

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Consolidated Financial Results  
for the Second Quarter ended September 30, 2016**

**Tokyo, October 28, 2016** --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the second quarter of fiscal 2016, ended September 30, 2016.

Note: All figures were converted at the rate of 101 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2016.

## Summary

In billions of yen and U.S. dollars, except Earnings per share attributable to Hitachi, Ltd. stockholders (7).

	Six months ended September 30			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (billions)
	2015(A)	2016(B)		2016
1. Revenues	4,806.8	4,353.7	91	43.1
2. Adjusted operating income	274.0	232.8	85	2.3
3. EBIT (Earnings before interest and taxes)	262.6	218.5	83	2.2
4. Income from continuing operations, before income taxes	254.6	214.1	84	2.1
5. Net income	165.8	160.6	97	1.6
6. Net income attributable to Hitachi, Ltd. stockholders	97.5	113.5	116	1.1
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	20.21	23.51	116	0.23
Diluted	20.19	23.50	116	0.23

Notes: 1. The Company's consolidated financial statements are prepared based on IFRS.

2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

3. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

4. The figures are for 947 consolidated subsidiaries and 354 equity-method associates and joint ventures. Consolidated trust accounts are not included into the figures of consolidated subsidiaries.

5. A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

## 1. Qualitative Information Concerning Consolidated Business Results

### (1) Summary of Fiscal 2016 First Half (Six Months Ended September 30, 2016)

#### Consolidated Business Results

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	4,353.7	(9%)	43,107
Adjusted operating income	232.8	(41.1)	2,305
EBIT	218.5	(44.0)	2,164
Income from continuing operations, before income taxes	214.1	(40.5)	2,120
Income from continuing operations	160.6	(17.0)	1,590
Income from discontinued operations	0.0	+11.7	0
Net income	160.6	(5.2)	1,590
Net income attributable to Hitachi, Ltd. stockholders	113.5	+15.9	1,124

During the first half of fiscal 2016, the year ending March 31, 2017, consumer spending and housing investment remained firm in the U.S. due to improving employment. Meanwhile, in Europe, the pound sterling depreciated, reflecting the result of the Brexit referendum in the U.K. In China and emerging markets, the economies continued to slow. The Japanese economy meanwhile remained on a moderate recovery path, despite some weaknesses such as a decline in exports due to the appreciation of the yen that began at the end of 2015 and other factors.

Hitachi's consolidated revenues for the first half of fiscal 2016 decreased 9% year over year, to 4,353.7 billion yen. The decline resulted mainly from a decrease in yen-based revenues of overseas subsidiaries due to the negative impact of foreign currency translation, and smaller year-over-year revenues in the Others Segment, in which Hitachi Transport System, Ltd. was converted to an equity-method associate in May 2016, and in the Smart Life & Ecofriendly Systems Segment, where the air-conditioning business was reorganized in October 2015. This was despite an increase in revenues in the Social Infrastructure & Industrial Systems Segment, in which Hitachi acquired businesses of AnsaldoBreda S.p.A. (excluding a part of its operations) and Ansaldo STS S.p.A. in November 2015.

Adjusted operating income decreased 41.1 billion yen year over year, to 232.8 billion yen, due mainly to the negative impact of foreign currency translation and the reorganization of the air-conditioning business and Hitachi Transport System.

EBIT decreased 44.0 billion yen year over year, to 218.5 billion yen due to lower adjusted operating income. As a result of promoting the continuous review of the business portfolio, gains on business reorganization related to the sale of part of the shares in Hitachi Transport System were posted in the first half of fiscal 2016, while gains on the sale of its equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd. were posted in the same period last year.

Income from continuing operations, before income taxes, decreased 40.5 billion yen year over year to 214.1 billion yen. After deducting income taxes of 53.5 billion yen, Hitachi posted income from continuing operations of 160.6 billion yen, down 17.0 billion yen year over year. Net income was 160.6 billion yen, down 5.2 billion yen year over year. Net income attributable to Hitachi, Ltd. stockholders increased 15.9 billion yen year over year to 113.5 billion yen, due to a decrease in income taxes and net income attributable to non-controlling interests.

## (2) Revenues, Adjusted Operating Income and EBIT by Segment

Results by segment were as follows:

### [Information & Telecommunication Systems]

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	927.0	(7%)	9,179
Adjusted operating income	55.6	+5.6	551
EBIT	19.6	(25.6)	194

Segment revenues were 927.0 billion yen, a decrease of 7% year over year, reflecting the negative impact of foreign currency translation for overseas subsidiaries, and decreased revenues from ATMs for overseas markets.

Adjusted operating income was 55.6 billion yen, an increase of 5.6 billion yen year over year, due to the effect of structural reform centered on the telecommunications & network business, and an improvement in profitability of the social infrastructure-related information systems.

EBIT decreased 25.6 billion yen year over year to 19.6 billion yen, due to the recognition of structural reform expenses, including impairment losses on fixed assets mainly in the telecommunications & network business, and an exchange loss, despite the increase in adjusted operating income.

### [Social Infrastructure & Industrial Systems]

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,029.8	8%	10,197
Adjusted operating income	15.0	(1.7)	149
EBIT	3.4	(9.4)	34

Segment revenues were 1,029.8 billion yen, up 8% year over year, reflecting substantial revenue growth in the railway systems business due to the acquisition of the businesses of AnsaldoBreda (excluding a part of its operations) and Ansaldo STS, as well as an increase in revenues for the U.K., despite decreases in revenues in the elevators and escalators business due to the negative impact of foreign currency translation and in revenues in the industrial plant-related business that strategically promoted selective acceptance of orders.

Adjusted operating income was 15.0 billion yen, a decrease of 1.7 billion yen year over year, due mainly to the negative impact of foreign currency translation, despite higher segment revenues.

EBIT decreased 9.4 billion yen year over year to 3.4 billion yen, due mainly to the decrease in adjusted operating income and recognizing exchange loss.

**[Electronic Systems & Equipment]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	537.5	(2%)	5,322
Adjusted operating income	30.4	(1.2)	301
EBIT	26.4	(5.5)	262

Segment revenues decreased 2% year over year to 537.5 billion yen because the sales of semiconductor production equipment declined due to less investment for high-volume production by leading semiconductor manufacturers, despite increased revenues at Hitachi Koki Co., Ltd. due to the acquisition of Germany-based Metabo AG.

Adjusted operating income was 30.4 billion yen, a decrease of 1.2 billion yen year over year, reflecting lower earnings at Hitachi Kokusai Electric Inc., which experienced lower revenues, despite higher earnings at Hitachi High-Technologies Corporation which recorded firm sales of clinical analyzers.

EBIT decreased 5.5 billion yen year over year to 26.4 billion yen. This decrease was due mainly to the decrease in adjusted operating income, and recognizing exchange loss.

**[Construction Machinery]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	334.9	(8%)	3,316
Adjusted operating income	5.4	(10.5)	54
EBIT	3.5	(8.1)	35

Segment revenues decreased 8% year over year to 334.9 billion yen, mainly reflecting continued sluggish market conditions in Asia and the Americas.

Adjusted operating income was 5.4 billion yen, a decrease of 10.5 billion yen year over year, as a result of lower revenues.

EBIT was 3.5 billion yen, a year over year decrease of 8.1 billion yen, reflecting the decline in adjusted operating income.

**[High Functional Materials & Components]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	703.2	(12%)	6,963
Adjusted operating income	55.6	(5.0)	551
EBIT	49.7	(36.4)	492

Segment revenues decreased 12% year over year to 703.2 billion yen. This result mainly reflected a fall in revenues both at Hitachi Metals and Hitachi Chemical Co., Ltd., due to the negative impact of foreign currency translation and reduced sales of electronics-related products.

Adjusted operating income decreased 5.0 billion yen year over year to 55.6 billion yen, due to the decrease in segment revenues.

EBIT was 49.7 billion yen, down 36.4 billion yen year over year, due mainly to the decrease in adjusted operating income, because gains on the sale of equity interest in Hitachi Tool Engineering by Hitachi Metals was recognized in the same period last year, and the exchange loss was posted in the first half of this fiscal year.

**[Automotive Systems]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	471.8	(4%)	4,672
Adjusted operating income	20.6	(6.4)	204
EBIT	20.6	(4.6)	204

Segment revenues were 471.8 billion yen, down 4% year over year, due to the negative impact of foreign currency translation, despite sales growth especially in North America and China, where demand for automobiles was firm.

Adjusted operating income was 20.6 billion yen, down 6.4 billion yen year over year, due mainly to the negative impact of foreign currency translation, despite an improvement in capacity utilization at overseas factories.

EBIT was 20.6 billion yen, down 4.6 billion yen year over year due mainly to the decline in adjusted operating income.

**[Smart Life & Ecofriendly Systems]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	287.4	(27%)	2,846
Adjusted operating income	6.1	(5.7)	61
EBIT	9.7	(3.3)	97

Segment revenues decreased 27% year over year to 287.4 billion yen. This decrease mainly reflected the impact of the reorganization of the air-conditioning business.

Adjusted operating income was 6.1 billion yen, down 5.7 billion yen year over year, due chiefly to the reorganization of the air-conditioning business.

EBIT decreased 3.3 billion yen to 9.7 billion yen, mainly as a result of the decline in adjusted operating income.

**[Others]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	359.3	(42%)	3,558
Adjusted operating income	14.6	(12.5)	145
EBIT	12.5	(11.7)	124

Segment revenues were 359.3 billion yen, down 42% year over year, due mainly to the conversion of Hitachi Transport System to an equity-method associate.

Adjusted operating income was 14.6 billion yen, a decrease of 12.5 billion yen year over year, reflecting the decreased revenues.

EBIT decreased 11.7 billion yen year over year to 12.5 billion yen, due to the decline in adjusted operating income.

Note: From FY2016, the "Others (Logistics and Other Services)" has been renamed to the "Others".



**[Financial Services]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	179.2	(1%)	1,774
Adjusted operating income	21.3	(2.2)	211
EBIT	22.8	(1.7)	226

Segment revenues decreased 1% year over year to 179.2 billion yen. This result was because overall overseas revenues decreased due to the negative impact of foreign currency translation, despite the strong performance of business in the Americas.

Adjusted operating income decreased 2.2 billion yen year over year to 21.3 billion yen, due mainly to the negative impact of foreign currency translation.

EBIT decreased 1.7 billion yen year over year to 22.8 billion yen, due to the decline in adjusted operating income.

**(3) Revenues by Market**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change	U.S. Dollars (millions)
Japan	2,223.1	(8%)	22,011
Outside Japan	2,130.6	(11%)	21,095
Asia	890.7	(19%)	8,819
North America	564.7	(12%)	5,591
Europe	487.0	15%	4,822
Other Areas	188.1	(16%)	1,863

Revenues in Japan were 2,223.1 billion yen, down 8% year over year. This was mainly due to a fall in revenues in the Others Segment, in which Hitachi Transport System was converted to an equity-method associate.

Overseas revenues decreased 11% year over year to 2,130.6 billion yen. While revenues increased in the Social Infrastructure & Industrial Systems Segment due to the acquisition of businesses of AnsaldoBreda (excluding a part of its operations) and Ansaldo STS, overseas revenues decreased due to the reorganization of the air-conditioning business and the negative impact of foreign currency translation.

As a result, the ratio of overseas revenues to consolidated revenues was 49%, 1 point lower than the same period last year.

**(4) Capital Expenditures, Depreciation and R&D Expenditures**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Capital expenditures [Manufacturing, Services and Others]	137.5	(49.7)	1,362
Depreciation [Manufacturing, Services and Others]	131.7	(10.2)	1,304
R&D expenditures	158.1	(6.3)	1,565

Capital expenditures in Manufacturing, Services and Others were 137.5 billion yen, down 49.7 billion yen year over year, mainly due to decreases in investments made by the Others Segment, in which Hitachi Transport System was converted to an equity-method associate, the Smart Life & Ecofriendly Systems Segment, in which the air-conditioning business was reorganized, and the Information & Telecommunication Systems Segment, which focused on the careful selection of investment projects.

Depreciation in Manufacturing, Services and Others decreased 10.2 billion yen year over year to 131.7 billion yen.

Including Financial Services, capital expenditures were 205.0 billion yen, while depreciation was 170.8 billion yen.

R&D expenditures were 158.1 billion yen, a decrease of 6.3 billion yen year over year. This result mainly reflected the careful selection of development projects in the Information & Telecommunication Systems Segment as part of structural reforms, and the reorganization of the air-conditioning business.

## 2. Financial Position

### (1) Financial Position

	As of September 30, 2016		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	11,779.3	(771.6)	116,627
Total liabilities	7,914.5	(510.8)	78,362
Interest-bearing debt	3,576.8	(27.5)	35,414
Total Hitachi, Ltd. stockholders' equity	2,624.2	(110.7)	25,983
Non-controlling interests	1,240.5	(149.9)	12,282
Total Hitachi, Ltd. stockholders' equity ratio	22.3%	0.5 points increase	—
D/E ratio (including non-controlling interests)	0.93 times	0.06 points increase	—

### [Manufacturing, Services and Others]

	As of September 30, 2016		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	9,070.9	(846.9)	89,812
Total liabilities	5,538.3	(595.2)	54,835
Interest-bearing debt	1,405.2	(109.8)	13,913
Total Hitachi, Ltd. stockholders' equity	2,437.1	(103.6)	24,131
Non-controlling interests	1,095.4	(148.0)	10,846
Cash Conversion Cycle	64.5 days	7.1 days decrease	—
Total Hitachi, Ltd. stockholders' equity ratio	26.9%	1.3 points increase	—
D/E ratio (including non-controlling interests)	0.40 times	±0.00 point	—

Total assets in Manufacturing, Services and Others decreased 846.9 billion yen from March 31, 2016, to 9,070.9 billion yen. This was the result of converting Hitachi Transport System to an equity-method associate, and promoting collection of trade receivables recorded at the end of last fiscal year, as well as the impact of exchange fluctuations. Interest-bearing debt in Manufacturing, Services and Others decreased 109.8 billion yen from March 31, 2016, to 1,405.2 billion yen. Total Hitachi, Ltd. stockholders' equity in Manufacturing, Services and Others decreased 103.6 billion yen from March 31, 2016, to 2,437.1 billion yen, mainly due to exchange fluctuations. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Manufacturing, Services and Others improved to 26.9%, and the debt-to-equity ratio, including non-controlling interests, was 0.40 times. The Cash Conversion Cycle in Manufacturing, Services and Others decreased 7.1 days from March 31, 2016 to 64.5 days. This was mainly the result of promoting speedy collection of trade receivables.

**[Financial Services]**

	As of September 30, 2016		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	3,026.1	(65.3)	29,962
Total liabilities	2,685.5	(58.8)	26,590
Interest-bearing debt	2,349.9	+10.4	23,267
Total Hitachi, Ltd. stockholders' equity	197.2	(4.0)	1,953
Non-controlling interests	143.3	(2.4)	1,419
Total Hitachi, Ltd. stockholders' equity ratio	6.5%	±0.0 point	—
D/E ratio (including non-controlling interests)	6.90 times	0.16 points increase	—

Total assets in Financial Services decreased 65.3 billion yen from March 31, 2016, to 3,026.1 billion yen. This mainly reflected a decline in trade receivables due to the appreciation of the yen. Interest-bearing debt in Financial Services increased 10.4 billion yen from March 31, 2016, to 2,349.9 billion yen. Total Hitachi, Ltd. stockholders' equity in Financial Services decreased 4.0 billion yen from March 31, 2016, to 197.2 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Financial Services was 6.5% and the debt-to-equity ratio, including non-controlling interests, was 6.90 times.

Accordingly, consolidated total assets decreased 771.6 billion yen from March 31, 2016 to 11,779.3 billion yen. Interest-bearing debt decreased 27.5 billion yen to 3,576.8 billion yen, and total Hitachi, Ltd. stockholders' equity decreased 110.7 billion yen from March 31, 2016, to 2,624.2 billion yen. As a result, total Hitachi, Ltd. stockholders' equity ratio was 22.3%, up 0.5 points from March 31, 2016. The debt-to-equity ratio, including non-controlling interests, increased 0.06 points from March 31, 2016, to 0.93 times.

**(2) Cash Flows**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	284.9	(24.6)	2,821
Cash flows from investing activities	(216.5)	+115.9	(2,144)
Free cash flows	68.4	+91.2	677
Cash flows from financing activities	145.9	+108.5	1,445

**[Manufacturing, Services and Others]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	294.1	(19.9)	2,912
Cash flows from investing activities	(90.4)	+145.0	(895)
Free cash flows	203.7	+125.0	2,017
Cash flows from financing activities	(11.6)	+53.5	(116)

Operating activities in Manufacturing, Services and Others provided net cash of 294.1 billion yen. Investing activities in Manufacturing, Services and Others used net cash of 90.4 billion yen, 145.0 billion yen less than in the same period last year. The decrease was mainly because there was spending for the acquisition of Pentaho Corporation in the U.S., a big data analysis software company, in the same period last year, and also proceeds in relation to the sale of shares of Hitachi Transport System were posted for the first half of this fiscal year. Free cash flows in Manufacturing, Services and Others, the sum of cash flow from operating and investing activities, were positive 203.7 billion yen, an increase of 125.0 billion yen year over year. Financing activities in Manufacturing, Services and Others used net cash of 11.6 billion yen, 53.5 billion yen less than in the same period last year.

**[Financial Services]**

	Six months ended September 30, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	2.2	(3.3)	22
Cash flows from investing activities	(106.4)	(9.7)	(1,054)
Free cash flows	(104.2)	(13.1)	(1,032)
Cash flows from financing activities	117.5	(12.8)	1,164

Operating activities in Financial Services provided net cash of 2.2 billion yen, a decrease of 3.3 billion yen year over year. Investing activities in Financial Services used net cash of 106.4 billion yen, 9.7 billion yen more than in the same period last year. Free cash flows in Financial Services were negative 104.2 billion yen, a spending increase of 13.1 billion yen year over year. Financing activities in Financial Services provided net cash of 117.5 billion yen, 12.8 billion yen less than in the same period last year.

As a result, consolidated operating activities for the first half of fiscal 2016 provided net cash of 284.9 billion yen, 24.6 billion yen less than in the same period last year. Investing activities used net cash of 216.5 billion yen, 115.9 billion yen less than in the same period last year. Free cash flows were positive 68.4 billion yen, an improvement of 91.2 billion yen year over year. Financing activities provided net cash of 145.9 billion yen, 108.5 billion yen more than in the same period last year.

Accordingly, cash and cash equivalents were 851.5 billion yen, an increase of 152.2 billion yen during the first half of fiscal 2016.

### 3. Outlook for Fiscal 2016

	Year ending March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,000.0	(10%)	89,109
Adjusted operating income	540.0	(94.8)	5,347
EBIT	450.0	(81.0)	4,455
Income from continuing operations, before income taxes	430.0	(87.0)	4,257
Income from continuing operations	300.0	(51.8)	2,970
Loss from discontinued operations	(5.0)	+52.0	(50)
Net income	295.0	+0.2	2,921
Net income attributable to Hitachi, Ltd. stockholders	200.0	+27.8	1,980

Regarding the business environment surrounding Hitachi, the U.S. economy continues to recover on the back of improved employment levels and a recovery in consumer spending, and gradual recovery of the economy is expected to continue in Europe although concerns of possible impact on exchange market and investment caused by Brexit will remain. In China, growth also continues to slow, reflecting the accelerated capacity reduction in the coal and steel industry encouraged by the government. Emerging economies in Southeast Asia and other regions are also experiencing decelerating growth due mainly to slower growth in the Chinese economy. In Japan, uncertainty is increasing, given the continued volatile currency market, although the economy is expected to be underpinned by a large-scale economic stimulus package from the government.

Reflecting these business environments, Hitachi has changed its assumed exchange rates to 100 yen to the U.S. dollar and 110 yen to the euro for the second half of fiscal 2016. Regarding the forecast of the financial result for fiscal 2016, Hitachi has not changed the previous forecast as of July 29, 2016, based on the business result for the first half of fiscal 2016, etc.

Hitachi will further accelerate the global expansion of its Social Innovation Business and will pursue efforts to strengthen its management base through continuous cost cutting and the review of unprofitable businesses.



Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation)

None

(2) Changes in accounting policy and estimate

None

### **Cautionary Statement**

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;

- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

**Condensed Quarterly Consolidated Statements of Profit or Loss**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2015 (A)	2016 (B)		
Revenues	4,806,888	4,353,774	91	43,107
Cost of sales	(3,556,463)	(3,219,608)	91	(31,877)
Gross profit	1,250,425	1,134,166	91	11,229
Selling, general and administrative expenses	(976,418)	(901,326)	92	(8,924)
Adjusted operating income	274,007	232,840	85	2,305
Other income	31,374	49,070	156	486
Other expenses	(43,460)	(51,240)	118	(507)
Financial income	7,692	4,207	55	42
Financial expenses	(18,979)	(19,631)	103	(194)
Share of profits of investments accounted for using the equity method	11,997	3,319	28	33
EBIT (Earnings before interest and taxes)	262,631	218,565	83	2,164
Interest income	5,490	5,576	102	55
Interest charges	(13,428)	(9,976)	74	(99)
Income from continuing operations, before income taxes	254,693	214,165	84	2,120
Income taxes	(77,085)	(53,562)	69	(530)
Income from continuing operations	177,608	160,603	90	1,590
Income (loss) from discontinued operations	(11,758)	24	—	0
Net income	165,850	160,627	97	1,590
Net income attributable to:				
Hitachi, Ltd. stockholders	97,591	113,500	116	1,124
Non-controlling interests	68,259	47,127	69	467

**Condensed Quarterly Consolidated Statements of Comprehensive Income**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2015 (A)	2016 (B)		
Net income	165,850	160,627	97	1,590
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(40,840)	(16,437)	40	(163)
Remeasurements of defined benefit plans	1,131	(464)	—	(5)
Share of OCI of investments accounted for using the equity method	1	(821)	—	(8)
Total items not to be reclassified into net income	(39,708)	(17,722)	45	(175)
Items that can be reclassified into net income				
Foreign currency translation adjustments	(53,208)	(229,617)	432	(2,273)
Net changes in cash flow hedges	(387)	23,756	—	235
Share of OCI of investments accounted for using the equity method	4,884	(41,638)	—	(412)
Total items that can be reclassified into net income	(48,711)	(247,499)	508	(2,450)
Other comprehensive income (OCI)	(88,419)	(265,221)	300	(2,626)
Comprehensive income (loss)	77,431	(104,594)	—	(1,036)
Comprehensive income (loss) attributable to:				
Hitachi, Ltd. stockholders	30,621	(81,156)	—	(804)
Non-controlling interests	46,810	(23,438)	—	(232)

**Condensed Quarterly Consolidated Statements of Financial Position**

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2016 (A)	As of September 30, 2016 (B)		As of September 30, 2016
Total Assets	12,551,005	11,779,351	(771,654)	116,627
Current assets	5,872,555	5,627,908	(244,647)	55,722
Cash and cash equivalents	699,315	851,528	152,213	8,431
Trade receivables	2,992,770	2,578,112	(414,658)	25,526
Lease receivables	338,758	350,233	11,475	3,468
Inventories	1,299,855	1,323,290	23,435	13,102
Other current assets	541,857	524,745	(17,112)	5,195
Non-current assets	6,678,450	6,151,443	(527,007)	60,905
Investments accounted for using the equity method	676,960	696,468	19,508	6,896
Investments in securities and other financial assets	1,329,974	1,213,048	(116,926)	12,010
Lease receivables	727,485	739,392	11,907	7,321
Property, plant and equipment	2,500,226	2,262,638	(237,588)	22,402
Intangible assets	1,070,403	936,759	(133,644)	9,275
Other non-current assets	373,402	303,138	(70,264)	3,001

Total Liabilities and Equity	12,551,005	11,779,351	(771,654)	116,627
Total Liabilities	8,425,435	7,914,551	(510,884)	78,362
Current liabilities	4,994,216	4,555,567	(438,649)	45,105
Short-term debt	871,417	747,023	(124,394)	7,396
Current portion of long-term debt	651,518	663,603	12,085	6,570
Other financial liabilities	280,048	228,822	(51,226)	2,266
Trade payables	1,451,918	1,313,971	(137,947)	13,010
Other current liabilities	1,739,315	1,602,148	(137,167)	15,863
Non-current liabilities	3,431,219	3,358,984	(72,235)	33,257
Long-term debt	2,081,520	2,166,235	84,715	21,448
Other financial liabilities	115,155	71,851	(43,304)	711
Retirement and severance benefits	783,670	725,636	(58,034)	7,185
Other non-current liabilities	450,874	395,262	(55,612)	3,913
Total Equity	4,125,570	3,864,800	(260,770)	38,265
Hitachi, Ltd. stockholders' equity	2,735,078	2,624,281	(110,797)	25,983
Common stock	458,790	458,790	0	4,542
Capital surplus	586,790	586,297	(493)	5,805
Retained earnings	1,609,761	1,696,567	86,806	16,798
Accumulated other comprehensive income (loss)	83,543	(113,554)	(197,097)	(1,124)
(Foreign currency translation adjustments)	118,635	(43,542)	(162,177)	(431)
(Remeasurements of defined benefit plans)	(42,337)	(40,765)	1,572	(404)
(Net changes in financial assets measured at fair value through OCI)	147,852	127,028	(20,824)	1,258
(Net changes in cash flow hedges)	(140,607)	(156,275)	(15,668)	(1,547)
Treasury stock, at cost	(3,806)	(3,819)	(13)	(38)
Non-controlling interests	1,390,492	1,240,519	(149,973)	12,282

**Condensed Quarterly Consolidated Statements of Changes in Equity**

Yen (millions)

	Yen (millions)							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2015	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342
Reclassified into retained earnings	-	-	4,871	(4,871)	-	-	-	-
Net income	-	-	97,591	-	-	97,591	68,259	165,850
Other comprehensive loss	-	-	-	(66,970)	-	(66,970)	(21,449)	(88,419)
Cash dividends	-	-	(28,971)	-	-	(28,971)	(24,861)	(53,832)
Changes in treasury stock	-	1	-	-	(155)	(154)	-	(154)
Equity transactions and other	-	(846)	-	34	-	(812)	(1,515)	(2,327)
Total changes in equity	-	(845)	73,491	(71,807)	(155)	684	20,434	21,118
As of September 30, 2015	458,790	607,571	1,551,008	329,293	(3,697)	2,942,965	1,374,495	4,317,460
As of March 31, 2016	458,790	586,790	1,609,761	83,543	(3,806)	2,735,078	1,390,492	4,125,570
Reclassified into retained earnings	-	-	2,275	(2,275)	-	-	-	-
Net income	-	-	113,500	-	-	113,500	47,127	160,627
Other comprehensive loss	-	-	-	(194,656)	-	(194,656)	(70,565)	(265,221)
Cash dividends	-	-	(28,969)	-	-	(28,969)	(27,780)	(56,749)
Changes in treasury stock	-	(15)	-	-	(13)	(28)	(3)	(31)
Equity transactions and other	-	(478)	-	(166)	-	(644)	(98,752)	(99,396)
Total changes in equity	-	(493)	86,806	(197,097)	(13)	(110,797)	(149,973)	(260,770)
As of September 30, 2016	458,790	586,297	1,696,567	(113,554)	(3,819)	2,624,281	1,240,519	3,864,800

U.S. Dollars (millions)

	U.S. Dollars (millions)							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2016	4,542	5,810	15,938	827	(38)	27,080	13,767	40,847
Reclassified into retained earnings	-	-	23	(23)	-	-	-	-
Net income	-	-	1,124	-	-	1,124	467	1,590
Other comprehensive loss	-	-	-	(1,927)	-	(1,927)	(699)	(2,626)
Cash dividends	-	-	(287)	-	-	(287)	(275)	(562)
Changes in treasury stock	-	(0)	-	-	(0)	(0)	(0)	(0)
Equity transactions and other	-	(5)	-	(2)	-	(6)	(978)	(984)
Total changes in equity	-	(5)	859	(1,951)	(0)	(1,097)	(1,485)	(2,582)
As of September 30, 2016	4,542	5,805	16,798	(1,124)	(38)	25,983	12,282	38,265

**Condensed Quarterly Consolidated Statements of Cash Flows**

	Six months ended September 30		
	Yen (millions)		U.S. Dollars (millions)
	2015	2016	2016
<b>Cash flows from operating activities</b>			
Net income	165,850	160,627	1,590
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	248,162	231,410	2,291
Change in receivables	230,868	121,847	1,206
Change in inventories	(98,477)	(113,607)	(1,125)
Change in payables	(104,954)	22,892	227
Other	(131,861)	(138,221)	(1,369)
Net cash provided by (used in) operating activities	309,588	284,948	2,821
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(189,557)	(154,710)	(1,532)
Purchase of intangible assets	(52,087)	(49,114)	(486)
Purchase of leased assets	(264,081)	(262,051)	(2,595)
Proceeds from sale of property, plant, equipment, and intangible assets	2,262	14,865	147
Proceeds from sale of leased assets	12,001	8,023	79
Collection of lease receivables	184,707	163,334	1,617
Proceeds from sale (purchase) of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method), net	(35,204)	52,973	524
Other	9,479	10,139	100
Net cash provided by (used in) investing activities	(332,480)	(216,541)	(2,144)
<b>Free cash flows</b>	(22,892)	68,407	677
<b>Cash flows from financing activities</b>			
Change in interest-bearing debt	95,775	196,680	1,947
Dividends paid to stockholders	(28,911)	(28,962)	(287)
Dividends paid to non-controlling interests	(26,828)	(21,302)	(211)
Other	(2,622)	(449)	(4)
Net cash provided by (used in) financing activities	37,414	145,967	1,445
Effect of exchange rate changes on cash and cash equivalents	(21,084)	(62,161)	(615)
Change in cash and cash equivalents	(6,562)	152,213	1,507
Cash and cash equivalents at beginning of period	701,703	699,315	6,924
Cash and cash equivalents at end of period	695,141	851,528	8,431

**Segment Information**  
**(1) Business Segments**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2016
	2015 (A)	2016 (B)		
Information & Telecommunication Systems	1,000,135 19%	927,084 19%	93	9,179
Social Infrastructure & Industrial Systems	950,024 18%	1,029,890 21%	108	10,197
Electronic Systems & Equipment	549,495 10%	537,506 11%	98	5,322
Construction Machinery	365,090 7%	334,937 7%	92	3,316
High Functional Materials & Components	800,574 15%	703,271 15%	88	6,963
Automotive Systems	490,159 9%	471,894 10%	96	4,672
Smart Life & Ecofriendly Systems	393,281 7%	287,457 6%	73	2,846
Others	623,001 12%	359,375 7%	58	3,558
Financial Services	181,260 3%	179,212 4%	99	1,774
Subtotal	5,353,019 100%	4,830,626 100%	90	47,828
Corporate items & Eliminations	(546,131)	(476,852)	—	(4,721)
<b>Revenues Total</b>	<b>4,806,888</b>	<b>4,353,774</b>	<b>91</b>	<b>43,107</b>
Information & Telecommunication Systems	49,928 19%	55,616 25%	111	551
Social Infrastructure & Industrial Systems	16,788 6%	15,040 7%	90	149
Electronic Systems & Equipment	31,695 12%	30,407 14%	96	301
Construction Machinery	15,967 6%	5,421 2%	34	54
High Functional Materials & Components	60,669 23%	55,631 25%	92	551
Automotive Systems	27,126 10%	20,643 9%	76	204
Smart Life & Ecofriendly Systems	11,919 5%	6,185 3%	52	61
Others	27,141 10%	14,623 6%	54	145
Financial Services	23,568 9%	21,336 9%	91	211
Subtotal	264,801 100%	224,902 100%	85	2,227
Corporate items & Eliminations	9,206	7,938	—	79
<b>Adjusted operating income Total</b>	<b>274,007</b>	<b>232,840</b>	<b>85</b>	<b>2,305</b>
Information & Telecommunication Systems	45,220 16%	19,609 12%	43	194
Social Infrastructure & Industrial Systems	12,883 5%	3,432 2%	27	34
Electronic Systems & Equipment	32,064 12%	26,481 16%	83	262
Construction Machinery	11,738 4%	3,564 2%	30	35
High Functional Materials & Components	86,197 31%	49,709 29%	58	492
Automotive Systems	25,250 9%	20,643 12%	82	204
Smart Life & Ecofriendly Systems	13,115 5%	9,788 6%	75	97
Others	24,341 9%	12,551 7%	52	124
Financial Services	24,548 9%	22,841 14%	93	226
Subtotal	275,356 100%	168,618 100%	61	1,669
Corporate items & Eliminations	(12,725)	49,947	—	495
<b>EBIT Total</b>	<b>262,631</b>	<b>218,565</b>	<b>83</b>	<b>2,164</b>

Notes: Revenues by business segment include intersegment transactions.



**(2) Revenues by Market**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2016
	2015 (A)	2016 (B)		
Japan	2,416,198 50%	2,223,143 51%	92	22,011
Asia	1,097,955 23%	890,728 21%	81	8,819
North America	643,837 13%	564,728 13%	88	5,591
Europe	424,973 9%	487,028 11%	115	4,822
Other Areas	223,925 5%	188,147 4%	84	1,863
Overseas Revenues Subtotal	2,390,690 50%	2,130,631 49%	89	21,095
Total Revenues	4,806,888 100%	4,353,774 100%	91	43,107

**Supplementary Information for Condensed Quarterly Financial Results  
for the Second Quarter ended September 30, 2016**

**Consolidated Financial Statements by Manufacturing, Services and Others and Financial Services**

**(1) Summarized Quarterly Consolidated Statements of Financial Position by Manufacturing, Services and Others and Financial Services**

(Billions of yen)

	As of March 31, 2016			As of September 30, 2016		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Total Assets	9,917.9	3,091.4	12,551.0	9,070.9	3,026.1	11,779.3
Current assets	4,995.6	1,256.8	5,872.5	4,691.5	1,211.8	5,627.9
Cash and cash equivalents	660.9	157.0	699.3	792.9	168.1	851.5
Trade receivables	2,472.0	710.7	2,992.7	2,062.8	646.1	2,578.1
Lease receivables	45.6	311.9	338.7	35.4	322.6	350.2
Inventories	1,291.5	3.7	1,299.8	1,310.0	3.6	1,323.2
Other current assets	525.3	73.3	541.8	490.3	71.2	524.7
Non-current assets	4,922.3	1,834.6	6,678.4	4,379.4	1,814.2	6,151.4
Investments accounted for using the equity method	676.3	20.4	676.9	694.1	21.0	696.4
Investments in securities and other financial assets	681.6	675.9	1,329.9	617.9	610.4	1,213.0
Lease receivables	38.2	729.8	727.4	28.6	727.2	739.3
Property, plant and equipment	2,193.6	307.5	2,500.2	1,919.8	345.0	2,262.6
Intangible assets	1,007.7	62.6	1,070.4	864.0	72.6	936.7
Other non-current assets	324.6	38.1	373.4	254.7	37.8	303.1
Total Liabilities and Equity	9,917.9	3,091.4	12,551.0	9,070.9	3,026.1	11,779.3
Total Liabilities	6,133.5	2,744.4	8,425.4	5,538.3	2,685.5	7,914.5
Current liabilities	4,095.5	1,323.2	4,994.2	3,589.1	1,257.8	4,555.5
Short-term debt	529.8	497.6	871.4	374.2	495.2	747.0
Current portion of long-term debt	234.9	485.6	651.5	214.9	491.2	663.6
Other financial liabilities	265.5	40.1	280.0	211.8	35.7	228.8
Trade payables	1,379.0	228.9	1,451.9	1,242.5	172.4	1,313.9
Other current liabilities	1,686.1	70.8	1,739.3	1,545.5	63.2	1,602.1
Non-current liabilities	2,038.0	1,421.1	3,431.2	1,949.1	1,427.6	3,358.9
Long-term debt	750.3	1,356.2	2,081.5	816.0	1,363.5	2,166.2
Other financial liabilities	85.0	28.7	115.1	47.8	25.9	71.8
Retirement and severance benefits	774.1	9.5	783.6	716.4	9.1	725.6
Other non-current liabilities	428.5	26.6	450.8	368.7	29.0	395.2
Total Equity	3,784.3	347.0	4,125.5	3,532.6	340.5	3,864.8
Hitachi, Ltd. stockholders' equity	2,540.8	201.3	2,735.0	2,437.1	197.2	2,624.2
Non-controlling interests	1,243.5	145.7	1,390.4	1,095.4	143.3	1,240.5
Interest-bearing debt	1,515.0	2,339.5	3,604.4	1,405.2	2,349.9	3,576.8
Total Hitachi, Ltd. stockholders' equity ratio	25.6%	6.5%	21.8%	26.9%	6.5%	22.3%
D/E ratio (including non-controlling interests) (times)	0.40	6.74	0.87	0.40	6.90	0.93

**(2) Summarized Quarterly Consolidated Statements of Profit or Loss by Manufacturing, Services and Others and Financial Services**

(Billions of yen)

	Fiscal 2015 Six months ended September 30			Fiscal 2016 Six months ended September 30		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Revenues	4,698.1	181.2	4,806.8	4,244.8	179.2	4,353.7
Adjusted operating income	249.0	23.5	274.0	212.3	21.3	232.8
EBIT	240.5	24.5	262.6	201.5	22.8	218.5
Income from continuing operations, before income taxes	233.0	24.5	254.6	197.5	22.8	214.1
Net income attributable to Hitachi, Ltd. stockholders	89.5	10.1	97.5	110.1	9.7	113.5

**(3) Summarized Quarterly Consolidated Statements of Cash Flows by Manufacturing, Services and Others and Financial Services**

(Billions of yen)

	Fiscal 2015 Six months ended September 30			Fiscal 2016 Six months ended September 30		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Cash flows from operating activities	314.0	5.5	309.5	294.1	2.2	284.9
Cash flows from investing activities	(235.4)	(96.6)	(332.4)	(90.4)	(106.4)	(216.5)
Free cash flows	78.6	(91.1)	(22.8)	203.7	(104.2)	68.4
Cash flows from financing activities	(65.2)	130.3	37.4	(11.6)	117.5	145.9
Effect of exchange rate changes on cash and cash equivalents	(20.5)	(0.5)	(21.0)	(60.0)	(2.1)	(62.1)
Change in cash and cash equivalents	(7.1)	38.6	(6.5)	132.0	11.0	152.2
Cash and cash equivalents at beginning of period	654.7	119.7	701.7	660.9	157.0	699.3
Cash and cash equivalents at end of period	647.6	158.4	695.1	792.9	168.1	851.5

Notes: 1. Figures here represent information voluntarily prepared by the Company.

2. Total figures exclude inter-segment transactions.

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