Hitachi High-Tech

HITACHI

Report on the 94th Business Term
Year ended March 31, 2013
(April 1, 2012 to March 31, 2013)

Hitachi High-Technologies Corporation
(Code No.: 8036)

Contents

(Attached Documents for the 94th Ordinary General Meeting of Shareholders)

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 94th Ordinary General Meeting of Shareholders: Attached Documents)

Business Report (from April 1, 2012 to March 31, 2013)

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 signs of recovery in the second half of the year, as exports improved thanks to the depreciating yen and expectations mounted for the drastic monetary easing policies by the Bank of Japan. Nevertheless, uncertainty continued to prevail overall, due to the prolonged fiscal uncertainty in Europe, the slowdown in the economies of the emerging countries including China, and the delayed recovery of capital investments in the manufacturing industry in the domestic market.

In response to this, the enterprise group consisting of the Hitachi High-Technologies Corporation (the "Company") and its subsidiaries (hereinafter referred to as the "Group"), has upheld the management policy of "Enhancing the business portfolio by shifting resources to growth areas," "Expanding global businesses," and "Promoting the creation of new businesses through accelerated development." As a cutting-edge technology entity that possesses both manufacturing and trading functions, the Group capitalized on its global networks and provided "cutting-edge" products and solutions to customers on "the frontlines of business" in the five business segments of Electronic Device Systems, Fine Technology Systems, Science & Medical Systems, Industrial & IT Systems, and Advanced Industrial Products. In such a business climate, the Group's consolidated business performance for the fiscal year ended March 31, 2013 was JPY575,468 million in net sales, JPY18,951 million in operating income, JPY20,098 million in ordinary income and JPY12,166 million in net income. Although decreased sales and profit were recorded for successive two years, we will strive to expand our business to meet the expectations of our shareholders.

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, 2013.

● Electronic Device Systems Segment

Net sales	**JPY103,919 million (Up 1.5% year-on-year)**
Operating income	**JPY12,828 million (Up 21.2% year-on-year)**

Main Business Contents

Manufacturing/sales of and installation/maintenance services for Semiconductor Manufacturing Equipment such as Etching Systems, CD-Measurement SEM(CD-SEM), Inspection Systems, Die Bonders; and Surface Mount Systems such as Chip Mounters

Overview

Sales of etching systems fell slightly overall, as sales in the U.S. market declined as a result of major semiconductor manufacturers revising their capital investment plans, despite strong sales in the Asian market boosted by aggressive capital investments by major foundries. Sales of CD-measurement SEM increased mainly in the Asian market reflecting growing capital investments by major semiconductor manufacturers. In terms of chip mounters, despite major investments in mobile phone-related equipment in the first half of the fiscal year, sales remained weak due to the effects of the shrinking demand for PCs and decreasing investments in related facilities. As for die bonders, sales grew mainly for those used in the memory of mobile phone-related equipment primarily in the Asian market.

As a result of the above, the Electronic Device Systems segment generated sales in the amount of JPY103,919 million and posted an operating income of JPY12,828 million.

● Fine Technology Systems Segment

Net sales	**JPY14,320 million (Down 37.7% year-on-year)**
Operating income (loss)	**(JPY5,729 million) (—)**

Main Business Contents

Manufacturing/sales of and installation/maintenance services for LCD Manufacturing Equipment, HD Manufacturing Equipment and Railroad Inspection Equipment

Overview

In the field of LCD manufacturing equipment, sales mainly of exposure systems decreased considerably due to the postponement of capital investments in TV LCD panel manufacturing in the Chinese market. In terms of HD manufacturing equipment, while factors including weakening demand for PCs had the effect of postponing investment plans to enable mass production, sales overall remained more or less the same as the previous year due to investments to improve performance in response to demands for higher precision equipment and to increase productivity.

As a result of the above, the Fine Technology Systems segment generated sales in the amount of JPY14,320 million and posted an operating loss of JPY5,729 million.

● Science & Medical Systems Segment

Net sales	**JPY132,919 million (Down 9.6% year-on-year)**
Operating income	**JPY13,691 million (Down 34.8% year-on-year)**

Main Business Contents

Manufacturing/sales of and installation/maintenance services for various Analyzers and Measuring Equipment such as Mass Spectrometers, Spectrophotometers and Chromatographs; Analysis Systems such as Electron

Microscopes; Biotechnology Equipment and Clinical Analyzers

Overview

The slump in the Chinese market and deteriorating conditions in domestic market caused sales of analyzers/measuring equipment and analysis systems to decrease. However, thanks to the addition of Hitachi High-Tech Science Corporation to the Group as of January 1, 2013, sales overall remained more or less the same as the previous year. Sales of clinical analyzers declined mainly on the overseas markets due to the effects of the European debt crisis and other factors. Sales of DNA sequences also declined as a result of factors including slowing demand for second-generation sequencers.

As a result of the above, the Science & Medical Systems segment generated sales in the amount of JPY132,919 million and posted an operating income of JPY13,691 million.

● Industrial & IT Systems Segment

Net sales **JPY94,124 million (Down 22.7% year-on-year)**
Operating income **JPY1,197 million (Down 12.0% year-on-year)**

Main Business Contents

Sales of Automated Assembly Systems of Lithium Ion Batteries, Hard Disk Drives, Power Generating and Electrical Substation Facilities, Design and Manufacturing Solutions, Video Conferencing Systems and Communication Equipment, and manufacturing/sales of and installation/maintenance services for Measuring Equipment and Related Systems

Overview

Sales of automated assembly systems increased mainly in automated assembly systems of automobiles reflecting the expansion of capital investments in overseas facilities by Japanese customers. In terms of hard disk drive equipment, sales decreased due to the effects of industry reorganization. Sales of telecommunication equipment also decreased considerably as a reaction following the launch of new mobile phones in the U.S. market.

As a result of the above, the Industrial & IT Systems segment generated sales of JPY94,124 million and posted an operating income of JPY1,197 million.

● Advanced Industrial Products Segment

Net sales **JPY236,443 million (Down 9.5% year-on-year)**
Operating income **JPY628 million (Down 44.3% year-on-year)**

Main Business Contents

Sales of 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

Overview

In terms of industrial materials, sales of steel products and plastic resins decreased due to the slowdown of the Chinese market in the wake of the European debt crisis. Sales of solar cell materials and related equipment also decreased as a result of deteriorating market conditions in Europe and China. Sales of LCD-related equipment dropped sharply due to the drastic production adjustments conducted by major Japanese customers on LCD panels. Silicon wafers were also subject to weakened sales due to the effects of production adjustments conducted on consumer devices by major Japanese customers.

As a result of the above, the Advanced Industrial Products segment generated sales in the amount of JPY236,443 million and posted an operating income of JPY628 million.

■ **Sales by Segment**

Segment	FY2011 Amount (Million yen)	FY2011 Percentage (%)	FY2012 (year under review) Amount (Million yen)	FY2012 (year under review) Percentage (%)	Year-on-year Change (%)
Electronic Device Systems	102,386	15.9	103,919	18.1	1.5
Fine Technology Systems	22,979	3.6	14,320	2.5	(37.7)
Science & Medical Systems	147,055	22.8	132,919	23.1	(9.6)
Industrial & IT Systems	121,687	18.8	94,124	16.3	(22.7)
Advanced Industrial Products	261,216	40.4	236,443	41.1	(9.5)
Others and Adjustments	(9,458)	(1.5)	(6,257)	(1.1)	-
Consolidated net sales - Total	645,865	100.0	575,468	100.0	(10.9)

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

■ **Sales by Region**

Region	FY2011 Amount (Million yen)	FY2011 Percentage (%)	FY2012 (year under review) Amount (Million yen)	FY2012 (year under review) Percentage (%)	Year-on-year Change (%)
North America	83,040	12.9	62,953	10.9	(24.2)
Europe	89,049	13.8	68,621	11.9	(22.9)
Asia	184,924	28.6	177,637	30.9	(3.9)
Continental China among Asia	93,618	14.5	78,973	13.7	(15.6)
Other regions	14,858	2.3	13,870	2.4	(6.6)
Overseas - Subtotal	371,871	57.6	323,081	56.1	(13.1)
Japan	273,994	42.4	252,387	43.9	(7.9)
Consolidated net sales - Total	645,865	100.0	575,468	100.0	(10.9)

(2) Challenges the Group Faces

In the world economy, the general stagnation of Europe's real economy induced by the fiscal crisis remains a matter of serious concern, despite the credit uneasiness of the Southern European countries showing signs of waning. In China, various economic stimulus measures are expected to take effect, and personal consumption is expected to grow in the U.S., and accordingly, the outlook is for the economies of both countries to head toward moderate recovery. Meanwhile, in Japan, despite mounting expectations toward economic recovery, in the wake of improvements in the export environment and the drastic monetary easing policies by the Bank of Japan, the outlook is for uncertainty to continue on the whole.

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.

(Medium/Long-term Challenges)

In order to realize its Corporate Vision of "becoming a global leader in high-tech solutions," the Group in October 2011 drew up the "Long-term Management Strategy (CS11: Corporate Strategy 2011)," which would 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 accelerate growth under the following basic policies:

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 its 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."

(Immediate Challenges)

For the purpose of accelerating the Group's growth strategy set forth in "CS11" and boosting its status in the marketplace, 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. As part of its structural reforms, the business relating to Fine Tech Systems was integrated with the Hitachi High-Tech Engineering Service Corporation, effective April 2013, and launched as the Hitachi High-Tech Fine Systems Corporation. This will enable the Group to expand into the growth areas of environment and new energy and social innovation, as well as next-generation electronics; and promote the development of production solution-type businesses that capitalizes on the Group’s unique business creation capabilities. In terms of the production bases, land for new plants was acquired in China (Suzhou) in August 2012 and the Group plans to expand production items as well as enhance productivity starting from the current fiscal year.

3) The Group will promote the life science, environment and new energy and social innovation fields as its priority fields. In January 2013, the Group welcomed a subsidiary of Seiko Instruments Inc., renowned for its advanced technology in state-of-the-art analysis and measuring instruments, through a share transfer, and established Hitachi High-Tech Science Corporation. As a general manufacturer in scientific instruments, Hitachi High-Tech Science Corporation is expected to become a stable revenue base, as well as capitalize on the synergy with Company’s technology to enhance and expand analysis and inspection solutions that match customer needs in the growth areas of life sciences, etc. Additionally, by aggregating the Hitachi Group’s engineering strengths in automobiles, lithium-ion battery, etc. in the fields of environment and new energy, the Group will engage in global business expansion, and create new business models by investing in and collaborating with local partners in emerging countries.

4) 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. To this end, an overseas subsidiary was established in Indonesia in September 2011, which was followed by an overseas subsidiary in India in April 2013. Additionally, the number of representatives at its offices in 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.

5) The Group will aim for higher earnings by promoting the solutions business. The Group is engaged in activities to create new businesses beyond the bounds of existing businesses and organizations: for example, the Group has been promoting the commercialization of new projects such as the “Pharmaceutical Research Support Business”, which provides cell culture equipment, monitoring devices and analyzers targeted at pharmaceutical research processes using cultured human cells, and the “Coating and Depositions Solutions Business”, which provides solutions including materials and manufacturing processes, centered on a new low-priced deposition system that can be utilized in solar panels, sophisticated display devices, etc.

The Group will seek to boost its status in the marketplace by working on these top-priority management measures.

(*) Corporate Social Responsibility

(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.

(4) Capital Investments by the Group

In the fiscal year under review, there were no capital investments with a material impact on the Group’s production capacity.

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

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

	FY2009	FY2010	FY2011	FY2012 (under review)
Net sales (million yen)	616,877	653,431	645,865	575,468
Ordinary income (loss) (million yen)	(496)	29,475	26,233	20,098
Net income (loss) (million yen)	(2,827)	17,752	14,265	12,166
Net income (loss) per share (yen)	(20.55)	129.07	103.71	88.45
Net assets (million yen)	229,399	242,845	253,012	267,189
Total assets (million yen)	411,049	413,267	442,162	433,639

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]

	FY2009	FY2010	FY2011	FY2012 (under review)
Net sales (million yen)	469,337	488,222	476,410	396,352
Ordinary income (loss) (million yen)	(2,327)	19,037	14,030	12,412
Net income (loss) (million yen)	(3,355)	13,978	7,849	7,873
Net income (loss) per share (yen)	(24.39)	101.63	57.06	57.24
Net assets (million yen)	186,488	197,516	201,547	207,279
Total assets (million yen)	342,459	335,950	359,570	338,693

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

(6) Major Business Offices of the Group

(As of March 31, 2013)

[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
Saitama Region	Kamisato-machi, Kodama-gun, Saitama Prefecture

[Major Subsidiaries]

Major subsidiaries and their locations are as stated in “(8) Major Parent Company and Subsidiaries.”

(7) Employees of the Group

(As of March 31, 2013)

[Number of Employees in the Group]

Segment	Number of employees	(Change from the end of the preceding year)
Electronic Device Systems	2,570	(+14)
Fine Technology Systems	923	(-117)
Science & Medical Systems	3,741	(+156)
Industrial & IT Systems	1,142	(-123)
Advanced Industrial Products	694	(+30)
Group-wide (common)	1,366	(+136)
Total	10,436	(+96)

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)	4,351 (-94)
Average number of years of service	18 years and 6 months
Average age	41 years and 3 months old

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

(8) 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 30 consolidated 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 Solutions Corporation	Chuo-ku, Tokyo	
Sales of electronic equipment, measuring equipment and related systems, etc., and development and sales of software	JPY400 million	100%
Hitachi High-Tech Materials Corp.	Minato-ku, Tokyo	
Sales of energy, functional chemicals, etc.	JPY200 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, 2013)

(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

7,850 shareholders

(3) 10 Largest Shareholders

Name	Shareholding (shares)	Shareholding Ratio (%)
Hitachi, Ltd.	71,135,619	51.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,718,800	4.16
Japan Trustee Services Bank, Ltd. (Trust Account)	5,678,200	4.13
Japan Trustee Services Bank, Ltd. (Trust Account 9G)	3,469,200	2.52
Hitachi High-Technologies Corp.'s Shareholding Association	2,337,200	1.70
NOMURA BANK (LUXEMBOURG) S.A. S/A NOMURA MULTI CURRENCY JP STOCK LEADERS FD	1,866,200	1.36
NIPPONVEST	1,500,000	1.09
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,398,409	1.02
EVERGREEN	1,222,500	0.89
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,148,400	0.83

Note: Shareholding ratio is calculated by deducting treasury stock (200,583 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	
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	Representative Executive Officer, Hitachi, Ltd. Outside Corporate Auditor, Sompo Japan Insurance Inc.
Director	Kazuhiro Kurihara	Nominating Committee Audit Committee Compensation Committee	Executive Officer, Hitachi, Ltd. Outside Director, Hitachi Medical Corporation Outside Director, Hitachi Industrial Equipment Systems Co., Ltd.

Notes:
1. Director Masao Hisada also serves concurrently as Executive Officer.
2. Directors Hideyo Hayakawa, Toyoaki Nakamura and Kazuhiro Kurihara are Outside directors set forth in Article 2, Item 15 of the Company Law.
3. Director Toyoaki Nakamura is a Representative Executive Officer of Hitachi, Ltd., and Director Kazuhiro Kurihara is an Executive Officer of Hitachi, Ltd.
4. The relationship between Hitachi, Ltd. and the Company is as described in “1. Information on Current State of Hitachi High-Technologies Group (8) Major Parent Company and Subsidiaries.” Hitachi Medical Corporation, Hitachi Industrial Equipment Systems Co., Ltd. and the Company have the same parent company. Other than the above, there are no trade connections, etc. between the Company and companies in which its Directors concurrently hold significant positions that are worth noting.
5. Director Kazuhiro Kurihara retired from the position of Outside Director of Hitachi Industrial Equipment Systems Co., Ltd. on March 31, 2013.
6. 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, Internal Control, Export Control, CRO (*1)
Vice President and Executive Officer	Takashi Matsuzaka	Corporate strategy, Group companies, R&D, Intellectual Property, Environmental Management, CTO(*2)
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(*3), CIO(*4)
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 and 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

Notes: 1. The above Executive Officers were nominated at the meeting of the Board of Directors held on February 27, 2012 and appointed on April 1, 2012.
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.
Toshiyuki Ikeda, Representative Director and President, Hitachi High-Tech Science Corporation.

(*1) CRO: Chief Risk management Officer

(*2) CTO: Chief Technology Officer

(*3) IR: Investor Relations

(*4) CIO: Chief Innovation Officer

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

The Company changed its Executive Officers on April 1, 2013. The new lineup of Executive Officers is as follows.

(As of April 1, 2013)

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, CRO
Senior Vice President and Executive Officer	Takashi Matsuzaka	Corporate Strategy, Group companies, R&D, Intellectual Property, Environmental Management, CTO
Senior Vice President and Executive Officer	Shinichi Tachi	Electronic Device Systems, Fine Technology Systems, Corporate Manufacturing Strategy, Quality Assurance, Procurement
Vice President and Executive Officer	Morihiro Nishida	Information Systems, Smart Transformation Project Promotion, CIO
Vice President and Executive Officer	Toshio Kajimoto	Science & Medical Systems
Vice President and Executive Officer	Shuji Sugiyama	Services
Vice President and Executive Officer	Syunichi Uno	Accounting, Finance, Operations, Logistics, Export Control, Internal Control, IR
Vice President and Executive Officer	Yoshikazu Dairaku	Human Resources and General Affairs, CSR, Legal and Public Affairs
Executive Officer	Toshiyuki Ikeda	Science and Medical Systems
Executive Officer	Katsutaka Kimura	Electronic Device Systems, Evaluation, Design and Development
Executive Officer	Hideki Tomioka	Fine Technology Systems, Corporate Manufacturing Strategy, Quality Assurance, Procurement
Executive Officer	Ryuichi Mizutani	Global Trading
Executive Officer	Ryuichi Nakashima	Auditing
Executive Officer	Junichi Hashimoto	Global Trading

(2) Matters Concerning Outside Directors

[Major Activities of Outside Directors]

Name	Major Activities
Hideyo Hayakawa	Mr. Hayakawa has attended all meetings of the Board of Directors (13 meetings total) and all meetings of Audit Committee (14 meetings total) held in the fiscal year under review, 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 attended all meetings of the Board of Directors (13 meetings total) held in the fiscal year under review, 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.
Kazuhiro Kurihara	Mr. Kurihara was nominated and appointed at the 93rd Ordinary General Meeting of Shareholders of the Company convened on June 21, 2012. Since his appointment, he has attended all meetings of the Board of Directors (11 meetings total) as well as all meetings of the Audit Committee (11 meetings total), 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, as a general rule, will be fixed in amount by position (duty), and will be determined by adding an extra amount depending on the authorities and responsibilities.

・ 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] (FY2012)

	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	6	92	5	12	104
Outside Directors	4	20	3	3	22
Executive Officers	16	330	16	127	457

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 one Director (including one Outside Director) who retired upon the expiry of term of office at the close of the 93rd Ordinary General Meeting of Shareholders of the Company held on June 21, 2012.

[Amount of Compensation, etc. received by Outside Directors as Officers from the Parent Company, etc. of the Company in Fiscal Year ended March 31, 2013]

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 JPY115 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 93rd Ordinary General Meeting of Shareholders of the Company held on June 21, 2012.

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, 2013: JPY 75million

2) Total amount of cash and other financial benefits payable by the Company and its subsidiaries: JPY83 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. The Company pays consideration to the accounting auditor for services relating to financial due diligence, which are services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

3. Among the Company's major subsidiaries (referred to in "1. Information on Current State of Hitachi High-Technologies Group (8) 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, 2013, the year-end dividend will be JPY10 per share, resulting in an annual dividend of JPY20 per share including the interim dividend of JPY10 per share, 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

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 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. In addition, the "Priority management division system" shall be operated including subsidiaries in its scope.

Item	Details of the Resolution
	5) Information shall be gathered and investigation shall be conducted based on the internal reporting system, which will include the subsidiaries. 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 Financial Statements

Consolidated Balance Sheets

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2011 (As of March 31, 2012)
	(Millions of yen)	
Assets		
Current assets	**330,623**	**353,765**
Cash and cash equivalents	21,088	23,293
Trade notes and accounts receivable	110,722	130,038
Marketable securities	85	578
Merchandise and finished goods	31,400	30,834
Work in process	34,661	34,176
Raw materials	4,189	3,552
Deferred tax assets	9,453	8,927
Advances to suppliers	2,553	2,246
Deposit to Hitachi group cash management fund	97,041	98,831
Other	20,032	22,740
Allowance for doubtful receivables	(602)	(1,451)
Fixed assets	**103,016**	**88,397**
Property, plant and equipment	**66,331**	**59,685**
Buildings and structures	27,156	26,769
Machinery, equipment and vehicles	7,864	6,899
Tools, furniture & fixtures	7,366	5,917
Land	21,693	19,913
Construction in progress	2,252	186
Intangible assets	**13,956**	**6,275**
Goodwill	4,744	776
Software	5,533	5,369
Other	3,679	130
Investments and others	22,729	22,437
Investments in securities	11,939	11,062
Long-term loan receivables	122	153
Deferred tax assets	5,680	5,944
Other	5,312	5,619
Allowance for doubtful receivables	(324)	(342)
Total assets	**433,639**	**442,162**

	Fiscal 2012 (As of March 31, 2012)	Fiscal 2011 (As of March 31, 2011)
	(Millions of yen)	
Liabilities		
Current liabilities	**137,265**	**161,545**
Trade notes and accounts payable	84,426	105,484
Short-term loan payables	1,650	—
Accrued income taxes	3,572	8,489
Accrued expenses	17,268	18,175
Advances from customers	10,188	11,531
Provision for product warranty expensive	2,431	2,397
Other	17,731	15,468
Long-term liabilities	**29,185**	**27,605**
Deferred tax liabilities	1,329	—
Accrued retirement and severance benefits	26,535	26,576
Reserve for retirement benefits for senior executives	232	289
Other	1,089	740
Total liabilities	**166,450**	**189,150**
Net assets		
Shareholders' equity	**263,830**	**254,416**
Common stock	7,938	7,938
Capital surplus	35,745	35,745
Retained earnings	220,474	211,059
Treasury stock	(327)	(326)
Accumulated other comprehensive income	**2,968**	**(1,642)**
Unrealized holding gains on securities	5,094	3,798
Deferred profit or loss on hedges	(1,007)	(278)
Foreign currency translation adjustment	(1,119)	(5,162)
Minority interests	**392**	**237**
Total net assets	**267,189**	**253,012**
Total liabilities and net assets	**433,639**	**442,162**

Consolidated Statements of Income

	Years ended March 31	
	2013	**2012**
	(Millions of yen)	
Net sales	**575,468**	**645,865**
Cost of sales	470,599	532,894
Gross profit	**104,868**	**112,971**
Selling, general and administrative expenses	85,917	87,512
Operating income	**18,951**	**25,459**
Other income	**1,844**	**1,625**
Interest income	488	412
Dividends income	174	149
Reversal of allowance for doubtful receivables	320	205
Foreign exchange gains	225	258
Other	637	602
Other deductions	**698**	**852**
Interest expenses	71	69
Loss on disposal of property, plant and equipment	348	521
Other	279	261
Ordinary income	**20,098**	**26,233**
Extraordinary gain	**1,025**	**6,171**
Gain on sales of property, plant and equipment	532	3
Gain on sales of investments in securities	493	104
Gain on insurance adjustment	—	4,170
Insurance income	—	1,890
Gain on sales of membership	—	5
Extraordinary loss	**4,156**	**4,090**
Restructuring charges	3,423	2,130
Loss on cancellation of leasehold contracts	558	—
Impairment losses	171	1,196
Losses on devaluation of investments in securities	4	117
Loss from disaster	—	580
Environmental expenses	—	67
Income before income taxes and minority interests	**16,967**	**28,314**
Income taxes-current	4,790	10,080
Income taxes-deferred	(151)	3,872
Income before minority interests	**12,328**	**14,362**
Minority interests	162	98
Net income	**12,166**	**14,265**

Consolidated Statements of Changes in Net Assets

FY2012 (under review) (April 1, 2012 to March 31, 2013) (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	7,938	35,745	211,059	(326)	254,416
Change during year					
Dividends from surplus	—	—	(2,751)	—	(2,751)
Net income	—	—	12,166	—	12,166
Acquisition of treasury stock	—	—	—	(2)	(2)
Disposal of treasury stock	—	0	—	0	0
Net changes in items other than shareholders' equity	—	—	—	—	—
Total change in during year	—	0	9,415	(2)	9,413
Balance at March 31, 2013	7,938	35,745	220,474	(327)	263,830

	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, 2012	3,798	(278)	(5,162)	(1,642)	237	253,012
Change during year						
Dividends from surplus	—	—	—	—	—	(2,751)
Net income	—	—	—	—	—	12,166
Acquisition of treasury stock	—	—	—	—	—	(2)
Disposal of treasury stock	—	—	—	—	—	0
Net changes in items other than shareholders' equity	1,297	(730)	4,043	4,610	154	4,764
Total change in during year	1,297	(730)	4,043	4,610	154	14,178
Balance at March 31, 2013	5,094	(1,007)	(1,119)	2,968	392	267,189

Unconsolidated Financial Statements

Unconsolidated Balance Sheets

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2011 (As of March 31, 2012)
	(Millions of yen)	
Assets		
Current assets	**249,570**	**279,362**
Cash and cash equivalents	1,947	9,727
Notes receivable	4,584	6,958
Accounts receivable	77,094	97,626
Marketable securities	—	501
Merchandise and finished goods	15,836	17,504
Work in process	28,915	27,290
Raw materials	2,590	2,575
Advances paid	2,173	1,887
Prepaid expenses	22	19
Deferred tax assets	4,069	4,434
Short-term loan receivables	17,022	12,620
Accounts receivable-other	6,981	8,032
Deposit to Hitachi Group cash management fund	97,041	98,831
Other	334	243
Allowance for doubtful receivables	(9,038)	(8,886)
Fixed assets	**89,124**	**80,209**
Property, plant and equipment	**50,711**	**49,696**
Buildings	20,791	21,080
Structures	592	612
Machinery and equipment	5,080	5,044
Vehicles	20	19
Tools, furniture & fixtures	5,222	4,166
Land	18,156	18,612
Construction in progress	849	163
Intangible assets	**4,238**	**4,142**
Patents	4	5
Software	4,175	4,068
Right of using facilities	31	33
Other	28	36
Investments and others	**34,175**	**26,371**
Investments in securities	11,886	10,984
Affiliated companies' common stock	15,677	7,041
Investments in companies	0	5
Investments in affiliated companies	1,558	1,534
Long-term loan receivables to employees	108	141
Past-due operating claims	131	137
Long-term prepaid expenses	549	1,691
Deferred tax assets	2,572	3,071
Lease and guarantee deposits	1,200	1,247
Other	808	846
Allowance for doubtful receivables	(314)	(327)
Total assets	**338,693**	**359,570**

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2011 (As of March 31, 2012)
	(Millions of yen)	
Liabilities		
Current liabilities	**115,404**	**141,258**
Notes payable	72	422
Accounts payable	63,448	84,421
Other accounts payable	8,780	8,330
Accrued expenses	9,035	10,605
Income taxes	136	4,531
Advances received	5,006	5,446
Deposits received	23,704	23,796
Current portion of guarantee deposits received	2,686	2,885
Warranty reserve	12	33
Other	2,527	790
Long-term liabilities	**16,010**	**16,766**
Deferred tax liabilities for land revaluation	51	51
Accrued pension liability	15,470	16,231
Asset retirement obligations	370	362
Other	118	121
Total liabilities	**131,414**	**158,023**
Net assets		
Shareholders' equity	**202,848**	**197,705**
Common stock	**7,938**	**7,938**
Capital surplus	**35,745**	**35,745**
Capital reserve	35,723	35,723
Others	21	21
Retained earnings	**159,493**	**154,348**
Earned surplus reserve	1,385	1,385
Others	158,108	152,963
Reserve for advanced depreciation of fixed assets	157	157
Reserve for special account for advanced depreciation of fixed assets	1,349	1,349
General reserve	145,895	142,095
Retained earnings brought forward	10,707	9,362
Treasury stock	**(327)**	**(326)**
Valuation and translation adjustments	**4,431**	**3,841**
Unrealized holding gains on securities	**5,082**	**3,780**
Deferred profit or loss on hedges	**(990)**	**(301)**
Revaluation reserve for land	**339**	**363**
Total net assets	**207,279**	**201,547**
Total liabilities and net assets	**338,693**	**359,570**

Unconsolidated Statements of Income

	Years ended March 31	
	2013	**2012**
	(Millions of yen)	
Net sales	**396,352**	**476,410**
Cost of sales	329,775	403,751
Gross profit	**66,577**	**72,659**
Selling, general and administrative expenses	58,205	60,576
Operating income	**8,372**	**12,083**
Other income	**5,073**	**4,844**
Interest income	393	347
Interest income on securities	59	30
Dividends income	3,437	3,188
Reversal of allowance for doubtful receivables	293	691
Foreign exchange gains	464	159
Other	427	429
Other deductions	**1,033**	**2,897**
Interest expenses	112	118
Loss on disposal of property, plant and equipment	269	415
Provision of allowance for doubtful accounts for affiliated companies	512	2,180
Other	141	183
Ordinary income	**12,412**	**14,030**
Extraordinary gain	**1,011**	**5,997**
Gain on sales of property, plant and equipment	532	—
Gain on sales of investments in securities	479	104
Gain on insurance adjustment	—	4,129
Insurance income	—	1,764
Extraordinary loss	**3,596**	**4,868**
Restructuring charges	2,817	3,043
Loss on cancellation of leasehold contracts	558	—
Impairment losses	221	1,196
Loss on disposal of property, plant and equipment	—	1
Losses on devaluation of investments in securities	—	28
Loss from disaster	—	534
Environmental expenses	—	67
Income before income taxes	**9,827**	**15,159**
Income taxes-current	1,392	4,171
Income taxes-deferred	562	3,139
Net income	**7,873**	**7,849**

Unconsolidated Statements of Changes in Net Assets

FY2012 (under review) (April 1, 2012 to March 31, 2013) (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, 2012	7,938	35,723	21	1,385	152,963	(326)	197,705
Change during year							
Dividends from surplus	—	—	—	—	(2,751)	—	(2,751)
Reversal of revaluation reserve for land	—	—	—	—	23	—	23
Net income	—	—	—	—	7,873	—	7,873
Acquisition of treasury stock	—	—	—	—	—	(2)	(2)
Disposal of treasury stock	—	—	0	—	—	0	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total change during year	—	—	0	—	5,145	(2)	5,143
Balance at March 31, 2013	7,938	35,723	21	1,385	158,108	(327)	202,848

	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, 2012	3,780	(301)	363	3,841	201,547
Change during year					
Dividends from surplus	—	—	—	—	(2,751)
Reversal of revaluation reserve for land	—	—	(23)	(23)	—
Net income	—	—	—	—	7,873
Acquisition of treasury stock	—	—	—	—	(2)
Disposal of treasury stock	—	—	—	—	0
Net changes in items other than shareholders' equity	1,302	(690)	—	612	612
Total change during year	1,302	(690)	(23)	589	5,732
Balance at March 31, 2013	5,082	(990)	339	4,431	207,279

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, 2012	157	1,349	142,095	9,362	152,963
Change during year					
Dividends from surplus	—	—	—	(2,751)	(2,751)
Reversal of reserve for advanced depreciation of fixed assets	(0)	—	—	0	—
Reversal of revaluation reserve for land	—	—	—	23	23
Provision of general reserve	—	—	3,800	(3,800)	—
Net income	—	—	—	7,873	7,873
Total change during year	(0)	—	3,800	1,345	5,145
Balance at March 31, 2013	157	1,349	145,895	10,707	158,108

Audit Report
Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 17, 2013

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, 2012 to March 31,2013) 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.

Emphasis of Matter

As described in the “Notes concerning important matters serving as basis of preparation of consolidated financial statements”, the Company and its consolidated subsidiaries have changed the depreciation method of property, plant and equipment primarily from the declining-balance method to the straight-line method from this business year onwards.

Our opinion has not been affected by this change.

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 17, 2013

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 94th business term (from April 1, 2012 to March 31, 2013) 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.

Emphasis of Matter

As described in the “Notes concerning significant accounting policies”, the Company has changed the depreciation method of property, plant and equipment primarily from the declining-balance method to the straight-line method from this business year onwards.

Our opinion has not been affected by this change.

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 94th business term (from April 1, 2012 to March 31, 2013). 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 20, 2013

Audit Committee, Hitachi High-Technologies Corporation
Katsumi Mizuno
Hideyo Hayakawa
Kazuhiro Kurihara

Note: Mr. Hideyo Hayakawa and Mr. Kazuhiro Kurihara are Outside Directors pursuant to Article 2, Item 15 of the Company Law.

(Translation)

Matters for Internet Disclosure of
the 94th 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: 30

Name of companies: Hitachi High-Tech Solutions Corporation, Hitachi High-Tech Materials Corp., 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 19 other companies

Hitachi High-Tech Solutions Corporation, a consolidated subsidiary until the previous fiscal year, has been excluded from the scope of consolidation, as it merged with Hitachi High-Tech Trading Corp. effective April 1, 2012, with Hitachi High-Tech Trading Corp. as the surviving company.

Hitachi High-Tech Trading Corp. changed its name to Hitachi High-Tech Solutions Corporation as of the same date.

The Company, effective January 1, 2013, made SII Nano Technology Inc. a consolidated subsidiary by acquiring all its shares from Seiko Instruments Inc. SII Nano Technology Inc. changed its name to Hitachi High-Tech Science Corporation as of the same date. Additionally, in conjunction, the following three subsidiaries of Hitachi High-Tech Science Corporation were also newly included in the scope of consolidation.

Epolead Service Inc.
Hitachi High-Technologies Science America Inc. (formerly SII Nano Technology USA Inc.)
Hitachi Instruments (Shanghai) Co., Ltd. (formerly SII Nano Technology (Shanghai) Inc.)

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 6 other companies
End of fiscal year: December 31

Consolidation procedures have been taken based on financial statements as of March 31, 2013 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 by the straight-line method.

(Changes in accounting policies that are indistinguishable from changes in accounting estimates)

The Company and its consolidated subsidiaries had previously calculated depreciation of property, plant and equipment primarily by the declining-balance method. However, starting from the fiscal year under review, the depreciation method has been changed to the straight-line method.

The Company in the previous fiscal year formulated the "Hitachi High-Tech Medium-term Management Plan 2013," which will reach its final year in FY2013. As part of initiatives for realizing this Plan, the Company has been promoting the establishment of a company-wide optimal management structure by adopting the consolidated four-business group framework from the previous fiscal year, in addition to establishing cross-group organizations for the functions of corporate strategy, marketing, R&D, and manufacturing. During the fiscal year under review, these initiatives have resulted in capital investments decision-making on a business level and production that effectively utilized management resources. Specifically, by consolidating production facilities that had been dispersed among several production bases, the Group was able to enhance the production efficiency of said facilities and ensure stable operations. Moreover, the installation of versatile evaluation facilities capable of catering to diverse customer needs has ensured the stable operations of evaluation facilities.

Furthermore, the Company has been engaged in various initiatives, including the comprehensive development plan which mainly promotes manufacturing reforms that aim to build an optimal manufacturing system in the Naka region, a major manufacturing base, as well as further consolidation and standardization of production facilities in the restoration investment plan following the Great East Japan Earthquake.

Taking into account the above circumstances and upon conducting a review of the usage of its property, plant and equipment, the conclusion was reached that going forward its facilities could be counted on to operate with a certain amount of stability and to generate returns on investment as well as make sustainable and long-term contributions to profits. Consequently, the Company and its consolidated subsidiaries decided that changing the depreciation method of their property, plant and equipment to the straight-line method would adequately reflect the actual usage of the asset,

As a result of these changes, for the fiscal year under review, depreciation decreased by JPY2,566 million; and operating income increased by JPY2,111 million and ordinary income and income before income taxes and minority interests increased by JPY2,152 million, respectively, as compared to the respective amounts that would have been reported had the change not been implemented.

(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 not more than 20 years based on the equal installment method, upon estimating the period in which the effects of investment remain. 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 Statements of Income)

“Subsidy for employment adjustment” (JPY41 million in the previous fiscal year), which had been presented separately in the previous fiscal year, has been included in “Other” income from this fiscal year, as the amount has become insignificant.

2) Additional information

(Consolidated taxation system)

The Company and its certain consolidated subsidiaries have received deemed approval for the application of the consolidated taxation system starting from the fiscal year ending March 31, 2014.

Consequently, starting from the fiscal year under review, the Company and its certain consolidated subsidiaries conducts accounting treatment assuming the application of the consolidated taxation system, in accordance with “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ PITF No.5) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7).

3. Notes to consolidated balance sheets

(1)	Accumulated depreciation of property, plant and equipment:	JPY86,300 million
(2)	Collateralized assets and secured liabilities	
	Collateralized assets	
	Investments in securities (shares) (guarantee for transactions)	JPY25 million
	Secured liabilities	
	Accounts payable	JPY8 million

(3)	Guarantees	JPY337 million
(4)	Export bill discount	JPY125 million
(5)	Notes endorsed	JPY51 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	JPY1,278 million
Notes payable	JPY10 million

4. Notes to consolidated statements of income

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

Gains on sales of property, plant and equipment refer to gains from the sale of a welfare facility.

(2) 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	JPY3,009 million
Impairment loss due to decision to dispose of assets (Note 1)	JPY264 million
Relocation expenses due to integration of business offices	JPY151 million
Total	JPY3,423 million

(Note 1) Loss on impairment of assets

Location	Purpose	Type	Impairment Loss (million yen)
Saitama Region (Kamisato-machi, Kodama-gun, Saitama Prefecture)	Assets determined to be disposed of	Machinery and equipment, vehicles, and tools, furniture & fixtures	264
Total			264

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.

(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.

The Company and its consolidated subsidiaries accounted for the impairment losses of the following assets.

Location	Purpose	Type	Impairment Loss (million yen)
The Company's production base in Kasado Region (Kudamatsu City, Yamaguchi Prefecture)	Assets determined to be disposed of	Machinery and equipment	60
The Company's former production base in Shonan Region (Nakai-machi, Ashigara-gun, Kanagawa Prefecture	Idle assets	Buildings and land	103
Other	Assets determined to be disposed of	Buildings, structures, machinery and equipment, and tools, furniture & fixtures	8
Total			171

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.

In the case of idle assets, the difference between the appraisal value obtained from a real estate appraiser as a measurement based on the net selling price and the book value was declared as an impairment loss under extraordinary losses.

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, 2012	Increase during fiscal year ended March 31, 2013	Decrease during fiscal year ended March 31, 2013	Total number of shares as at March 31, 2013
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 24, 2012	Common stock	1,375	10.00	March 31, 2012	June 4, 2012
Meeting of Board of Directors held on October 25, 2012	Common stock	1,375	10.00	September 30, 2012	November 27, 2012

(ii) Cash dividends whose record date falls in FY2012 but effective date falls in FY2013

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 23, 2013	Common stock	Retained earnings	1,375	10.00	March 31, 2013	June 3, 2013

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, 2013 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 and cash equivalents	21,088	21,088	-
(ii) Trade notes and accounts receivable	110,722		
Less allowance for doubtful receivables*1	(602)		
Net amount	110,121	110,121	(0)
(iii) Deposits to Hitachi Group cash management fund	97,041	97,041	-
(iv) Short-term investments and investments in securities			
Other securities	11,851	11,851	-
Total assets	240,101	240,101	(0)
Trade notes and accounts payable	84,426	84,426	(0)
Total liabilities	84,426	84,426	(0)
Derivative transactions*2			
Those to which hedge accounting is not applied	(976)	(976)	-
Those to which hedge accounting is applied	(1,600)	(1,600)	-
Total derivative transactions	(2,576)	(2,576)	-

*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 and cash equivalents

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

The fair value is based on the present value calculated by discounting the future cash flows of each liability

categorized by time by an interest reflecting the time to maturity and credit risks.
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	173
Unlisted foreign bonds	0

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: JPY1,939.81
(2) Net income per share: JPY88.45

8. Notes on significant subsequent events
Not applicable.

9. Other information
Business combination (Business combination through acquisition)
(1) Outline of the business combination
1. Name of the acquired company and its business
Name of acquired company: SII Nano Technology Inc.
Business: Development, manufacture and sale of analysis, measuring and observation equipment
2. Main reasons for the business combination and main reason for deciding to acquire the company
To establish a stable revenue base as a general manufacturer of scientific instruments by fundamentally reinforcing the scientific instrument business portfolio, one of the core businesses of the Group; and to enhance and expand analysis and inspection solutions that match customer needs in the growth areas of environment, new energy, and life sciences by augmenting the Company's proprietary electron beam and optical analysis technologies with SII Nano Technology Inc's core technologies of X-rays, thermal analysis, ion optics and physical measurement technologies
3. Date of business combination
January 1, 2013
4. Legal form of the business combination
Acquisition of shares for cash consideration
5. Name of the company after the combination
Hitachi High-Tech Science Corporation
6. Percentage of voting rights acquired]
100%

(2) Period of the acquired company's business results included in the consolidated financial statements
From January 1, 2013 to March 31, 2013
(3) Acquisition cost of the acquired company and its breakdown

Consideration for acquisition	Cash	JPY8,488 million
Expenses directly required for acquisition	Due diligence, etc.	JPY148 million
Acquisition cost		JPY8,636 million

(4) Amount, cause, method and period of amortization of goodwill
1. Amount of goodwill
JPY4,396 million yen
2. Cause of goodwill
Excess profitability expected in the manufacturing, sales and services of the Science &Medical Systems Business
3. Amortization method and amortization period
Straight-line method over 10 years

(5) The amounts and breakdown of assets acquired and liabilities assumed on the date of business combination

Current assets	JPY8,425 million	
Noncurrent assets	JPY6,874 million	
Total assets	JPY15,299 million	
Current liabilities	JPY9,174 million	(Short-term loan payables: JPY5,650 million, Current portion of long-term loan payables: JPY516 million)
Noncurrent liabilities	JPY1,885 million	(Long-term loan payables: JPY705 million)
Total liabilities	JPY11,059 million	

(6) Estimated amount of impact on the consolidated statements of income for the fiscal year under review, assuming the business combination was completed on the first day of the fiscal year and the calculation method.

Statement is omitted as the estimated amount of impact is insignificant. The estimated amount of impact has not been audited.

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 straight-line method.

(Changes in accounting policies that are indistinguishable from changes in accounting estimates)

The Company had previously calculated depreciation of property, plant and equipment primarily by the declining-balance method. However, starting from the fiscal year under review, the depreciation method has been changed to the straight-line method.

The Company in the previous fiscal year formulated the "Hitachi High-Tech Medium-term Management Plan 2013," which will reach its final year in FY2013. As part of initiatives for realizing this Plan, the Company has been promoting the establishment of a company-wide optimal management structure by adopting the four-business group framework from the previous fiscal year, in addition to establishing cross-group organizations for the functions of corporate strategy, marketing, R&D, and manufacturing. During the fiscal year under review, these initiatives have resulted in capital investments decision-making on a business group level and production that effectively utilized management resources. Specifically, by consolidating production facilities that had been dispersed among several production bases, the Group was able to enhance the production efficiency of said facilities and ensure stable operations. Moreover, the installation of versatile evaluation facilities capable of catering to diverse customer needs has ensured the stable operations of evaluation facilities.

Furthermore, the Company has been engaged various initiatives, including the comprehensive development plan which mainly promotes manufacturing reforms that aim to build an optimal manufacturing system in the Naka region, a major manufacturing base, as well as further consolidation and standardization of production facilities in the restoration investment plan following the Great East Japan Earthquake.

Taking into account the above circumstances and upon conducting a review of the usage of its property, plant and equipment, the conclusion was reached that going forward its facilities could be counted on to operate with a certain amount of stability and to generate returns on investment as well as make sustainable and long-term contributions to profits. Consequently, the Company decided that changing the depreciation method of their property, plant and equipment to the straight-line method would adequately reflect the actual usage of the asset,

As a result of these changes, for the fiscal year under review, depreciation decreased by JPY2,009 million;

and operating income increased by JPY1,620 million and ordinary income and income before income taxes increased by JPY1,661 million, respectively, as compared to the respective amounts that would have been reported had the change not been implemented.

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. Notes to unconsolidated balance sheets

(1)	Accumulated depreciation of property, plant and equipment:	JPY65,139 million
(2)	Guarantees	JPY1,265 million
	The breakdown of guarantees is as follows.	
	2 affiliated companies (guarantee for trade accounts payable)	JPY1,038 million
	Employees (home loans)	JPY216 million
	1 affiliated company (guarantee for office rent)	JPY11 million
(3)	Short-term receivables from affiliated companies	JPY49,654 million
(4)	Short-term payables to affiliated companies	JPY35,501 million

(5) 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	JPY936 million
Notes payable	JPY5million

(6) 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).

4. Notes to unconsolidated statements of income

(1) Transactions with affiliated companies

Sales	JPY153,914 million
Purchases	JPY78,557 million
Non-operating transactions	JPY21,114 million

(2) Extraordinary gain

1) Gain on sales of property, plant and equipment

Gains on sales of property, plant and equipment refer to gains from the sale of a welfare facility.

(3) Extraordinary loss

1) Restructuring charges

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

Breakdown:

Additional retirement benefits	JPY2,428 million
Impairment loss due to decision to dispose of assets (Note)	JPY264 million
Relocation expenses due to integration of business offices	JPY126 million
Total	JPY2,817 million

(Note) Loss on impairment of assets

Location	Purpose	Type	Impairment Loss (million yen)
Saitama Region (Kamisato-machi, Kodama-gun, Saitama Prefecture)	Assets determined to be disposed of	Machinery and equipment, vehicles, and tools, furniture & fixtures	264
Total			264

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 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, 2013, the Company accounted for impairment losses for the following assets.

Location	Purpose	Type	Impairment Loss (million yen)
Naka Region (Hitachinaka City, Ibaraki Prefecture)	Assets determined to be disposed of	Buildings, structures, machinery and equipment, and tools, furniture & fixtures	1
Kasado Region (Kudamatsu City, Yamaguchi Prefecture)	Assets determined to be disposed of	Machinery and equipment	60
Former Shonan Region (Nakai-machi, Ashigara-gun, Kanagawa Prefecture	Idle assets	Buildings and land	160
Total			221

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.

In the case of idle assets, the difference between the appraisal value obtained from a real estate appraiser as a measurement based on the net selling price and the book value was declared as an impairment loss under extraordinary losses.

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

(shares)

Class of shares	Total number of shares as at April 1, 2012	Increase during fiscal year ended March 31,2013	Decrease during fiscal year ended March 31, 2013	Total number of shares as at March 31, 2013
Common stock	199,621	1,006	44	200,583

Note: The increase in treasury stock (common stock) by 1,006 shares was attributable to the buyback of shares falling short of the share unit, while the decrease by 44 shares was due to the sale of shares falling short of the share unit.

6. 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	JPY3,179 million
Accrued bonuses	JPY1,598 million
Accrued cost of sales recorded but denied	JPY170 million
Devaluation of inventories	JPY1,172 million
Deferred profit or loss on hedges	JPY606 million
Other	JPY536 million
Deferred tax assets—Subtotal	JPY7,261 million
Valuation reserve	(JPY3,179 million)
Deferred tax assets—Total	JPY4,082 million
Deferred tax liabilities	
Enterprise tax receivables	(JPY13 million)
Deferred tax liabilities—Total	(JPY13 million)
Net deferred tax assets	JPY4,069 million

(Noncurrent)

Deferred tax assets	
Amount in excess of deduction limit for loss on doubtful receivables	JPY47 million
Accrued retirement and severance benefits for employees	JPY5,380 million
Loss on devaluation of memberships denied	JPY224 million
Loss on devaluation related to investments denied	JPY1,464 million
Excess depreciation	JPY547million
Asset retirement obligations	JPY132 million
Impairment losses	JPY1,105 million
Deferred profit of loss on hedges	JPY1 million
Other	JPY371 million
Deferred tax assets—Subtotal	JPY9,271 million
Valuation reserve	(JPY3,025 million)
Deferred tax assets—Total	JPY6,246 million
Deferred tax liabilities	
Asset retirement obligation	(JPY35 million)
Unrealized holding gains on securities	(JPY2,803 million)
Reserve for advanced depreciation of fixed assets	(JPY87 million)
Reserve for special account for advanced depreciation of fixed assets	(JPY747 million)
Other	(JPY2 million)
Deferred tax liabilities—Total	(JPY3,674 million)
Net deferred tax assets	JPY2,572 million

Additional information

The Company has received deemed approval for the application of the consolidated taxation system starting from the fiscal year ending March 31, 2014.

Consequently, starting from the fiscal year under review, the Company conducts accounting treatment assuming the application of the consolidated taxation system, in accordance with “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ PITF No.5) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7).

7. 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, 2013

	Acquisition cost (million yen)	Accumulated depreciation (million yen)	Balance as at March 31, 2013 (million yen)
Tools, furniture & fixtures	18	16	2
Total	18	16	2

(2) Balance of future lease payments as at March 31, 2013

Within 1 year	JPY2 million
After 1 year	-
Total	JPY2 million

(3) Lease payments, depreciation and interest expenses

Lease payments	JPY13 million
Depreciation	JPY12 million
Interest expenses	JPY0 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	JPY11 million
Over 1 year	JPY31 million
Total	JPY42 million

8. 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)	Classifi-cation	Year-end balance (million yen)
						Sharing of officers, etc.	Relationship with related parties				
Parent company	Hitachi, Ltd.	Chiyoda-ku, Tokyo	458,791	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.	22,913	Accounts receivable Advances received	4,846 146
								Deposit disbursed Interest received	1,790 316	Deposit to Hitachi group cash management fund Accounts receivable-other	97,041 16

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 Solutions Corporation	Minato-ku, Tokyo	400	Sale of electronic equipment, measurement equipment and related systems, Development and sale of software	Direct: 100% Indirect: —	2 persons	Receipt of funds through the pooling system	Receipt of funds Payment of interest	57 8	Deposit received Accrued expenses	4,302 0
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.	18,157	Accounts receivable Advances received	5,094 0
								Receipt of funds Payment of interest	1,054 22	Deposit received Accrued expenses	7,840 3
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.	23,413	Accounts payable	3,577
								Receipt of funds Payment of interest	860 10	Deposit received	4,983
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	1,600 54	Short-term loan receivables	14,220
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: —	2 persons	Sale of semiconductor manufacturing equipment, etc.	Sale of semiconductor manufacturing, etc.	35,775	Accounts receivable Advances received	6,307 36

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-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.	46,003	Accounts receivable Advances received	3,302 245
Subsidiary	Hitachi High-Technologies Hong Kong Limited	China	HKD 15,000 thousand	Sale of industrial materials, electronic materials, and electronic components, etc.	Direct: 100% Indirect: —	None	Sale of industrial materials, electronic materials, and electronic components, etc.	Sale of industrial materials, electronic materials, and electronic components, etc.	14,420	Accounts receivable	3,825

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 JPY8,776 million as an allowance for doubtful receivables for subsidiaries. Additionally, a total of JPY512 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.

9. Notes on per share information

(1) Net assets per share: JPY1,507.07

(2) Net loss per share: JPY57.24

10. Notes on significant subsequent events

Significant business transfer

The Company, in accordance with the resolution of the Board of Directors meeting held on February 25, 2013, transferred the entire Fine Technology Systems segment to a consolidated subsidiary, Hitachi High-Tech Engineering Service Corporation, as of April 1, 2013, toward the early realization of its growth strategy. Also, as of the same date, Hitachi High-Tech Engineering Service Corporation changed its name to Hitachi High-Tech Fine Systems Corporation.