Report on the 95th Business Term
Year ended March 31, 2014
(April 1, 2013 to March 31, 2014)

Hitachi High-Technologies Corporation

(Code No.: 8036)

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

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

(Notice of the 95th Ordinary General Meeting of Shareholders: Attached Documents)

Business Report (from April 1, 2013 to March 31, 2014)

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 was on a path toward moderate recovery thanks to the effects of economic measures, including drastic money easing policies. Meanwhile overseas, Europe continued to be mired in a prolonged economic downturn, the economies of the emerging countries including China suffered under stagnant growth, and the recovery by the U.S. economy was moderate, at best. Thus, uncertainty continued to prevail overall, as was the case in the previous fiscal year.

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. As a result, the Group's consolidated business performance for the fiscal year ended March 31, 2014 was JPY639,116 million in net sales, JPY30,431 million in operating income, JPY31,102 million in ordinary income and JPY18,032 million in net income, thus achieving increased sales and profit for the first time in three years. We will continue to 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, 2014.

● Electronic Device Systems Segment

Net sales **JPY 117,263 million (Up 12.8% year-on-year)**

Operating income **JPY 20,500 million (Up 59.8% 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 increased due to strong investments by major customers. Sales of CD-measurement SEM increased reflecting continuing demand for mobile phone –related equipment, and aggressive investments in cutting-edge logic and memory devices in the Asian market. On the other hand, for chip mounters, sales dropped sharply, mainly as a result of decreased capital investments by major customers. As for die bonders, sales fell slightly due to delayed recovery in investments by major customers.

As a result of the above, the Electronic Device Systems segment generated sales in the amount of JPY117,263 million and posted an operating income of JPY20,500 million.

● Fine Technology Systems Segment

Net sales **JPY17,217 million (Up 20.2% year-on-year)**

Operating income (loss) **(JPY7,219 million) (—)**

Main Business Contents

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

Overview

In terms of LCD manufacturing equipment, sales increased as a result of posting sales for mobile phone manufacturing equipment for the Asian market. In the field of HD manufacturing equipment, sales dropped sharply, due to the effects of weakening demand for PCs in the wake of the growing market for smart phones, tablet devices and other mobile phone-related equipment. Significant amount of loss was posted as well due to deterioration in operating capacity, etc.

As a result of the above, the Fine Technology Systems segment generated sales in the amount of JPY17,217 million and posted an operating loss of JPY7,219 million.

● Science & Medical Systems Segment

Net sales **JPY150,360 million (Up 13.1% year-on-year)**

Operating income **JPY18,105 million (Up 32.2% 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; various Analyzers such as X-ray Fluorescence Analyzers and Thermal Analyzers ; Analysis Systems such as Electron Microscopes; Biotechnology Equipment and Clinical Analyzers

Overview

Sales of science systems (analyzers and electron microscopes) increased, thanks to the addition of Hitachi High-Tech Science Corporation to the Group as of January 1, 2013, the boosting effects of the supplementary budget and last-minute demand before the consumption tax hike. Sales of in vitro diagnostics business, including clinical analyzers, increased, due mainly to the strong markets in the emerging countries, including China, and having captured large-scale projects in the European and U.S. markets.

As a result of the above, the Science & Medical Systems segment generated sales in the amount of JPY150,360 million and posted an operating income of JPY18,105 million.

● Industrial & IT Systems Segment

Net sales **JPY93,344 million (Down 0.8% year-on-year)**

Operating income **JPY627 million (Down 47.6% 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 dropped sharply, as the electric vehicle market took longer than expected to take off resulting in weak capital investments in the automated assembly systems of lithium ion batteries. Sales of solar power-related materials increased reflecting the increase in inquiries mainly in the domestic market. In terms of hard disk drive equipment, sales decreased due to intensified market competition and the shift to semiconductor memory products. Sales of telecommunication equipment increased considerably mainly due to the launch of new mobile phone models in the U.S. market.

As a result of the above, the Industrial & IT Systems segment generated sales of JPY93,344 million and posted an operating income of JPY627 million.

● Advanced Industrial Products Segment

Net sales **JPY267,042 million (Up 12.9% year-on-year)**

Operating income **JPY2,158 million (Up 243.6% year-on-year)**

Main Business Contents

Sales of Steel Products, Nonferrous Metals, Materials for Circuit Board, Plastic Resins and Engineering Plastics, Materials and Related Equipment for Batteries, Automotive Components, Silicon Wafers, Optical Devices & Materials, Raw Materials for Optical Disc, Electronic Materials & Components for Semiconductors and Petroleum Products

Overview

Sales of automotive components and transport vehicle-related components increased mainly in the Japanese, U.S. and Chinese markets. As for electronic-related components, sales of optical devices and materials were strong reflecting the progress made in the development of next-generation communication networks. In terms of industrial materials, sales of manufacturing equipment and materials for consumer air-conditioners increased significantly due to factors including the launch of new plants in the emerging countries by a major customer.

As a result of the above, the Advanced Industrial Products segment generated sales in the amount of JPY267,042 million and posted an operating income of JPY2,158 million.

■ **Sales by Segment**

Segment	FY 2012		FY 2013 (year under review)		Year-on-year Change
	Amount Million yen	Percentage %	Amount Million yen	Percentage %	%
Electronic Device Systems	103,919	18.1	117,263	18.3	12.8
Fine Technology Systems	14,320	2.5	17,217	2.7	20.2
Science & Medical Systems	132,919	23.1	150,360	23.5	13.1
Industrial & IT Systems	94,124	16.3	93,344	14.6	(0.8)
Advanced Industrial Products	236,443	41.1	267,042	41.8	12.9
Others and Adjustments	(6,257)	(1.1)	(6,110)	(0.9)	-
Consolidated net sales - Total	575,468	100.0	639,116	100.0	11.1

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

■ **Sales by Region**

Region	FY 2012		FY 2013 (year under review)		Year-on-year Change
	Amount Million yen	Percentage %	Amount Million yen	Percentage %	%
North America	62,953	10.9	85,444	13.4	35.7
Europe	68,621	11.9	78,026	12.2	13.7
Asia	177,637	30.9	200,042	31.3	12.6
Continental China among Asia	78,973	13.7	85,024	13.3	7.7
Other regions	13,870	2.4	8,911	1.4	(35.8)
Overseas	323,081	56.1	372,423	58.3	15.3
Japan	252,387	43.9	266,693	41.7	5.7
Consolidated net sales - Total	575,468	100.0	639,116	100.0	11.1

(2) Challenges the Group Faces

In Japan, economic recovery is expected to continue, as evidenced by the increase in capital investments, despite concerns over a backlash from the consumption tax hikes in April. In the U.S. also, the pace of economic recovery is expected to pick up as a result of improvement in the employment and income environment. Meanwhile, the world economy is expected to continue on its recovery trend overall, despite risks inherent in each area, namely the prolonged economic downturn of the Southern European countries and sluggish growth of the emerging economies, including China.

In such a business climate, the Group shall address the task of shifting to a business structure that can adapt to the changing market environment, in order to further improve its business performance. The Group intends to enhance its business portfolio by shifting resources to growth fields and prepare for future business expansion by accelerating development and making aggressive investments to strengthen its ability for business creation, while continuing to accelerate its global growth strategies and reinforce its earnings structure.

Moreover, its “stance of always maintaining the customer’s perspective” 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.

(*) CSR: Corporate Social Responsibility

(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. Going forward, the Group, in order to further accelerate and realize CS11, will engage in the following initiatives:

1) The Group will reorganize its initially targeted areas into the three business domains of “Biotechnology and healthcare,” “Social infrastructure,” and “Advanced industrial systems” and prioritize the allocation of investments resources to these domains.
2) 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.
3) 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.

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, namely, “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 enhancing its business portfolio, accelerating its global growth strategies and boosting its ability for business creation, the Group will engage in the following four management measures as its top priority.

1) The Group will boost its earning capacity by accelerating the enhancement of its business portfolio by

shifting its resources to growth areas and developing the pillars for the Group’s next-generation businesses. “Biotechnology and healthcare” will be designated the highest priority area and in addition to the existing core businesses of in vitro diagnostics, such as clinical chemistry and immunodiagnostic analyzers, and DNA sequencers, the Group will expand into the new business fields of pharmaceutical/foods and life informatics. Additionally, the Group will designate the “social infrastructure field,” which centers mainly on the scientific instruments business such as the life sciences and the trading business including new energy and new materials, as the Group’s core competence, and further improve basic solutions by boosting sales capacity and enhancing its business model. In the “advanced industrial systems” domain, the Group will complete structural reforms in the fine technology and mounting systems businesses, and accelerate its shift to state-of-the-art growth domains such as semiconductor inspection equipment and semiconductor manufacturing equipment while improving profitability.

2) The Group will formulate market strategies for each priority region and accelerate its global growth strategies by shifting its resources to the priority markets. Overseas subsidiaries were established in India in April 2013, in Russia in January 2014, and in Mexico in April 2014. Going forward, the Group will continue its global business expansion.

3) The Group will accelerate its reinforcement of ability for business creation towards the realization of its growth strategies. In April 2014, it launched the New Business Development Div. for the purpose of engaging in strategic, top-down business creation. Additionally, in order to expand its services business, the Group will implement the necessary measures to realize its growth strategies, including the development of solution services that help solve customer problems in addition to providing worldwide product maintenance services.

4) The Group will proactively promote reforms of its cost structure and strengthen its management foundations. The Group aggregated its decentralized scientific instruments and measuring equipment businesses and created an integrated system of business, while at the same time it aggregated its domestic contract manufacturing functions in October 2013, and constructively dissolved Hitachi High-Tech Control Systems Corp. Meanwhile, in Suzhou, China, the Group constructed and relocated to a new plant at Hitachi Instrument (Suzhou) Ltd., in order to enhance its cost competitiveness while also preparing for an integrated production system from parts production to assembly of the finished product and delivery, and began operations in December 2013.

(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, the Group’s capital investment totaled JPY18,921 million.

Capital investments with a material impact on the Group’s production capacity included Logistics & Manufacturing Building at the Naka Division (completed in October 2013). The amount spent in the fiscal year under review was JPY4,611 million (Total amount spent: JPY4,878 million).

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

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

	FY 2010	FY 2011	FY 2012	FY 2013 (under review)
Net sales (million yen)	653,431	645,865	575,468	639,116
Ordinary income (million yen)	29,475	26,233	20,098	31,102
Net income (million yen)	17,752	14,265	12,166	18,032
Net income per share (yen)	129.07	103.71	88.45	131.11
Net assets (million yen)	242,845	253,012	267,189	272,968
Total assets (million yen)	413,267	442,162	433,639	494,934

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]

	FY 2010	FY 2011	FY 2012	FY 2013 (under review)
Net sales (million yen)	488,222	476,410	396,352	390,806
Ordinary income (million yen)	19,037	14,030	12,412	29,468
Net income (million yen)	13,978	7,849	7,873	13,532
Net income per share (yen)	101.63	57.06	57.24	98.39
Net assets (million yen)	197,516	201,547	207,279	216,810
Total assets (million yen)	335,950	359,570	338,693	376,471

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, 2014)

[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

[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, 2014)

[Number of Employees in the Group]

Segment	Number of employees	(Change from the end of the preceding year)
Electronic Device Systems	2,663	(+93)
Fine Technology Systems	647	(-276)
Science & Medical Systems	3,962	(+221)
Industrial & IT Systems	1,105	(-37)
Advanced Industrial Products	643	(-51)
Group-wide (common)	1,484	(+118)
Total	10,504	(+68)

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)	3,809 (-542)
Average number of years of service	18 years and 11 months
Average age	41 years and 7 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 31 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	
Design, manufacturing and sales of measuring equipment, 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 Fine Systems Corporation	Kodama-gun, Saitama Prefecture	
Design, manufacturing, sales and maintenance services of electronic-related products, inspection systems, etc.	JPY1,485 million	100%
Hitachi High-Tech Manufacturing & Service Corp.	Hitachinaka City, Ibaraki Prefecture	
Manufacturing of clinical analyzers and semiconductor manufacturing equipment	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-Tech Science Corporation	Minato-ku, Tokyo	
Design, manufacturing and sales of analyzers, measuring equipment and observation equipment	JPY100 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%

Notes:
1. On April 1, 2013, the Company transferred the entire business of the Fine Technology Systems Business Group to Hitachi High-Tech Engineering Service Corporation and on the same date, said company changed its trade name to Hitachi High-Tech Fine Systems Corporation.
2. On October 1, 2013, Hitachi High-Tech Science Corporation succeeded the design and domestic sales functions of the analyzer business from the Company by corporate split.

3. On October 1, 2013, Hitachi High-Tech Control Systems Corporation conducted a corporate split with Hitachi High-Tech Science Corporation and Hitachi High-Tech Solutions Corporation as the successor companies; and a merger with Hitachi High-Tech Manufacturing & Service Corporation, as the surviving company.

2. Matters Concerning the Company's Stock (As of March 31, 2014)

(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 7,304 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)	5,236,600	3.81
Japan Trustee Services Bank, Ltd. (Trust Account)	4,606,100	3.35
Hitachi High-Technologies Corp.'s Shareholding Association	2,131,478	1.55
NOMURA BANK (LUXEMBOURG) S.A. S/A NOMURA MULTI CURRENCY JAPAN STOCK LEADERS FD	1,758,900	1.28
THE BANK OF NEW YORK MELLON SA/NV 10	1,338,613	0.97
CMBL S.A. RE MUTUAL FUNDS	1,268,300	0.92
Trust & Custody Services Bank, Ltd. (Pension Trust Account)	1,250,000	0.91
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,247,900	0.91
Japan Trustee Services Bank, Ltd. (Trust Account 6)	1,191,900	0.87

Note: Shareholding ratio is calculated by deducting treasury stock (203,551 shares).

3. Directors and Executive Officers

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

[Directors]

(As of March 31, 2014)

Position	Name	Committee Membership	Significant Concurrently-held Positions
Chairman of the Board	Kazuhiro Mori	Nominating Committee Compensation Committee	Outside Director, Hitachi Transport System, Ltd.
Director	Masao Hisada	Nominating Committee Compensation Committee	
Director	Katsumi Mizuno	Audit Committee	
Director	Hideyo Hayakawa	Nominating Committee Audit Committee	
Director	Hiromichi Toda	Nominating Committee Audit Committee	
Director	Toyoaki Nakamura	Nominating Committee Compensation Committee	Representative Executive Officer, Hitachi, Ltd. Outside Corporate Auditor, Sompo Japan Insurance Inc. Outside Director, Hitachi Consumer Electronics Co., Ltd. Outside Director, Hitachi Appliances, Inc. Outside Director, Hitachi Consumer Marketing, Inc.

Notes:
1. Director Masao Hisada also serves concurrently as Executive Officer.
2. Directors Kazuhiro Mori, Hideyo Hayakawa, Hiromichi Toda and Toyoaki Nakamura 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.
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 Transport System, Ltd., Hitachi Consumer Electronics Co., Ltd., Hitachi Appliances, Inc., Hitachi Consumer Marketing, Inc. and the Company have the same parent company.
5. Director Toyoaki Nakamura is an Outside Director of Hitachi Appliances, Inc., and the Company conducts transactions including procurement with Hitachi Appliances, Inc.
6. Other than the above, there are no connections between the Company and the Companies in which its Directors concurrently hold significant positions that are worth noting.
7. Director Toyoaki Nakamura retired from the position of Outside Director of Hitachi Consumer Electronics Co., Ltd. on March 31, 2014.
8. Directors Hideyo Hayakawa and Hiromichi Toda are registered as independent corporate officer with the Tokyo Stock Exchange, Inc.

[Executive Officers]

(As of March 31, 2014)

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)
Senior Vice President and Executive Officer	Takashi Matsuzaka	Corporate Strategy, Group Company Management, R&D, Intellectual Property, Environmental Management, CTO(*2)
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(*3)
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(*4)
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, Process Control Systems, 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

Notes:
1. The above Executive Officers were nominated at the meeting of the Board of Directors held on February 25, 2013 and appointed on April 1, 2013.
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, Representative Director and President, Hitachi High-Tech Fielding Corporation
   Toshiyuki Ikeda, Representative Director and President, Hitachi High-Tech Science Corporation

(*1) CRO: Chief Risk Management Officer

(*2) CTO: Chief Technology Officer

(*3) CIO: Chief Innovation Officer

(*4) IR: Investor Relations

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

The Company changed its Executive Officers on April 1, 2014. The new lineup of Executive Officers is as follows.

(As of April 1, 2014)

Position	Name	Responsibilities
Representative Executive Officer, President, Chief Executive Officer	Masao Hisada	Overall management execution
Senior Vice President and Executive Officer	Takashi Matsuzaka	R&D, Intellectual Property, New Business Creation, Services, CTO
Representative Executive Officer, Senior Vice President and Executive Officer	Toshio Kajimoto	Marketing & Sales Strategy, Science &Medical Systems, CMO (*1)
Senior Vice President and Executive Officer	Naoki Mitarai	Human Resources, CSR & Corporate Communications, Legal, Internal Control, Compliance & Risk Management, Environmental Management, Group Company Management, CHRO (*2), CRO
Senior Vice President and Executive Officer	Masahiro Miyazaki	Corporate Strategy, Fine Technology Systems, CSO (*3)
Vice President and Executive Officer	Morihiro Nishida	IT Strategy, Smart Transformation Project Promotion, CIO(*4)
Vice President and Executive Officer	Syunichi Uno	Accounting and Finance, Trade Compliance Management, Internal Control, IR,CFO(*5)
Vice President and Executive Officer	Katsutaka Kimura	Electronic Device Systems
Vice President and Executive Officer	Hidenori Nagao	Global Trading
Executive Officer	Toshiyuki Ikeda	Science & Medical Systems
Executive Officer	Ryuichi Nakashima	Auditing
Executive Officer	Junichi Hashimoto	Global Trading
Executive Officer	Hirohide Omoto	Electronic Device Systems
Executive Officer	Hiroshi Tajima	Global Trading
Executive Officer	Joji Honda	Corporate Manufacturing, Procurement, Quality Assurance

(*1) CMO: Chief Marketing Officer

(*2) CHRO: Chief Human Resources Officer

(*3) CSO: Chief Strategy Officer

(*4) CIO: Chief Information Officer

(*5) CFO: Chief Financial Officer

(2) Matters Concerning Outside Directors

[Major Activities of Outside Directors]

Name	Major Activities
Kazuhiro Mori	Mr. Mori was nominated and appointed at the 94th Ordinary General Meeting of Shareholders of the Company convened on June 20, 2013. Since his appointment, he has attended all meetings of the Board of Directors (12 meetings total), and based on his extensive experience in business administration and his sophisticated insight into corporate management in general as well as his extensive expertise in the field of group management, has been expressing opinions that contribute to the Company's management and to the reinforcement of the Company's supervising functions.
Hideyo Hayakawa	Mr. Hayakawa has attended all meetings of the Board of Directors (15 meetings total) and all meetings of Audit Committee (16 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.
Hiromichi Toda	Mr. Toda was nominated and appointed at the 94th Ordinary General Meeting of Shareholders of the Company convened on June 20, 2013. Since his appointment, he has attended all meetings of the Board of Directors (12 meetings total) as well as meetings of the Audit Committee (12 meetings total), and has been expressing opinions based on his extensive knowledge and experience in corporate management in general, 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 (15 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.

[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]   (FY2013)

	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	7	98	5	12	110
Outside Directors	5	56	4	8	64
Executive Officers	15	331	15	141	472

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 two Directors (including one Outside Director) who retired upon the expiry of term of office at the close of the 94th Ordinary General Meeting of Shareholders of the Company held on June 20, 2013.

[Amount of Compensation, etc. received by Outside Directors as Officers from the Parent Company, etc. of the Company in Fiscal Year ended March 31, 2014]

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 JPY117 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 94th Ordinary General Meeting of Shareholders of the Company held on June 20, 2013.

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, 2014: JPY 78 million

2) Total amount of cash and other financial benefits payable by the Company and its subsidiaries: JPY98 million

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

2. Among the Company’s major subsidiaries (referred to in “1. Information on Current State of Hitachi High-Technologies Group (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, 2014, the Company, taking into account various circumstances including the financial results for the year, will increase the year-end dividend by JPY 10.00 per share from the original forecast of JPY 10.00 per share to JPY20.00 per share, resulting in an annual dividend of JPY 30.00 per share including the interim dividend of JPY 10 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) Approval documents resolved by the Board of Directors and 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 Management Committee and the Management Committee of the Business Group, in accordance with internal rules including the Management 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 Committee, etc.) 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 the Officer in Charge of Compliance and Risk Management, shall be established to conduct information gathering and confirmation, request improvements, approve compliance programs, report on the results, etc. (5) In order to reinforce and promote the compliance system, the Officer in Charge of Compliance and Risk Management shall appoint the Hitachi High-Tech Group Compliance Manager as a person to assist the Officer in Charge of Compliance and Risk Management, as well as appoint Compliance Managers (“Administrative CMs”) as the compliance officers for each Business Group and Branch Office (Administrative Organization), in addition to Managers to assist the Administrative CMs. (6) In-house workshops shall be periodically held by divisions in charge of legal affairs and compliance. (7) 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. (8) 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

Item	Details of the Resolution
	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. 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. Additionally, the Company shall reinforce and promote the compliance system by appointing an Administrative CM and a Manager at each subsidiary. 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 Management 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	(1) The Audit Committee shall utilize the Internal Auditing Division in

Item	Details of the Resolution
audits by the Audit Committee are effectively implemented	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 Management Committee and feedback shall be provided.

Consolidated Financial Statements

Consolidated Balance Sheets

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2012 (As of March 31, 2013)
	(Millions of yen)	
Assets		
Current assets	**377,031**	**330,623**
Cash and deposits	22,548	21,088
Trade notes and accounts receivable	135,067	110,722
Marketable securities	1,002	85
Merchandise and finished goods	34,930	31,400
Work in process	36,313	34,661
Raw materials	3,923	4,189
Deferred tax assets	9,974	9,453
Advances to suppliers	2,967	2,553
Deposit to Hitachi group cash management fund	112,139	97,041
Other	18,655	20,032
Allowance for doubtful receivables	(486)	(602)
Fixed assets	**117,903**	**103,016**
Property, plant and equipment	**75,110**	**66,331**
Buildings and structures	32,659	27,156
Machinery, equipment and vehicles	11,637	7,864
Tools, furniture & fixtures	7,792	7,366
Land	21,703	21,693
Construction in progress	1,319	2,252
Intangible assets	**12,993**	**13,956**
Goodwill	4,075	4,744
Software	5,559	5,533
Other	3,359	3,679
Investments and others	**29,800**	**22,729**
Investments in securities	11,928	11,939
Long-term loan receivables	230	122
Deferred tax assets	14,305	5,680
Other	3,652	5,312
Allowance for doubtful receivables	(315)	(324)
Total assets	**494,934**	**433,639**

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2012 (As of March 31, 2013)
	(Millions of yen)	
Liabilities		
Current liabilities	**170,891**	**137,265**
Trade notes and accounts payable	105,683	84,426
Short-term loan payables	—	1,650
Accrued income taxes	8,069	3,572
Accrued expenses	19,822	17,268
Advances from customers	21,048	10,188
Provision for product warranty expensive	2,690	2,431
Other	13,578	17,731
Long-term liabilities	**51,076**	**29,185**
Deferred tax liabilities	306	1,329
Accrued retirement and severance benefits	—	26,535
Reserve for retirement benefits for senior executives	224	232
Net defined benefit liability	49,303	—
Other	1,242	1,089
Total liabilities	**221,966**	**166,450**
Net assets		
Shareholders' equity	**276,751**	**263,830**
Common stock	7,938	7,938
Capital surplus	35,745	35,745
Retained earnings	233,402	220,474
Treasury stock	(334)	(327)
Accumulated other comprehensive income	**(4,293)**	**2,968**
Unrealized holding gains on securities	5,744	5,094
Deferred profit or loss on hedges	(368)	(1,007)
Foreign currency translation adjustment	2,241	(1,119)
Remeasurements of defined benefit plans	(11,910)	—
Minority interests	**511**	**392**
Total net assets	**272,968**	**267,189**
Total liabilities and net assets	**494,934**	**433,639**

Consolidated Statements of Income

	Years ended March 31	
	2014	2013
	(Millions of yen)	
Net sales	**639,116**	**575,468**
Cost of sales	515,752	470,599
Gross profit	**123,364**	**104,868**
Selling, general and administrative expenses	92,933	85,917
Operating income	**30,431**	**18,951**
Other income	**1,452**	**1,844**
Interest income	405	488
Dividends income	185	174
Foreign exchange gains	145	225
Reversal of allowance for doubtful receivables	144	320
Other	573	637
Other deductions	**781**	**698**
Interest expenses	56	71
Equity in losses of affiliates	59	—
Loss on disposal of property, plant and equipment	484	348
Other	182	279
Ordinary income	**31,102**	**20,098**
Extraordinary gain	**4**	**1,025**
Gain sales of investments in securities	4	493
Gain on sales of property, plant and equipment	—	532
Extraordinary loss	**3,127**	**4,156**
Restructuring charges	2,603	3,423
Impairment losses	443	171
Losses on devaluation of investments in securities	81	4
Loss on cancellation of leasehold contracts	—	558
Income before income taxes and minority interests	**27,979**	**16,967**
Income taxes-current	12,226	4,790
Income taxes-deferred	(2,577)	(151)
Income before minority interests	**18,330**	**12,328**
Minority interests	299	162
Net income	**18,032**	**12,166**

Consolidated Statements of Changes in Net Assets

FY2013 (under review) (April 1, 2013 to March 31, 2014) (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	7,938	35,745	220,474	(327)	263,830
Cumulative effect of changes in accounting policies			(2,353)		(2,353)
Balance at April 1, 2013 reflecting the application of changes in accounting policies	7,938	35,745	218,121	(327)	261,477
Change during year					
Dividends from surplus			(2,751)		(2,751)
Net income			18,032		18,032
Acquisition of treasury stock				(7)	(7)
Net changes during year in items other than shareholders' equity					
Total change during year	—	—	15,281	(7)	15,274
Balance at March 31, 2014	7,938	35,745	233,402	(334)	276,751

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2013	5,094	(1,007)	(1,119)	—	2,968	392	267,189
Cumulative effect of changes in accounting policies			(65)	(18,202)	(18,267)		(20,620)
Balance at April 1, 2013 reflecting the application of changes in accounting policies	5,094	(1,007)	(1,184)	(18,202)	(15,299)	392	246,570
Change during year							
Dividends from surplus							(2,751)
Net income							18,032
Acquisition of treasury stock							(7)
Net changes during year in items other than shareholders' equity	649	639	3,424	6,292	11,005	119	11,124
Total change during year	649	639	3,424	6,292	11,005	119	26,398
Balance at March 31, 2014	5,744	(368)	2,241	(11,910)	(4,293)	511	272,968

Unconsolidated Financial Statements

Unconsolidated Balance Sheets

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2012 (As of March 31, 2013)
	(Millions of yen)	
Assets		
Current assets	**283,189**	**249,570**
Cash and deposits	2,770	1,947
Notes receivable	7,153	4,584
Accounts receivable	84,808	77,094
Marketable securities	1,002	—
Merchandise and finished goods	16,010	15,836
Work in process	28,471	28,915
Raw materials	2,318	2,590
Advances paid	2,808	2,173
Prepaid expenses	38	22
Deferred tax assets	4,474	4,069
Short-term loan receivables	26,769	17,022
Deposit to Hitachi Group cash management fund	112,139	97,041
Other	9,455	7,315
Allowance for doubtful receivables	(15,027)	(9,038)
Fixed assets	**93,282**	**89,124**
Property, plant and equipment	**54,451**	**50,711**
Buildings	22,336	20,791
Structures	623	592
Machinery and equipment	6,622	5,080
Vehicles	73	20
Tools, furniture & fixtures	5,577	5,222
Land	18,118	18,156
Construction in progress	1,103	849
Intangible assets	**3,617**	**4,238**
Patents	5	4
Software	3,578	4,175
Other	34	60
Investments and others	**35,214**	**34,175**
Investments in securities	11,802	11,886
Affiliated companies' common stock	15,405	15,677
Investments in companies	0	0
Investments in affiliated companies	2,385	1,558
Long-term loan receivables to employees	73	108
Past-due operating claims	125	131
Long-term prepaid expenses	42	549
Deferred tax assets	3,739	2,572
Other	1,950	2,007
Allowance for doubtful receivables	(307)	(314)
Total assets	**376,471**	**338,693**

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2012 (As of March 31, 2013)
	(Millions of yen)	
Liabilities		
Current liabilities	**141,525**	**115,404**
Notes payable	137	72
Accounts payable	77,785	63,448
Other accounts payable	6,966	8,780
Accrued expenses	10,762	9,035
Income taxes	5,358	136
Advances received	10,545	5,006
Deposits received	28,583	23,704
Current portion of guarantee deposits received	595	2,686
Warranty reserve	—	12
Other	795	2,527
Long-term liabilities	**18,136**	**16,010**
Deferred tax liabilities for land revaluation	51	51
Accrued pension liability	17,634	15,470
Asset retirement obligations	403	370
Other	48	118
Total liabilities	**159,661**	**131,414**
Net assets		
Shareholders' equity	**211,109**	**202,848**
Common stock	**7,938**	**7,938**
Capital surplus	**35,745**	**35,745**
Capital reserve	35,723	35,723
Others	21	21
Retained earnings	**167,760**	**159,493**
Earned surplus reserve	1,385	1,385
Others	166,376	158,108
Reserve for advanced depreciation of fixed assets	1,479	157
Reserve for special account for advanced depreciation of fixed assets	—	1,349
General reserve	151,095	145,895
Retained earnings brought forward	13,801	10,707
Treasury stock	**(334)**	**(327)**
Valuation and translation adjustments	**5,701**	**4,431**
Unrealized holding gains on securities	**5,731**	**5,082**
Deferred profit or loss on hedges	**(366)**	**(990)**
Revaluation reserve for land	**337**	**339**
Total net assets	**216,810**	**207,279**
Total liabilities and net assets	**376,471**	**338,693**

Unconsolidated Statements of Income

	Years ended March 31	
	2014	2013
	(Millions of yen)	
Net sales	**390,806**	**396,352**
Cost of sales	312,431	329,775
Gross profit	**78,376**	**66,577**
Selling, general and administrative expenses	55,339	58,205
Operating income	**23,037**	**8,372**
Other income	**7,973**	**5,073**
Interest income	323	393
Interest income on securities	52	59
Dividends income	6,473	3,437
Reversal of allowance for doubtful receivables	170	293
Foreign exchange gains	351	464
Other	604	427
Other deductions	**1,541**	**1,033**
Interest expenses	92	112
Loss on disposal of property, plant and equipment	378	269
Provision of allowance for doubtful accounts for affiliated companies	896	512
Other	176	141
Ordinary income	**29,468**	**12,412**
Extraordinary gain	**4**	**1,011**
Gain on sales of investments in securities	4	479
Gain on sales of property, plant and equipment	–	532
Extraordinary loss	**8,382**	**3,596**
Provision of allowance for doubtful accounts for affiliated companies	5,257	–
Loss on devaluation of stocks of affiliated companies	2,600	–
Impairment losses	444	221
Loss on devaluation of investments in securities	81	–
Restructuring charges	–	2,817
Loss on cancellation of leasehold contracts	–	558
Income before income taxes	**21,090**	**9,827**
Income taxes-current	9,369	1,392
Income taxes-deferred	(1,811)	562
Net income	**13,532**	**7,873**

Unconsolidated Statements of Changes in Net Assets

FY2013 (under review) (April 1, 2013 to March 31, 2014) (Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Others	Total capital surplus
Balance at April 1, 2013	7,938	35,723	21	35,745
Cumulative effect of changes in accounting policies				
Balance at April 1, 2013 reflecting the application of changes in accounting policies	7,938	35,723	21	35,745
Change during year				
Dividends from surplus				
Provision of reserve for advanced depreciation of fixed assets				
Reversal of reserve for advanced depreciation of fixed assets				
Reversal of reserve for special account for advanced depreciation of fixed assets				
Reversal of revaluation reserve for land				
Provision of general reserve				
Net income				
Acquisition of treasury stock				
Decrease by corporate split				
Net changes during year in items other than shareholders' equity				
Total change during year	—	—	—	—
Balance at March 31, 2014	7,938	35,723	21	35,745

	Shareholders' equity					
	Retained earnings					
		Others				
	Earned surplus reserve	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	Total Retained earnings
Balance at April 1, 2013	1,385	157	1,349	145,895	10,707	159,493
Cumulative effect of changes in accounting policies					(1,366)	(1,366)
Balance at April 1, 2013 reflecting the application of changes in accounting policies	1,385	157	1,349	145,895	9,341	158,127
Change during year						
Dividends from surplus					(2,751)	(2,751)
Provision of reserve for advanced depreciation of fixed assets		1,348			(1,348)	—
Reversal of reserve for advanced depreciation of fixed assets		(26)			26	—
Reversal of reserve for special account for advanced depreciation of fixed assets			(1,349)		1,349	—
Reversal of revaluation reserve for land					3	3
Provision of general reserve				5,200	(5,200)	—
Net income					13,532	13,532
Acquisition of treasury stock						
Decrease by corporate split					(1,150)	(1,150)
Net changes during year in items other than shareholders' equity						
Total change during year	—	1,322	(1,349)	5,200	4,460	9,634
Balance at March 31, 2014	1,385	1,479	—	151,095	13,801	167,760

	Shareholders' equity		Valuation and translation adjustments				
	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Deferred profit or loss on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Total net assets
Balance at April 1, 2013	(327)	202,848	5,082	(990)	339	4,431	207,279
Cumulative effect of changes in accounting policies		(1,366)					(1,366)
Balance at April 1, 2013 reflecting the application of changes in accounting policies	(327)	201,482	5,082	(990)	339	4,431	205,913
Change during year							
Dividends from surplus		(2,751)					(2,751)
Provision of reserve for advanced depreciation of fixed assets		—					—
Reversal of reserve for advanced depreciation of fixed assets		—					—
Reversal of reserve for special account for advanced depreciation of fixed assets		—					—
Reversal of revaluation reserve for land		3			(3)	(3)	—
Provision of general reserve		—					—
Net income		13,532					13,532
Acquisition of treasury stock	(7)	(7)					(7)
Decrease by corporate split		(1,150)					(1,150)
Net changes during year in items other than shareholders' equity			649	624	—	1,273	1,273
Total change during year	(7)	9,627	649	624	(3)	1,271	10,897
Balance at March 31, 2014	(334)	211,109	5,731	(366)	337	5,701	216,810

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

INDEPENDENT AUDITORS' REPORT

May 16, 2014

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, 2013 to March 31,2014) for the purpose of reporting under Article 444, Paragraph 4 of the Company Law.

Management's Responsibility for Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Auditors' Opinion

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

Relationship of Interest

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

Transcript of Accounting Auditors' Audit Report on Unconsolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 16, 2014

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 95th business term (from April 1, 2013 to March 31, 2014) pursuant to Article 436, Paragraph 2, Item 1 of the Company Law.

Management's Responsibility for Unconsolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Auditors' Opinion

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

Relationship of Interest

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

Transcript of Audit Committee's Audit Report

AUDIT REPORT

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 95th business term (from April 1, 2013 to March 31, 2014). 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, 2014

Audit Committee, Hitachi High-Technologies Corporation
Katsumi Mizuno
Hideyo Hayakawa
Hiromichi Toda

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

(Translation)

Matters for Internet Disclosure of the 95th 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: 31

Name of companies: Hitachi High-Tech Solutions Corporation, Hitachi High-Tech Materials Corp., Hitachi High-Tech Fielding Corp., Hitachi High-Tech Fine Systems Corporation, Hitachi High-Tech Manufacturing & Service Corp., Hitachi High-Tech Instruments Co., Ltd., Hitachi High-Tech Science Corporation, 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 Control Systems Corp, a consolidated subsidiary until the previous fiscal year, has been excluded from the scope of consolidation, as it conducted a corporate split effective October 1, 2013 with Hitachi High-Tech Science Corporation and Hitachi High-Tech Solutions Corporation, both of which are consolidated subsidiaries of the Company, as the successor companies; and merged with Hitachi High-Tech Manufacturing & Service Corp, which became the surviving company.

Hitachi High-Technologies India Private Limited was established effective April 12, 2013 and has been included in the scope of consolidation from the fiscal year under review; Hitachi High-Technologies RUS Limited Liability Company was established effective January 17, 2014 and has been included in the scope of consolidation from the fiscal year under review.

2) Number of non-consolidated subsidiaries: 0

(2) Application of equity method

(i) **Number of non-consolidated subsidiaries accounted for by the equity method:** 0

(ii) **Number of affiliates accounted for by the equity method:** 1

Name of company: Chorus Call Asia Corporation

Chorus Call Asia Corporation was established effective April 1, 2013 and has been included in the scope of the equity method.

(iii) **Matters to note regarding procedures for the application of the equity method**

The fiscal year for Chorus Call Asia Corporation ends on December 31.

Financial statements as of March 31, 2014 that have been prepared by provisionally settling accounts in accordance with the annual closing of accounts have been used.

(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 7 other companies

End of fiscal year: December 31

Consolidation procedures have been taken based on financial statements as of March 31, 2014 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.

(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) 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.

6) Accounting method for retirement benefits

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

(Changes in accounting policies)

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the "Accounting Standard for Retirement Benefits") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) became eligible for adoption from the fiscal year beginning on or after April 1, 2013, and in conjunction, the Company has adopted these standards, etc. effective from the fiscal year under review. Under these standards, pension assets are deducted from retirement benefit obligations and the net amount is recognized as net defined benefit liability, and previously unrecognized actuarial gains and losses and unrecognized prior services costs are recorded as net defined benefit liability. The method of calculating retirement benefit obligations and service costs has been revised, while the method of attributing benefits to accounting periods has been changed from the straight-line method to the standard benefit formula basis together with the change in the method of determination of the discount rate.

When applying the Accounting Standard for Retirement Benefits, in accordance with transitional handling as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, effect of change from recording retirement benefit obligations less pension assets as net defined benefit liability is added to or subtracted from remeasurements of defined benefit plans under accumulated other comprehensive income, at the beginning of the fiscal year under review. Additionally, the impact of the change in method of calculating retirement benefit obligations and service costs is added to or subtracted from retained earnings.

As a result of these changes, as of the beginning of the fiscal year under review, net defined benefit liability of JPY 31,957 million was recorded, in addition to the decreases of JPY 18,267 million and JPY 2,353 million from accumulated other comprehensive income and retained earnings, respectively. The impact of these changes on the Consolidated Statements of Income for the fiscal year under review is minimal.

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

(i) Accounting for consumption tax, etc.
Consumption tax, etc. is excluded.

(ii) Adoption of consolidated taxation system
Starting from the fiscal year under review, the Company and its certain consolidated subsidiaries have adopted the consolidated taxation system.

3. Notes to consolidated balance sheets

(1)	Accumulated depreciation of property, plant and equipment:	JPY 86,344 million
(2)	Collateralized assets and secured liabilities	
	Collateralized assets	
	Investments in securities (shares) (guarantee for transactions)	JPY24 million
	Secured liabilities	
	Accounts payable	JPY10 million
(3)	Guarantees	
	Employees (Housing loans)	JPY253 million
(4)	Export bill discount	JPY27 million
(5)	Notes endorsed	JPY92 million

4. Notes to consolidated statements of income

(1) Restructuring charges

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

Breakdown:	Additional retirement benefits	JPY2,068 million
	Impairment loss	JPY535 million
	Total	JPY2,603 million

(Note 1) Loss on impairment of assets

Location	**Purpose**	**Type**	**Impairment Loss (million yen)**
Hitachi High-Tech Fine Systems Corporation (Kamisato-machi, Kodama-gun, Saitama Prefecture)	LCD manufacturing equipment	Buildings, machinery and equipment, tools, furniture & fixtures, and software	535
Total			535

In terms of LCD manufacturing equipment, the book value has been reduced to the recoverable value measured based on value in use due to the deterioration in profitability stemming from the severe downturn in market conditions. As for such assets, the book value was declared in full as an impairment loss under extraordinary losses, due to the lack of prospects for generating sufficient cash flow in the future.

(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.

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

Location	**Purpose**	**Type**	**Impairment Loss (million yen)**
Head Office Region (Minato-ku, Tokyo)	Assets determined to be disposed of	Machinery and equipment, others	85
Head Office Region (Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture)	Assets determined to be disposed of	Buildings and land	349
Other	Assets determined to be disposed of	Buildings	9
Total			443

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

5. 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, 2013	Increase during fiscal year ended March 31, 2014	Decrease during fiscal year ended March 31, 2014	Total number of shares as at March 31, 2014
Common stock	137,738,730	-	-	137,738,730

(2) Stock acquisition rights, etc.

Not applicable.

(3) Cash dividends

(i) Total amount of cash dividends

Resolution	Class of shares	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record Date	Effective Date
Meeting of Board of Directors held on May 23, 2013	Common stock	1,375	10.00	March 31, 2013	June 3, 2013
Meeting of Board of Directors held on October 25, 2013	Common stock	1,375	10.00	September 30, 2013	November 27, 2013

(ii) Cash dividends whose record date falls in FY2013 but effective date falls in FY2014

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, 2014	Common stock	Retained earnings	2,751	20.00	March 31, 2014	June 2, 2014

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 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.

All trade notes and accounts payable have maturities of less than one year.

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, 2014 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 deposits	22,548	22,548	-
(ii) Trade notes and accounts receivable	135,067		
Less allowance for doubtful receivables*1	(486)		
Net amount	134,580	134,580	(0)
(iii) Deposits to Hitachi Group cash management fund	112,139	112,139	-
(iv) Short-term investments and investments in securities			
Other securities	12,818	12,818	-
Total assets	282,086	282,086	(0)
Trade notes and accounts payable	105,683	105,683	-
Total liabilities	105,683	105,683	-
Derivative transactions*2			
Those to which hedge accounting is not applied	(241)	(241)	-
Those to which hedge accounting is applied	(571)	(571)	-
Total derivative transactions	(811)	(811)	-

*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 deposits

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

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	111
Unlisted foreign bonds	1

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: JPY1,981.00

(2) Amount of net income per share: JPY131.11

8. Notes on significant subsequent events

Not applicable.

9. Other information

(1) Changes in deferred tax assets and deferred tax liabilities due to changes in the rate of taxes including income taxes

With the promulgation on March 31, 2014 of the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 10, 2014), the Special Corporation Tax for Reconstruction will no longer be imposed from the consolidated fiscal year beginning on and after April 1, 2014. As a result, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 38.0% applicable hitherto to 35.6%, for the temporary differences likely to be eliminated in the consolidated fiscal year beginning on April 1, 2014.

As a result of this change in tax rate, net value of deferred tax assets (after deduction of deferred tax liabilities) decreased by JPY489 million, deferred profit or loss on hedges decreased by JPY13 million, and income taxes-deferred increased by JPY476 million.

(2) Business combination (Common control transactions)

1) Outline of the transaction

I. Fine Technology Systems Business

(i) Name and details of business subject to combination

Name of business: Fine Technology Systems Business of the Company.

Details of business: Manufacturing/sales of and of the Company installation/maintenance services for LCD Manufacturing Equipment, HD Manufacturing Equipment and Railroad Inspection Equipment

(ii) Date of business combination

April 1, 2013

(iii) Legal form of the business combination

Business transfer in which the Fine Technology Systems Business of the Company is transferred to Hitachi High-Tech Engineering Service Corporation

(iv) Name of the company after the combination

Hitachi High-Tech Fine Systems Corporation (Hitachi High-Tech Engineering Service Corporation changed its name to Hitachi High-Tech Fine Systems Corporation.)

(v) Other items relating to the outline of the transaction

The Fine Technology Systems Business, a part of the Company's product division, has been expanding into the areas of environment, new energy and social innovation, in addition to the growth area of next-generation electronics, and by leveraging its unique business creation ability, has been promoting production solution-type businesses development.

The business transfer and reorganization was conducted with the aim of accelerating the realization of these growth strategies.

II. Scientific Instruments Business

(i) Name and details of business subject to combination

Name of business: Analyzer business of the Company and Hitachi High-Tech Control Systems Corp.

Details of business: Design and domestic sales functions of the analyzer business including spectroanalysis and liquid chromatographs

(ii) Date of business combination
October 1, 2013

(iii) Legal form of the business combination
Corporate split in which the Company and Hitachi High-Tech Control Systems Corp. are the split companies, and Hitachi High-Tech Science Corporation is the successor company

(iv) Name of the company after the combination
Hitachi High-Tech Science Corporation

(v) Other items relating to the outline of the transaction
The corporate split was conducted with the aim of accelerating the early maximization of synergy between the analyzer business held by the Company and Hitachi High-Tech Control Systems Corp, which includes spectroanalysis and liquid chromatographs, and analyzer business held by Hitachi High-Tech Science Corporation, which includes thermal analysis and X-ray fluorescence analysis.
As this corporate split took place between the Company and its wholly-owned subsidiaries, there was no allocation of shares or other form of consideration exchanged in conjunction with the corporate split.

III. Measuring Equipment business

(i) Name and details of business subject to combination
Name of business: Measuring equipment business of Hitachi High-Tech Control Systems Corp.
Details of business: Design and manufacturing functions of the measuring equipment business, which includes measurement devices and information control systems

(ii) Date of business combination
October 1, 2013

(iii) Legal form of the business combination
Corporate split in which Hitachi High-Tech Control Systems Corp. is the split company, and Hitachi High-Tech Solutions Corporation is the successor company

(iv) Name of the company after the combination
Hitachi High-Tech Solutions Corporation

(v) Other items relating to the outline of the transaction
The corporate split was conducted with the aim of building an integrated measuring equipment business and strengthening collaboration with the IT Business, which includes software development, one of the strengths of Hitachi High-Tech Solutions Corporation.
As this corporate split took place between the Company's wholly-owned subsidiaries, there was no allocation of shares or other form of consideration exchanged in conjunction with the corporate split.

IV. Domestic contract manufacturing functions

(i) Name and details of business subject to combination
Combiner
Name of the business: Hitachi High-Tech Manufacturing & Service Corp.
Details of business: Manufacturing of science and medical equipment, service components and printed circuit board; contracted analysis services and indirect assistance services
Combinee
Name of business: Hitachi High-Tech Control Systems Corp.
Details of business: Design and manufacturing of peripheral equipment of semiconductor inspection systems

(ii) Date of business combination
October 1, 2013

(iii) Legal form of the business combination
Absorption-type merger in which Hitachi High-Tech Manufacturing & Service Corp. is the surviving company and Hitachi High-Tech Control Systems Corp. is the extinct company

(iv) Name of the company after the combination
Hitachi High-Tech Manufacturing & Service Corp.

(v) Other items relating to the outline of the transaction
The merger was conducted with the aim of positioning Hitachi High-Tech Manufacturing & Service Corp. as the Group's domestic contract manufacturing company, and realizing increased efficiency and total optimization through the concentration of the domestic contract manufacturing functions.
As this merger took place between the Company's wholly-owned subsidiaries, there was no allocation

of shares or other form of consideration exchanged in conjunction with the merger.

2) Outline of accounting treatment
Accounting treatment is applied as transactions under common control based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 26, 2008).

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) 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) Derivatives

Derivatives are marked to market.

3) 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.

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) 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.

(Changes in accounting policy)

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter “the Accounting Standard for Retirement Benefits”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) became eligible for adoption from the fiscal year beginning on or after April 1, 2013, and in conjunction the Company has adopted these standards, etc. effective from the fiscal year under review. The method of calculating retirement benefit obligations and service costs has been revised, while the method of attributing benefits to accounting periods has been changed from the straight-line method to the standard benefit formula basis together with the change in the method of determination of the discount rate.

When applying the Accounting Standard for Retirement Benefits, the Company, in accordance with transitional handling as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, effect of change from the calculation method of retirement benefit obligations and service costs are added to or subtracted from retained earnings brought forward. As a result of these changes, as of the beginning of the fiscal year under review, retained earnings brought forward decreased by JPY 1,366 million. The impact of these changes on the Statements of Income for the fiscal year under review is minimal.

(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

1) Accounting for retirement benefits

The accounting method for previously unrecognized actuarial gains and losses and unrecognized prior services costs is different from the accounting method used in the Consolidated Financial Statements.

2) Accounting for consumption tax, etc.

Consumption tax, etc. is excluded.

3) Adoption of consolidated taxation system

Starting from the fiscal year under review, the Company and its certain consolidated subsidiaries have adopted the consolidated taxation system.

3. Changes in Accounting Policies

Change in presentation

(Unconsolidated Balance Sheets)

“Accounts receivable-other” (JPY9,275 million in the fiscal year under review), which had been presented separately in the previous fiscal year has been included in “Other” under “Current assets” starting from the fiscal year under review, as the amount has become insignificant.

“Right of using facilities” (JPY19 million in the fiscal year under review), which had been presented separately in the previous fiscal year has been included in “Other” under “Intangible assets” starting from the fiscal year under review, as the amount has become insignificant.

“Lease and guarantee deposits” (JPY1,157 million in the fiscal year under review), which had been presented separately in the previous fiscal year has been included in “Other” under “Investments and others” starting from the fiscal year under review, as the amount has become insignificant.

4. Notes to unconsolidated balance sheets

(1)	Accumulated depreciation of property, plant and equipment:	JPY59,504 million
(2)	Guarantees	JPY1,364 million
	The breakdown of guarantees is as follows.	
	2 affiliated companies (guarantee for trade accounts payable)	JPY1,193 million
	Employees (home loans)	JPY170 million
(3)	Trade notes receivable transferred by endorsement	JPY42 million
(4)	Short-term receivables from affiliated companies	JPY61,652 million
(5)	Short-term payables to affiliated companies	JPY50,500 million

(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).

5. Notes to unconsolidated statements of income

(1) Transactions with affiliated companies

Sales	JPY157,240 million
Purchases	JPY81,386 million
Non-operating transactions	JPY24,459 million

(2) Extraordinary loss

1) Provision of allowance for doubtful accounts for affiliated companies

Provision of allowance for doubtful accounts for affiliated companies refers to the allowance for doubtful accounts recorded for the short-term loans receivable of Hitachi High-Tech Fine Systems Corporation, which is a consolidated subsidiary of the Company, and JPY5,257 million has been recorded as "Provision of allowance for doubtful accounts for affiliated companies" under extraordinary loss.

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, 2014, the Company accounted for impairment losses for the following assets.

Location	**Purpose**	**Type**	**Impairment Loss (million yen)**
Head Office Region (Minato-ku, Tokyo)	Assets determined to be disposed of	Machinery and equipment, others	85
Head Office Region (Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture)	Assets determined to be disposed of	Buildings and land	349
Head Office Region (Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture)	Idle assets	Land	10
Total			444

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

(shares)

Class of shares	Total number of shares as at April 1, 2013	Increase during fiscal year ended March 31, 2014	Decrease during fiscal year ended March 31, 2014	Total number of shares as at March 31, 2014
Common stock	200,583	2,968	-	203,551

Note: The increase of 2,968 shares was attributable to the buyback of shares falling short of the share unit.

7. Notes on tax effect accounting

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

(Current)

Deferred tax assets	
Amount in excess of deduction limit for loss on doubtful receivables	JPY5,322 million
Accrued bonuses	JPY1,740 million
Accrued enterprise tax denied	JPY735 million
Accrued cost of sales recorded but denied	JPY303 million
Devaluation of inventories	JPY803 million
Deferred profit or loss on hedges	JPY203 million
Other	JPY691 million
Deferred tax assets—Subtotal	JPY9,797 million
Valuation reserve	(JPY5,322 million)
Deferred tax assets—Total	JPY4,475 million
Deferred tax liabilities	
Unrealized holding gains on securities	(JPY1 million)
Deferred tax liabilities—Total	(JPY1 million)
Net deferred tax assets	JPY4,474 million

(Noncurrent)

Deferred tax assets	
Amount in excess of deduction limit for loss on doubtful receivables	JPY45 million
Accrued retirement and severance benefits for employees	JPY6,285 million
Loss on devaluation of memberships denied	JPY221 million
Loss on devaluation related to investments denied	JPY2,417 million
Excess depreciation	JPY1,190million
Asset retirement obligations	JPY135 million
Impairment losses	JPY1,193 million
Other	JPY303 million
Deferred tax assets—Subtotal	JPY11,789 million
Valuation reserve	(JPY4,036 million)
Deferred tax assets—Total	JPY7,753 million
Deferred tax liabilities	
Asset retirement obligation	(JPY32 million)
Unrealized holding gains on securities	(JPY3,162 million)
Reserve for advanced depreciation of fixed assets	(JPY819 million)
Other	(JPY1 million)
Deferred tax liabilities—Total	(JPY4,014 million)
Net deferred tax assets	JPY3,739 million

(2) Changes in deferred tax assets and deferred tax liabilities due to changes in the rate of taxes including income taxes

With the promulgation on March 31, 2014 of the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 10, 2014), the Special Corporation Tax for Reconstruction will no longer be imposed from the consolidated fiscal year beginning on and after April 1, 2014. As a result, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 38.0% applicable hitherto to 35.6%, for the temporary differences likely to be eliminated in the consolidated fiscal year beginning on April 1, 2014.

As a result of this change in tax rate, net value of deferred tax assets (after deduction of deferred tax liabilities) decreased by JPY303 million, deferred profit or loss on hedges decreased by JPY13 million, and income taxes-deferred increased by JPY290 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: —	1 person	Purchase and sale of various information equipment, power-generation-related components, etc.	Sale of various information equipment, power-generation-related components, etc.	20,839	Accounts receivable Advances received	3,721 101
								Purchase of various information equipment	5,477	Accounts receivable Advances received	4,116 310
								Receipt of funds Interest received	15,098 211	Deposit to Hitachi group cash manage-ment fund Accounts receivable-other	112,139 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)	Classification	Year-end balance (million yen)
						Sharing of officers, etc.	Relationship with related parties				
Subsidiary	Hitachi High-Tech Solutions Corporation	Chuo-ku, Tokyo	400	Design, manufacturing and sale of measuring equipment, etc. Development and sale of software	Direct: 100% Indirect: —	2 persons	Purchase of software, etc.	Receipt of funds Payment of interest	1,698 9	Deposit received Accrued expenses	6,000 0
Subsidiary	Hitachi High-Tech Fielding Corp.	Shinjuku-ku, Tokyo	1,000	Maintenance services for semiconductor manufacturing equipment, analysis and measuring equipment, etc.	Direct: 100% Indirect: —	4 persons	Sale of service components, etc.	Sale of service components, etc.	18,210	Accounts receivable	5,579
								Deposit disbursed Payment of interest	311 16	Deposit received Accrued expenses	7,528 2
Subsidiary	Hitachi High-Tech Manufacturing & Service Corp.	Hitachinaka City, Ibaraki Prefecture	230	Manufacturing of clinical analyzers, and semiconductor-manufacturing equipment, etc.	Direct: 100% Indirect: —	None	Purchase of clinical analyzers, and semiconductor-manufacturing equipment, etc.	Provision for a fee of clinical analyzers, and semiconductor-manufacturing equipment, etc.	11,260	Accounts receivable-other	4,068
								Purchase of clinical analyzers, and semiconductor-manufacturing equipment, etc.	30,257	Accounts payable	6,801
								Receipt of funds Payment of interest	453 10	Deposit received	5,436
Subsidiary	Hitachi High-Tech Instruments Co., Ltd.	Kumagaya City, Saitama Prefecture	450	Design, manufacturing and maintenance services of semiconductor mounting systems and equipment related to post-processes in semiconductor manufacturing, etc.	Direct: 100% Indirect: —	None	Purchase of semiconductor mounting systems and equipment related to post-processes in semiconductor manufacturing, etc.	Collection of funds Interest received	80 54	Short-term loan receivables	14,140
Subsidiary	Hitachi High-Tech Fine Systems Corporation	Kodama-gun, Saitama Prefecture	1,485	Design, manufacturing, sales and maintenance services of electronics-related products and inspection equipment, etc.	Direct 100% Indirect —	3 persons	Provision of loans through pooling system	Provision of loans Receipt of interest	9,368 29	Short-term loans receivable	9,368
							Business transfer	Business transfer Total transferred assets Total transferred	 11,638 8,018	 - -	 - -

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				
								liabilities Consideration for transfer	 3,620	 -	 -
Subsidiary	Hitachi High-Tech Science Corporation	Minato-ku, Tokyo	100	Design, manufacturing and sales of analyzers, controls system equipment and observation equipment	Direct 100% Indirect —	2 persons	Corporate split	Corporate split Total split assets Total split liabilities Total split net assets	 5,041 3,891 1,150	 - - -	 - - -
Subsidiary	Hitachi High Technologies America, Inc.	USA	USD 7,950 thousand	Sale of semiconductor manufacturing equipment, communication equipment, and industrial materials, etc.	Direct: 100% Indirect: —	1 person	Sale of semiconductor manufacturing equipment, etc.	Sale of semiconductor manufacturing equipment, etc.	42,705	Accounts receivable Advances received	5,220 3,624
Subsidiary	Hitachi High-Technologies Europe GmbH	Germany	EUR 3,129 thousand	Sale of semiconductor manufacturing equipment, clinical analyzers, etc.	Direct: 100% Indirect: —	1 person	Sale of semiconductor manufacturing equipment, clinical analyzers, etc.	Sale of semiconductor manufacturing equipment, clinical analyzers, etc.	52,631	Accounts receivable Advances received	6,788 108

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 JPY14,929 million as an allowance for doubtful receivables for subsidiaries. Additionally, a total of JPY6,153 million as provision for allowance for doubtful receivables for subsidiaries has been recorded in this fiscal year, of which JPY896 million has been recorded under other deductions and JPY5,257 million under extraordinary loss.
5. The business transfer was conducted on April 1, 2013, in accordance with the Company’s policy, in which the entire business of the Fine Technology Systems Business Group was transferred to Hitachi High-Tech Engineering Service Corporation, a consolidated subsidiary of the Company. On the same date, Hitachi High-Tech Engineering Service Corporation changed its name to Hitachi High-Tech Fine Systems Corporation.
6. The corporate split was conducted on October 1, 2013, in accordance with the Company’s policy, in which the design and domestic sales function of the analytical instruments business were split by means of an absorption-type split, with the Company as the splitting company in the absorption-type split, and Hitachi High-Tech Science Corporation, a consolidated subsidiary of the Company, as the successor company of the absorption-type split.

9. Notes on per share information

(1) Net assets per share: JPY1,576.40

(2) Amount of net income per share: JPY98.39

10. Notes on significant subsequent events

Not applicable.

11. Other information

Business combination (Common control transactions)

Notes on business combinations have been omitted, as they have already been stated in “9. Other information (2) Business combination (Common control transactions).”