection and dismantlement expenses	JPY468million
Restoration expenses	JPY189 million
Total loss from disaster	JPY779 million
Uncollected insurance claims	(JPY245 million)
Net loss from disaster	JPY534 million

Provision for reserve for loss from disaster is included in the inspection and dismantlement expenses and restoration expenses.

3) Loss on impairment of assets

When determining signs of impairment, the Company and its consolidated subsidiaries classify the assets according to administrative and accounting categories based on business units.

In the fiscal year ended March 31, 2012, the Company and its consolidated subsidiaries accounted for impairment losses for the following assets.

Location	Purpose	Type	Impairment Loss (million yen)
Head Office (Minato-ku, Tokyo)	Assets determined to be disposed of	Buildings, structures, machinery and equipment, tools, furniture & fixtures, and land,	975
Naka Region (Hitachinaka City, Ibaraki Prefecture)	Manufacturing facilities of inspection systems	Machinery and equipment, and tools, furniture & fixtures,	48
	Manufacturing facilities of analysis systems such as electron microscopes	Tools, furniture & fixtures	31
	Manufacturing facilities of biotechnology equipment	Machinery and equipment, tools, furniture & fixtures, and software	42
	Assets determined to be disposed of	Buildings, structures, machinery and equipment, and tools, furniture & fixtures	31
Kasado Region (Kudamatsu City, Yamaguchi Prefecture)	Assets determined to be disposed of	Machinery and equipment	69
Total			1,196

In the case of manufacturing facilities of inspection systems, manufacturing facilities of analysis systems such as electron microscopes and manufacturing facilities of biotechnology equipment, the book value has been reduced to the recoverable value measured based on utility value due to the deterioration in profitability stemming from the severe downturn in market conditions. As for such assets, due to the lack of prospects for generating sufficient cash flow in the future, manufacturing facilities of inspection systems have been written off, at book value in full, as impairment losses as a component of extraordinary losses, while a portion of the book value of manufacturing facilities of analysis systems such as electron microscopes and manufacturing facilities of biotechnology equipment has been written off as an impairment loss as a component of extraordinary losses. The recoverable value of these assets has been measured based on the utility value, and the discount rate used in calculating the utility value was 7.0%. In terms of assets determined to be disposed of, the difference between the net selling price and the book value was declared as an impairment loss under extraordinary losses, since they were removed from their conventional applications and the invested amount was no longer expected to be recoverable due to the decision to dispose of such assets.

4) Environmental expenses

Environmental expenses represent the cost of disposing of contaminated soil, in conjunction with the construction of the Naka Region.

6. Notes to unconsolidated statements of changes in net assets
Treasury stock

(shares)

Class of shares	Total number of shares as at April 1, 2011	Increase during fiscal year ended March 31,2012	Decrease during fiscal year ended March 31, 2012	Total number of shares as at March 31, 2012
Common stock	199,127	565	71	199,621

Note: The increase in treasury stock (common stock) by 565 shares was attributable to the buyback of shares falling short of the share unit, while the decrease by 71 shares was due to the sale of shares falling short of the share unit.

7. Notes on tax effect accounting

(1) Breakdown of major causes of deferred tax assets and deferred tax liabilities by cause

(Current)

Deferred tax assets	
Amount in excess of deduction limit for loss on doubtful receivables	JPY3,149 million
Accrued bonuses	JPY1,731 million
Accrued business taxes denied	JPY440 million
Accrued cost of sales recorded but denied	JPY292 million
Devaluation of inventories	JPY944 million
Deferred profit or loss on hedges	JPY184 million
Other	JPY819 million
Deferred tax assets—Subtotal	JPY7,559 million
Valuation reserve	(JPY3,125 million)
Deferred tax assets—Total	JPY4,434 million
Deferred tax liabilities	
Deferred tax liabilities—Total	-
Net deferred tax assets	JPY4,434 million

(Noncurrent)

Deferred tax assets	
Amount in excess of deduction limit for loss on doubtful receivables	JPY49 million
Accrued retirement and severance benefits for employees	JPY5,264 million
Loss on devaluation of memberships denied	JPY227 million
Loss on devaluation related to investments denied	JPY1,477 million
Excess depreciation	JPY536 million
Asset retirement obligations	JPY130 million
Impairment losses	JPY1,388 million
Deferred profit of loss on hedges	JPY1 million
Other	JPY375 million
Deferred tax assets—Subtotal	JPY9,447 million
Valuation reserve	(JPY3,424 million)
Deferred tax assets—Total	JPY6,023 million
Deferred tax liabilities	
Asset retirement obligation	(JPY36 million)
Unrealized holding gains on securities	(JPY2,079 million)
Reserve for advanced depreciation of fixed assets	(JPY88 million)
Reserve for special account for advanced depreciation of fixed assets	(JPY747 million)
Other	(JPY2 million)
Deferred tax liabilities—Total	(JPY2,952 million)
Net deferred tax assets	JPY3,071 million

(2) Adjustment of deferred tax assets and deferred tax liabilities due to changes in the statutory effective tax rate
Following the promulgation on December 2, 2011 of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117, 2011), the effective statutory tax rates, which are used to measure deferred tax assets and deferred tax liabilities, will be reduced from 40.7% to 38.0% for temporary differences that are expected to be eliminated during the fiscal year starting on and after April 1, 2012, and to 35.6% for temporary differences that are expected to be eliminated in the fiscal year starting on and after April 1, 2015.
These changes have resulted in decreases of JPY642 million and JPY13 million, respectively, in the amount of deferred tax assets (after deducting deferred tax liabilities) and deferred profit or loss on hedges, and increases of JPY925 million and JPY296 million, respectively, in the amount of income taxes-current and unrealized holding gains on securities recorded in this fiscal year.

8. Notes on fixed assets leased and used
Financial lease transactions that do not involve the transfer of legal title which commenced on or before March 31, 2008 are accounted for in a similar manner to the accounting method for ordinary rental transactions.
Financial lease transactions in which legal title of leased property is deemed NOT to be transferred to the lessee
(1) Leased property's acquisition cost, accumulated depreciation and balance as at March 31, 2012

	Acquisition cost (million yen)	Accumulated depreciation (million yen)	Balance as at March 31, 2012 (million yen)
Machinery and equipment	94	87	7
Tools, furniture & fixtures	45	38	7
Total	139	125	14

(2) Balance of future lease payments as at March 31, 2012

Within 1 year	JPY12 million
After 1 year	JPY2 million
Total	JPY14 million

(3) Lease payments, depreciation and interest expenses

Lease payments	JPY38 million
Depreciation	JPY35 million
Interest expenses	JPY1 million

(4) Calculation method of depreciation
Calculated based on straight-line method assuming that useful life equals the lease period and residual value is zero.
(5) Calculation method of interest
The difference between the total amount of lease payments and the acquisition cost of the leased property is regarded as the amount of interest, which is allocated to each period by the interest method.
Operating lease transactions
Future lease payments

Within 1 year	JPY16 million
Over 1 year	JPY10 million
Total	JPY25 million

9. Notes on transactions with related parties

(1) Parent company and major corporate shareholders, etc.

Attribute	Name of company, etc.	Address	Capital (million yen)	Description of business or occupation	% of voting rights, etc. held by company	Nature of relationship		Description of transaction	Transaction amount (million yen)	Classification	Year-end balance (million yen)
						Sharing of officers, etc.	Relationship with related parties				
Parent company	Hitachi, Ltd.	Chiyoda-ku, Tokyo	427,776	Manufacturing and sale of electric machinery and apparatuses	Direct: 51.8% Indirect: -	2 persons	Sale of various information equipment, power-generation-related components, etc.	Sale of various information equipment, power-generation-related components, etc.	23,331	Accounts receivable Advances received	6,707 531
								Deposit paid Interest received	18,223 274	Deposit to Hitachi group cash management fund Accounts receivable-other	98,831 17

Notes: Terms of Transactions, Policy on Determining Terms of Transactions, etc.

1. For the sale of various equipment, materials, etc., the terms of transactions are determined based on price negotiations every period in the same manner as the terms of ordinary transactions.
2. Deposits paid are subject to the basic agreement concluded between the Company and Hitachi, Ltd. Funds are provided on a daily basis, and the amount of transactions represents the difference from the amount as at the end of the previous period. Interest is determined in consideration of the market interest rate.
3. Of the above amounts, transaction amount does NOT include consumption tax, etc., whereas the year-end balance includes consumption tax, etc.

(2) Subsidiaries

Attribute	Name of company, etc.	Address	Capital (million yen)	Description of business or occupation	% of voting rights, etc. held by company	Nature of relationship		Description of transaction	Transaction amount (million yen)	Classifi-cation	Year-end balance (million yen)
						Sharing of officers, etc.	Relationship with related parties				
Subsidiary	Hitachi High-Tech Trading Corp.	Minato-ku, Tokyo	400	Sales of electronic equipment, electronic parts, measurement equipment and related systems	Direct: 100% Indirect: —	None	Receipt of funds through the pooling system	Receipt of funds Payment of interest	1,574 8	Deposit received Accrued expenses	4,319 0
Subsidiary	Hitachi High-Tech Materials Corp.	Minato-ku, Tokyo	200	Sales of energy, functional chemicals, etc.	Direct: 100% Indirect: —	None	Receipt of funds through the pooling system	Receipt of funds Payment of interest	809 9	Deposit received Accrued expenses	3,886 1
Subsidiary	Hitachi High-Tech Fielding Corp.	Shinjuku-ku, Tokyo	1,000	Maintenance services for semiconductor manufacturing equipment, scientific equipment, etc.	Direct: 100% Indirect: —	3 persons	Sale of service components, etc.	Sale of service components, etc.	18,366	Accounts receivable	5,223
								Receipt of funds Payment of interest	758 20	Deposit received Accrued expenses	6,786 4
Subsidiary	Hitachi High-Tech Manufacturing & Service Corp.	Hitachinaka City, Ibaraki Prefecture	230	Manufacturing of clinical analyzers, etc.	Direct: 100% Indirect: —	None	Purchase of clinical analyzers, etc.	Purchase of clinical analyzers, etc.	28,200	Accounts payable	5,093
								Receipt of funds Payment of interest	8 8	Deposit received	4,123
Subsidiary	Hitachi High-Tech Instruments Co., Ltd.	Kumagaya City, Ibaraki Prefecture	450	Design, manufacturing and maintenance services of semiconductor mounting systems and equipment related to post-processes in semiconductor manufacturing, etc.	Direct: 100% Indirect: —	1 person	Purchase of semiconductor mounting systems and equipment related to post-processes in semiconductor manufacturing, etc.	Loan Interest received	1,460 57	Short-term loan receivables	12,620
Subsidiary	Hitachi High Technologies America, Inc.	USA	USD 7,950 thousand	Sale of semiconductor manufacturing equipment, communication equipment, and industrial materials, etc.	Direct: 100% Indirect: —	1 person	Sale of semiconductor manufacturing equipment and communication equipment, etc.	Sale of semiconductor manufacturing and equipment, communication equipment, , etc.	76,023	Accounts receivable Advances received	10,377 940

Subsidiary	Hitachi High-Technologies Europe GmbH	Germany	EUR 3,129 thousand	Sale of semiconductor manufacturing equipment, clinical analyzers, etc.	Direct: 100% Indirect: —	None	Sale of semiconductor manufacturing equipment, clinical analyzers, etc.	Sale of semiconductor manufacturing equipment, clinical analyzers, etc.	58,300	Accounts receivable Advances received	7,942 285

Notes: Terms of Transactions, Policy on Determining Terms of Transactions, etc.

1. The terms of transactions for devices, equipment, etc. are determined based on individual negotiations, whereas the terms of sale of materials, etc. are determined based on price negotiations every period, in the same manner as the terms of ordinary transactions.
2. Deposits received and loans are subject to the basic agreement concluded between the Company and its subsidiaries. Funds are provided on a daily basis, and the amount of transactions represents the difference from the amount as at the end of the previous period. Interest is determined in consideration of the market interest rate.
3. Of the above amounts, transaction amount does NOT include consumption tax, etc., whereas the balance includes consumption tax, etc.
4. The Company has recorded a total of JPY8,264 million as an allowance for doubtful receivables for subsidiaries. Additionally, a total of JPY2,180 million as provision for allowance for doubtful receivables for subsidiaries has been recorded in this fiscal year and the total amount has been recorded under Other deductions.

10. Notes on per share information

(1) Net assets per share: JPY1,465.38

(2) Net loss per share: JPY57.06

11. Notes on significant subsequent events

Not applicable.