(Translation)

Annual Securities Report

(The 146th Business Term)
From April 1, 2014 to March 31, 2015

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Hitachi, Ltd.

[Cover]

[Document Filed]	Annual Securities Report (“Yukashoken Hokokusho”)
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2015
[Fiscal Year]	The 146th Business Term (from April 1, 2014 to March 31, 2015)
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This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

Certain information in “Part I. Information on the Company - II. Business Overview - 4. Risk Factors - Risks Related to Our American Depositary Shares” is only included in this English translation of the Annual Securities Report for ADSs holders and not included in the original report.

Certain information in “Part I. Information on the Company - V. Financial Information” in this document incorporates financial statements prepared in conformity with the International Financial Report Standards (“IFRS”) as issued by the International Accounting Standards Board and independent auditor’s report instead of the English translation of the Annual Securities Report.

The translation of the Internal Control Report, the Independent Auditors’ Report and the Confirmation Letter for the original Annual Securities Report are included at the end of this document.

In this document, the terms “we,” “us,” “our” and “Hitachi” refer to Hitachi, Ltd. and consolidated subsidiaries or, as the context may require, Hitachi, Ltd. on a non-consolidated basis and the term “the Company” refers to Hitachi, Ltd. on a non-consolidated basis.

Unless otherwise stated, in this document, where we present information in millions or hundreds of millions of yen, we have truncated amounts of less than one million or one hundred million, as the case may be. Accordingly, the total of figures presented in columns or otherwise may not equal the total of the individual items. We have rounded all percentages to the nearest percent, one-tenth of one percent or one-hundredth of one percent, as the case may be.

References in this document to the “Financial Instruments and Exchange Act” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

References in this document to the “Companies Act” are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

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Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal year	IFRS		
	Transition Date	145th business term	146th business term
Year end	April 1, 2013	March 2014	March 2015
Revenues	―	9,666,446	9,774,930
Income from continuing operations, before income taxes	―	678,498	518,994
Net income attributable to Hitachi, Ltd. stockholders	―	413,877	217,482
Comprehensive income attributable to Hitachi, Ltd. stockholders	―	665,372	337,578
Total Hitachi, Ltd. stockholders' equity	2,058,708	2,668,657	2,942,281
Total equity	3,157,567	3,868,831	4,296,342
Total assets	9,777,007	11,098,191	12,433,727
Total Hitachi, Ltd. stockholders' equity per share (yen)	426.18	552.62	609.35
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	―	85.69	45.04
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	―	85.66	45.00
Total Hitachi, Ltd. stockholders' equity ratio (%)	21.1	24.0	23.7
Return on equity (%)	―	17.5	7.8
Price earnings ratio (times)	―	8.9	18.3
Net cash provided by operating activities	―	306,777	451,825
Net cash used in investing activities	―	(550,179)	(612,545)
Net cash provided by financing activities	―	228,840	233,206
Cash and cash equivalents at end of year	523,357	560,657	701,703
Number of employees [Average number of part-time employees, etc.]	329,703	323,919 [48,432]	336,670 [48,592]

(Notes) 1. Our consolidated financial statements have been prepared in conformity with IFRS since the 146th business term.
2. Revenues do not include the consumption tax, etc.

(Millions of yen, unless otherwise stated)

Fiscal year	U.S. GAAP				
	142nd business term	143rd business term	144th business term	145th business term	146th business term
Year end	March 2011	March 2012	March 2013	March 2014	March 2015
Revenues	9,315,807	9,665,883	9,041,071	9,563,791	9,761,970
Income from continuing operations, before income taxes	432,201	557,730	344,537	573,691	535,612
Net income attributable to Hitachi, Ltd. stockholders	238,869	347,179	175,326	264,975	241,301
Comprehensive income	228,459	392,581	420,680	769,178	525,081
Total Hitachi, Ltd. stockholders' equity	1,439,865	1,771,782	2,082,560	2,651,241	2,930,309
Total equity	2,441,389	2,773,995	3,179,287	3,852,464	4,274,313
Total assets	9,185,629	9,418,526	9,809,230	11,016,899	12,395,379
Total Hitachi, Ltd. stockholders' equity per share (yen)	318.73	382.26	431.13	549.02	606.87
Net income attributable to Hitachi, Ltd. stockholders per share, basic (yen)	52.89	76.81	37.28	54.86	49.97
Net income attributable to Hitachi, Ltd. stockholders per share, diluted (yen)	49.38	71.86	36.29	54.85	49.93
Total Hitachi, Ltd. stockholders' equity ratio (%)	15.7	18.8	21.2	24.1	23.6
Return on equity (%)	17.5	21.6	9.1	11.2	8.6
Price earnings ratio (times)	8.2	6.9	14.6	13.9	16.5
Net cash provided by operating activities	841,554	447,155	583,508	439,406	447,348
Net cash used in investing activities	(260,346)	(195,584)	(553,457)	(491,363)	(610,255)
Net cash provided by (used in) financing activities	(584,176)	(167,838)	(180,445)	32,968	250,335
Cash and cash equivalents at end of year	554,810	619,577	527,632	558,217	709,531
Number of employees [Average number of part-time employees, etc.]	361,745 [44,353]	323,540 [46,182]	326,240 [48,535]	320,725 [48,391]	333,150 [48,548]

(Notes)
1. Our consolidated financial statements had been prepared in conformity with accounting principles generally accepted in the United States until the 145th business term. The figures for the 146th business term in the above table are unaudited financial information pursuant to the Financial Instruments and Exchange Act.
2. Revenues do not include the consumption tax, etc.
3. Effective from the 142nd business term, the Company has adopted the provisions of the Accounting Standards Codification ("ASC") 860 "Transfers and Servicing" of the U.S. Financial Accounting Standards Board as amended by Accounting Standards Update 2009-16 "Accounting for Transfers of Financial Assets" and the provisions of ASC 810 "Consolidation," as amended by Accounting Standards Update 2009-17 "Improvements to Financial Reporting by Enterprises involved with Variable Interest Entities."
4. Effective from the 146th business term, a part of the thermal power generation systems business is classified as a discontinued operation in accordance with the provision of ASC 205-20, "Presentation of Financial Statements - 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, Co., Ltd. The results of the discontinued operation are reported separately from continuing operations. In line with this classification, "Revenues" and "Income from continuing operations, before income taxes" for the 145th business term are reclassified.

(2) Financial data etc. of the Company

(Millions of yen, unless otherwise stated)

Fiscal year	142nd business term	143rd business term	144th business term	145th business term	146th business term
Year end	March 2011	March 2012	March 2013	March 2014	March 2015
Revenues	1,795,306	1,870,475	1,911,529	2,070,147	1,842,126
Ordinary income (loss)	127,564	48,923	76,050	17,887	(300)
Net income	64,276	254,549	57,681	57,856	85,262
Common stock	409,129	427,775	458,790	458,790	458,790
Number of issued shares (thousands of shares)	4,520,144	4,637,785	4,833,463	4,833,463	4,833,463
Total net assets	941,041	1,212,199	1,298,882	1,373,336	1,399,885
Total assets	3,146,337	3,331,589	3,423,417	3,570,087	3,749,326
Net assets per share (yen)	208.30	261.52	268.89	284.39	289.92
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	8 [5]	8 [3]	10 [5]	10.5 [5]	12 [6]
Net income per share, basic (yen)	14.23	56.31	12.27	11.98	17.66
Net income per share, diluted (yen)	13.32	52.70	11.94	—	—
Stockholders' equity ratio (%)	29.9	36.4	37.9	38.5	37.3
Return on equity (%)	7.0	23.6	4.6	4.3	6.1
Price earnings ratio (times)	30.4	9.4	44.3	63.6	46.6
Dividend payout ratio (%)	56.2	14.2	81.5	87.6	68.0
Number of employees [Average number of part-time employees, etc.]	32,926	32,908	33,665	33,500	31,375

(Notes)
1. Revenues do not include the consumption tax, etc.
2. Interim dividends per share for the 142nd business term include a commemorative dividend of ¥2 for the Company's centennial anniversary.
3. "Net income per share, diluted" is not stated for the 145th and 146th business terms since there is no dilutive shares.
4. Average number of part-time employees, etc. is not stated since it was less than 10% of the number of employees.

2. History

Month/Year	History
1910	Founded as a repair shop at Hitachi copper mine of Kuhara Mining Company
February, 1920	Incorporated as Hitachi, Ltd. with the Hitachi and Kameido Works
February, 1921	Acquired the Kasado shipyard from Nippon Kisen Co., Ltd. and established Kasado Works
May, 1935	Equity participation in Kyousei Reiki Kogyo K.K. (later changed its name to Hitachi Plant Engineering & Construction Co., Ltd.)
May, 1937	Merged Kokusan Industries, Ltd. and established 7 factories, including Totsuka Works
April, 1939	Established Taga Works, spun off Hitachi Research Laboratory from Hitachi Works
September, 1940	Established Mito Works
April, 1942	Established Central Research Laboratory
September, 1943	Merged Riken Vacuum Industry and established Mobara Works
March, 1944	Spun off Shimizu Works from Kameari Works
December, 1944	Spun off Tochigi Works from Taga Works
April, 1947	Established Hinode Shokai Co., Ltd. (currently Hitachi High-Technologies Corporation)
May, 1949	Established Higashi-Nippon Senikikai KK (currently Hitachi Medical Corporation)
February, 1950	Established Nitto Transport KK. (currently Hitachi Transport System, Ltd.)
May, 1955	Established Hitachi Sales Corporation
October, 1956	Spun off Hitachi Metals Industries, Ltd. (currently Hitachi Metals, Ltd.) and Hitachi Cable, Ltd.
November, 1956	Established Hitachi Kiden Kogyo, Ltd.
June, 1957	Spun off Kokubu Works from Hitachi Works
February, 1959	Established Yokohama Works
October, 1959	Established Hitachi New York, Ltd. (currently Hitachi America, Ltd.)
June, 1960	Equity participation in Nippon Business Consultant Co., Ltd. (later changed its name to Hitachi Information Systems, Ltd.)
August, 1960	Established Hitachi Geppan Corp. (later changed its name to Hitachi Credit Corporation)
February, 1961	Spun off Naka Works from Taga Works; Equity participation in Maxell Electric Industrial Co., Ltd. (currently Hitachi Maxell, Ltd.)
August, 1961	Established Katsuta Works
August, 1962	Established Kanagawa Works
February, 1963	Spun off Narashino Works from Kameido Works
April, 1963	Spun off Hitachi Chemical Company, Ltd.
February, 1966	Established Mechanical Engineering Research Laboratory
February, 1968	Spun off Sawa Works from Taga Works, spun off Tokai Works from Yokohama Works, and spun off Odawara Works from Kanagawa Works
February, 1969	Established Software Works
April, 1969	Established Ome Works
August, 1969	Established Omika Works
December, 1969	Spun off Hitachi Construction Machinery Co., Ltd.
May, 1970	Established Takasaki Works
September, 1970	Established Hitachi Software Engineering Co., Ltd.
April, 1971	Acquired Asahi Works from Hitachi Denshi, Ltd.
June, 1971	Established Production Engineering Research Laboratory
February, 1973	Established Systems Development Laboratory
June, 1974	Established Tsuchiura Works
November, 1974	Relocated Kameido Works and renamed to Nakajo Works
June, 1982	Established Hitachi Europe Ltd.
April, 1985	Established Advanced Research Laboratory
February, 1989	Established Hitachi Asia Pte. Ltd. (currently Hitachi Asia Ltd.)
February, 1991	Integrated Sawa Works into Automotive Products Division
August, 1991	Integrated Katsuta Works into Materials Process Technology Division; integrated Totsuka Works into Information & Telecommunication Division; integrated Naka Works into Instruments Division

Month/Year	History
February, 1992	Integrated Yokohama Works and Tokai Works into AV Products Division
August, 1992	Changed operation unit of home appliances, computers and electronic devices businesses from factory to business division
February, 1993	Integrated Semiconductor Technology Development Center, Musashi Works and Takasaki Works into Semiconductor Division
August, 1993	Integrated Shimizu Works into Air Conditioning Division, integrated Nakajo Works and Narashino Works into Industrial Equipment Division
August, 1994	Integrated Consumer Products Group and Image & Information Media Division and renamed to Consumer Products & Information Media Systems Group
October, 1994	Established Hitachi (China), Ltd.
February, 1995	Reorganized business groups as Power & Industrial Systems Group, Consumer Products & Information Media Systems Group, Information Systems Group and Electronics Components Group; integrated a part of R&D division and sales division into the business groups
April, 1995	Merged Hitachi Sales Corporation
April, 1999	Reorganized business groups into de facto companies to independently operate each business group
October, 2000	Merged Hitachi Credit Corporation with Hitachi Leasing Corp. and changed its name to Hitachi Capital Corporation
October, 2001	Split Instruments Group and Semiconductor Manufacturing Equipment Group via company split and reorganized as Hitachi High-Technologies Corporation; Split Industrial Machinery Systems Division via company split and reorganized as Hitachi Industries Co., Ltd.
April, 2002	Split Home Appliance Group via company split and reorganized as Hitachi Home & Life Solutions, Inc.; Split Industrial Equipment Group via company split and reorganized as Hitachi Industrial Equipment Systems Co., Ltd.
October, 2002	Split Display Group via company split and established Hitachi Displays, Ltd.; Split Telecommunication Equipment Division via company split and reorganized as Hitachi Communication Technologies, Ltd.; Turned Unisia Jecs Corporation (later changed its name to Hitachi Unisia Automotive, Ltd.) into a wholly owned subsidiary via share exchange
January, 2003	Acquired HDDs business from IBM Corp., and commenced operations as Hitachi Global Storage Technologies Netherlands B.V.
April, 2003	Split semiconductor business, centering on system LSIs, via company split and established Renesas Technology Corp. (later merged with NEC Electronics Corporation and changed its name to Renesas Electronics Corporation, and later ceased to be an equity-method affiliate of the Company due to a decrease in the Company's ownership percentage of voting rights)
June, 2003	Adopted committee system as the Company's corporate governance structure
October, 2004	Merged TOKICO, Ltd. and Hitachi Unisia Automotive, Ltd.; Split Mechatronics System Division, centering on ATMs, via company split and established Hitachi-Omron Terminal Solutions, Corp.
April, 2006	Split Social & industrial infrastructure business via company split and integrated with Hitachi Plant Engineering & Construction Co., Ltd., Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. and reorganized as Hitachi Plant Technologies, Ltd.; Merged Hitachi Home & Life Solutions, Inc. with Hitachi Air Conditioning Systems Co., Ltd. and changed its name to Hitachi Appliances, Inc.
December, 2006	Turned Clarion Co., Ltd. into a consolidated subsidiary via tender offer
July, 2007	Split nuclear power systems business via company split and reorganized as Hitachi-GE Nuclear Energy, Ltd.
March, 2009	Turned Hitachi Koki Co., Ltd. into a consolidated subsidiary via tender offer; Turned Hitachi Kokusai Electric Inc. into a consolidated subsidiary via tender offer

Month/Year	History
July, 2009	Merged Hitachi Communication Technologies, Ltd.; Split Automotive Systems Group via company split and established Hitachi Automotive Systems, Ltd.; Split Consumer Business Group via company split and established Hitachi Consumer Electronics Co., Ltd.
October, 2009	Reorganized business groups into in-house companies with independent accounting to promote quick business operation
February, 2010	Turned Hitachi Information Systems, Ltd., Hitachi Software Engineering Co., Ltd. and Hitachi Systems & Services, Ltd. into wholly owned subsidiaries
April, 2010	Turned Hitachi Plant Technologies, Ltd. and Hitachi Maxell, Ltd. into wholly owned subsidiaries via share exchanges (later turned Hitachi Maxell, Ltd. into an equity-method affiliate of the Company via selling its shares)
October, 2010	Merged Hitachi Software Engineering Co., Ltd. with Hitachi Systems & Services, Ltd. and changed its name to Hitachi Solutions, Ltd.
October, 2011	Merged Hitachi Electronics Services Co., Ltd. with Hitachi Information Systems, Ltd. and changed its name to Hitachi Systems, Ltd.
March, 2012	Transferred HDDs business to Western Digital Corporation via share sale of Viviti Technologies Ltd., a holding company for Hitachi Global Storage Technologies Inc., etc. Transferred small and medium-sized displays business via share sale of Hitachi Displays, Ltd.
April, 2013	Merged Hitachi Plant Technologies, Ltd.
July, 2013	Merged Hitachi Metals, Ltd. with Hitachi Cable, Ltd.
February, 2014	Split thermal power generating systems business via company split and transferred to MITSUBISHI HITACHI POWER SYSTEMS, LTD.
March, 2014	Turned Hitachi Medical Corporation into a wholly owned subsidiary via share exchange
April, 2015	Reorganized Central Research Laboratory, Hitachi Research Laboratory, Yokohama Research Laboratory, Design Division and overseas R&D facilities into Global Center for Social Innovation, Center for Technology Innovation and Center for Exploratory Research to establish global R&D structure from the customers' perspective

3. Description of Business

The Hitachi Group, which is comprised of the Company and 1,257 affiliates (1,008 consolidated subsidiaries and 249 equity-method associates and joint ventures. Consolidated trust accounts are not included in the number of consolidated subsidiaries.), engages in a broad range of business activities, from product development and manufacturing to sales and services, in 10 segments of Information & Telecommunication Systems, Power Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Others (Logistics and Other services) and Financial Services. Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the "Digital Media & Consumer Products" segment to the "Smart Life & Ecofriendly Systems" segment.

Major business outline for each segment and the positioning of principal affiliated companies are described as follows. The Company mainly engages in manufacturing and sales of products and providing services in the segments of Information & Telecommunication Systems, Power Systems, and Social Infrastructure & Industrial Systems.

(As of March 31, 2015)

Main products and services	Positioning of principal affiliated companies	
	Manufacturing	Sales and services
Information & Telecommunication Systems Systems Integration, Consulting, Cloud Services, Servers, Storage, Software, Telecommunications & Network, ATMs	[Consolidated subsidiaries] Hitachi Information & Telecommunication Engineering, Ltd. Hitachi-Omron Terminal Solutions, Corp. Hitachi Computer Products (America), Inc. Hitachi Computer Products (Europe) S.A.S. Hitachi Financial Equipment System (Shen Zhen) Co., Ltd.	[Consolidated subsidiaries] Hitachi Solutions, Ltd. Hitachi Systems, Ltd. Hitachi Consulting Corporation Hitachi Data Systems Corporation Hitachi Information & Telecommunication Systems Global Holding Corporation
Power Systems Thermal, Nuclear and Renewable Energy Power Generation Systems, Transmission & Distribution Systems	[Consolidated subsidiaries] Hitachi-GE Nuclear Energy, Ltd. [Equity-method associates] MITSUBISHI HITACHI POWER SYSTEMS, LTD.	[Consolidated subsidiaries] Hitachi Power Solutions Co., Ltd. Horizon Nuclear Power Limited
Social Infrastructure & Industrial Systems Industrial Machinery and Plants, Elevators, Escalators, Railway Systems	[Consolidated subsidiaries] Hitachi Industrial Equipment Systems Co., Ltd. Hitachi Elevator (China) Co., Ltd.	[Consolidated subsidiaries] Hitachi Building Systems Co., Ltd. Hitachi Industry & Control Solutions, Ltd. Hitachi Plant Construction, Ltd. Hitachi Rail Europe Ltd. [Equity-method associates] Mitsubishi-Hitachi Metals Machinery, Inc.
Electronic Systems & Equipment Semiconductor Manufacturing Equipment, Test and Measurement Equipment, Advanced Industrial Products, Medical Electronics Equipment, Power Tools	[Consolidated subsidiaries] Hitachi High-Technologies Corporation Hitachi Koki Co., Ltd. Hitachi Kokusai Electric Inc. Hitachi Medical Corporation	
Construction Machinery Hydraulic Excavators, Wheel Loaders, Mining Machinery	[Consolidated subsidiaries] Hitachi Construction Machinery Co., Ltd.	
High Functional Materials & Components Semiconductor and Display Related Materials, Circuit Boards and Materials, Automotive Parts (Molded Plastics, etc.), Energy Storage Devices, Specialty Steels, Magnetic Materials and Components, High Grade Casting Components and Materials, Wires and Cables	[Consolidated subsidiaries] Hitachi Chemical Company, Ltd. Hitachi Metals, Ltd.	
Automotive Systems Engine Management Systems, Electric Powertrain Systems, Drive Control Systems, Car Information Systems	[Consolidated subsidiaries] Clarion Co., Ltd. Hitachi Automotive Systems, Ltd. Hitachi Automotive Systems Americas, Inc.	
Smart Life & Ecofriendly Systems Air-Conditioning Equipment, Room Air Conditioners, Refrigerators, Washing Machines	[Consolidated subsidiaries] Hitachi Appliances, Inc. Hitachi Consumer Products (Thailand), Ltd.	[Consolidated subsidiaries] Hitachi Consumer Marketing, Inc.
Others (Logistics and Other services) Logistics, Optical Disk Drives, Property Management	[Consolidated subsidiaries] Hitachi-LG Data Storage, Inc.	[Consolidated subsidiaries] Hitachi Life, Ltd. Hitachi Transport System, Ltd. Hitachi Urban Investment, Ltd. Hitachi America, Ltd. Hitachi Asia Ltd. Hitachi (China), Ltd. Hitachi Europe Ltd. Hitachi India Pvt. Ltd.
Financial Services Leasing, Loan Guarantees		[Consolidated subsidiaries] Hitachi Capital Corporation

(Note) Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China), Ltd., Hitachi Europe Ltd. and Hitachi India Pvt. Ltd. are the Hitachi Group's regional supervising company for Americas, Asia, China, Europe and India, and they sell the Hitachi Group's products.

4. Information on Affiliates

(1) Consolidated subsidiaries

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Information & Telecommunication Engineering, Ltd.	Nishi-ku, Yokohama, Kanagawa	1,350	Information & Telecommunication Systems	100.0	The Company outsources design, development, manufacturing, evaluation and validation of servers and telecommunication networks equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi-Omron Terminal Solutions, Corp.	Shinagawa-ku, Tokyo	8,500	Information & Telecommunication Systems	55.0	The Company purchases ATMs and other information equipment. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	38,758	Information & Telecommunication Systems	100.0	The Company outsources development of information systems and software, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	19,162	Information & Telecommunication Systems	100.0	The Company outsources calculation, development of software, installation and maintenance of telecommunication equipment and computers. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Computer Products (America), Inc.	Oklahoma, U.S.A.	(Thousands of US dollars) 14,000	Information & Telecommunication Systems	[100.0] 100.0	The Company supplies parts for computer peripherals. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Computer Products (Europe) S.A.S.	Ardon, France	(Thousands of Euro) 15,245	Information & Telecommunication Systems	100.0	The Company supplies parts for computer peripherals. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
**Hitachi Consulting Corporation	Texas, U.S.A.	(Thousands of US dollars) 778,948	Information & Telecommunication Systems	[100.0] 100.0	The Company outsources consulting services. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
**Hitachi Data Systems Corporation	California, U.S.A.	(Thousands of US dollars) 531,651	Information & Telecommunication Systems	[100.0] 100.0	Sales company for the Company's storage, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Financial Equipment System (Shen Zhen) Co., Ltd.	Shenzhen, China	(Thousands of US dollars) 3,480	Information & Telecommunication Systems	[100.0] 100.0	Manufacturing and sales company in China for the Hitachi Group's information products such as ATMs.
**Hitachi Information & Telecommunication Systems Global Holding Corporation	California, U.S.A.	(Thousands of US dollars) 894,154	Information & Telecommunication Systems	100.0	Holding company for Hitachi Consulting Corporation and Hitachi Data Systems Corporation, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi-GE Nuclear Energy, Ltd.	Hitachi, Ibaraki	5,000	Power Systems	80.0	The Company delivers nuclear power generation equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki	4,000	Power Systems	[9.6] 100.0	The Company purchases power plant parts, and outsources maintenance of power generation equipment and control equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
**Horizon Nuclear Power Limited	Gloucester, U.K.	(Thousands of Sterling pounds) 720,000	Power Systems	[100.0] 100.0	Nuclear power production company in the U.K. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo	5,105	Social Infrastructure & Industrial Systems	100.0	Design, manufacturing, sales, installation and maintenance of the elevators and escalators the Company developed. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo	10,000	Social Infrastructure & Industrial Systems	100.0	The Company purchases industrial equipment. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Industry & Control Solutions, Ltd.	Hitachi, Ibaraki	3,000	Social Infrastructure & Industrial Systems	100.0	The Company outsources development of information control systems, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo	3,000	Social Infrastructure & Industrial Systems	100.0	Construction of the Company's power and industrial plants, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Elevator (China) Co., Ltd.	Guangzhou, China	(Thousands of US dollars) 64,880	Social Infrastructure & Industrial Systems	[70.0] 70.0	Sales, installation and maintenance, etc. of the Hitachi Group's elevators and escalators in China. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Rail Europe Ltd.	London, U.K.	(Thousands of Sterling pounds) 83,910	Social Infrastructure & Industrial Systems	[100.0] 100.0	Sales, engineering and maintenance of the Company's rail systems products. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
*Hitachi High-Technologies Corporation	Minato-ku, Tokyo	7,938	Electronic Systems & Equipment	51.8	The Company sells and purchases information equipment and power-related parts through this company. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
*Hitachi Koki Co., Ltd.	Minato-ku, Tokyo	17,813	Electronic Systems & Equipment	[10.9] 51.2	The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
*Hitachi Kokusai Electric Inc.	Chiyoda-ku, Tokyo	10,058	Electronic Systems & Equipment	[0.0] 52.3	The Company purchases electronic equipment and parts, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Medical Corporation	Chiyoda-ku, Tokyo	13,884	Electronic Systems & Equipment	100.0	The Company supplies parts for medical equipment. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
** *Hitachi Construction Machinery Co., Ltd.	Bunkyo-ku, Tokyo	81,576	Construction Machinery	[0.6] 51.5	The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
*Hitachi Chemical Company, Ltd.	Chiyoda-ku, Tokyo	15,454	High Functional Materials & Components	[0.1] 51.4	The Company purchases electronic materials and parts, energy storage devices and systems, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
*Hitachi Metals, Ltd.	Minato-ku, Tokyo	26,283	High Functional Materials & Components	[0.5] 54.0	The Company purchases specialty steels, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
*Clarion Co., Ltd.	Chuo-ku, Saitama, Saitama	20,346	Automotive Systems	64.0	The Company supplies parts for car navigation systems, etc.
Hitachi Automotive Systems, Ltd.	Hitachinaka, Ibaraki	15,000	Automotive Systems	100.0	The Company purchases parts for railway vehicles, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Automotive Systems Americas, Inc.	Kentucky, U.S.A.	(Thousands of US dollars) 86,278	Automotive Systems	[100.0] 100.0	Manufacturing and sales company in North America for the Hitachi Group's automotive systems products.
Hitachi Appliances, Inc.	Minato-ku, Tokyo	20,000	Smart Life & Ecofriendly Systems	100.0	The Company purchases electronic parts, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Consumer Marketing, Inc.	Minato-ku, Tokyo	3,000	Smart Life & Ecofriendly Systems	100.0	Sales company for the Hitachi Group's home appliances in Japan.
Hitachi Consumer Products (Thailand), Ltd.	Prachinburi, Thailand	(Thousands of Thai Baht) 2,472,000	Smart Life & Ecofriendly Systems	[80.1] 80.1	Manufacturing and sales company for the Hitachi Group's refrigerators and washing machines, etc. in Thailand.
Hitachi-LG Data Storage, Inc.	Minato-ku, Tokyo	5,460	Others (Logistics and Other services)	51.0	Development, manufacturing and sales company for the Hitachi Group's optical disk drives. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Life, Ltd.	Hitachi, Ibaraki	1,000	Others (Logistics and Other services)	[21.8] 100.0	The Company outsources management of welfare facilities, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
*Hitachi Transport System, Ltd.	Koto-ku, Tokyo	16,802	Others (Logistics and Other services)	[5.7] 59.0	The Company outsources transportation and storage of products. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Urban Investment, Ltd.	Chiyoda-ku, Tokyo	2,000	Others (Logistics and Other services)	100.0	The Company outsources management of welfare facilities, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
**Hitachi America, Ltd.	New York, U.S.A.	(Thousands of US dollars) 2,286,446	Others (Logistics and Other services)	100.0	The Hitachi Group's regional supervising company in Americas, and sells the Hitachi Group's plant, industrial machinery, digital media-related products, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi Asia Ltd.	Singapore	(Thousands of Singapore dollars) 150,250	Others (Logistics and Other services)	100.0	The Hitachi Group's regional supervising company for Asia, and sells the Hitachi Group's plants, industrial machinery, air-conditioning equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi (China), Ltd.	Beijing, China	(Thousands of US dollars) 226,380	Others (Logistics and Other services)	100.0	The Hitachi Group's regional supervising company for China, and sells the Hitachi Group's plant, industrial machinery, digital media and information-related products, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Europe Ltd.	Maidenhead, U.K.	(Thousands of Sterling pounds) 251,141	Others (Logistics and Other services)	100.0	The Hitachi Group's regional supervising company for Europe, and sells the Hitachi Group's plants, information-related products, digital media-related products, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Hitachi India Pvt. Ltd.	New Delhi, India	(Thousands of Indian rupee) 344,000	Others (Logistics and Other services)	[100.0] 100.0	The Hitachi Group's regional supervising company for India, and sells the Hitachi Group's digital media-related products, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
*Hitachi Capital Corporation	Minato-ku, Tokyo	9,983	Financial Services	[2.1] 60.6	Leases manufacturing equipment, industrial equipment, office equipment, etc. to the Company, and engages in leasing and credit sales of the Company's business equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Others - 966 companies	—	—	—	—	—

(Notes)
1. The unit of amounts and currency shown in the "Common stock" column are in millions of yen, unless otherwise specified.
2. Companies with two asterisks (**) in the "Company name" column are specified subsidiaries.
3. Companies with one asterisk (*) in the "Company name" column submit Securities Registration Statement or Annual Securities Report.
4. The name of segment in which the companies classified is shown in the "Principal business" column.
5. The amounts in brackets in upper row of the "Ownership percentage of voting rights" column represent the percentage of voting rights owned indirectly by subsidiaries, of the total ownership percentage.
6. Companies with negative net worth are shown below, along with the amount of liabilities in excess of assets.

Hitachi Vehicle Energy, Ltd.	¥43,531 million
Hitachi Power Europe GmbH	¥30,279 million
Hitachi Consumer Electronics Co., Ltd.	¥11,515 million
Hitachi High-Tech Instruments Co., Ltd.	¥10,782 million

(2) Equity-method associates and joint ventures

(As of March 31, 2015)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
MITSUBISHI HITACHI POWER SYSTEMS, LTD.	Nishi-ku, Yokohama, Kanagawa	100,000	Power Systems	35.0	The Company supplies equipments for thermal power generation system. The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Mitsubishi-Hitachi Metals Machinery, Inc.	Minato-ku, Tokyo	9,100	Social Infrastructure & Industrial Systems	34.3	The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers.
Others - 247 companies	—	—	—	—	—

(Notes)
1. The unit of amounts and currency shown in the "Common stock" column are in millions of yen.
2. The name of segment in which the companies classified is shown in the "Principal business" column.
3. Companies with negative net worth are shown below, along with the amount of liabilities in excess of assets.
   Agility Trains East (Holdings) Limited ¥71,893 million
   Agility Trains West (Holdings) Limited ¥68,627 million
   GE-Hitachi Nuclear Energy Holdings, LLC ¥12,215 million

5. Employees

(1) Consolidated basis

(As of March 31, 2015)

Name of segment	Number of employees
Information & Telecommunication Systems	76,438 [13,873]
Power Systems	10,613 [3,351]
Social Infrastructure & Industrial Systems	54,809 [7,802]
Electronic Systems & Equipment	24,253 [99]
Construction Machinery	20,353 [−]
High Functional Materials & Components	48,963 [−]
Automotive Systems	31,865 [−]
Smart Life & Ecofriendly Systems	22,200 [−]
Others (Logistics and Other services)	39,654 [3,520]
Financial Services	4,792 [−]
Corporate (Head Office and others)	2,730 [2,730]
Total	336,670 [31,375]

(Notes) 1. In addition to those listed above, the average number of part-time employees for the fiscal year was 48,592.

2. The number in brackets in the lower row of the “Number of Employees” column is the number of employees of the Company included in each of the numbers in the upper row.

(2) The Company

(As of March 31, 2015)

Number of employees	Average age	Average length of service	Average annual salary
31,375	41.0	18.4 years	¥8,612,460

(Note) Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

The Company’s labor union, Hitachi Workers Union, is a member of the Japanese Electrical Electronic & Information Union.

The relationship between management and labor unions in the Hitachi Group is stable and smooth.

II. Business Overview

1. Summary of Business Results

See “7. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows.”

2. Production, Orders Received and Sales

The Hitachi Group does not present production and orders received in amount or volume terms for each segment since it produces and sells a wide variety of products, there are variety of specifications in same kinds of products and certain products are mass-produced.

Regarding sales, see “7. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows.”

3. Challenges Facing Hitachi Group

(1) Business and Financial Condition

While the forecast of the world economy still remains uncertain, the Hitachi Group will promote the following measures in order to realize growth as a major global player by expanding our Social Innovation Business under the “2015 Mid-term Management Plan.”

- In order to accelerate the global development of our social innovation business by accurately seizing business opportunities in growth sectors and customer needs by region, we will establish a structure under which overseas regional bases proactively conduct business operations.
- We will establish a system for providing optimal solutions in a timely manner from the Hitachi Group’s wide range of products and services in response to challenges faced by customers by strengthening our sales, planning and engineering functions for customers.
- We will continuously strive to optimize our business portfolio from the perspective of the growth potential and competitiveness of businesses, by carrying out reorganization as necessary, including partnerships with other companies, withdrawals and disposal by sale.
- We will secure funds for the growth of the Hitachi Group and establish a robust management base while continuing to work on increasing profitability through cost structure reform and strengthening our cash-generating capabilities.
- By strengthening research and development that realizes solutions based on the challenges faced by customers at R&D bases in Japan and overseas, we will further reinforce the role of R&D in bolstering the Hitachi Group’s profitability.
- We will improve the environment where the diverse human resources, including female and foreign employees, demonstrate their utmost performance, as well as foster a corporate culture that encourages our employees to act independently and continue growing.
- By providing our customers with high-quality and safe products and services, we will further gain the reliability in the Hitachi Group from society, and increase the value of the Hitachi brand.
- We will intensify our focus on “Basics and Ethics” worldwide based on a firm commitment to eliminate misconduct within the Hitachi Group, and continuously strive to contribute to the environment and the communities.

(2) Fundamental Policy on the Conduct of Persons Influencing Decision on the Company’s Financial and Business Policies

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company’s business policies for creating value in the future.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company’s stocks nor is there a specific threat, neither does the Company intend to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

4. Risk Factors

We conduct business on a global scale across a broad range of business areas and utilize sophisticated, specialized technologies to carry out our operations. Therefore, we are exposed to risks attributable to the economic environment, risks inherent in individual industrial sectors and business lines and risks related to our operations. Investment in our securities also involves risks. The following risks are based on the assumption we consider reasonable as of the filing date of this report.

Risks Related to Operations

Economic Trends

Our business is influenced by conditions in the global and domestic economies. During the year ended March 31, 2015, the U.S. economy continued to recover and European economy showed signs of recovery. However, the growth of Chinese economy continuously showed signs of slowing and emerging countries experienced slowdown in their economic growth due to a decline in the price of raw materials such as crude oil. The global economic recovery may also be harmed by sovereign debt crisis in Europe, which could cause instability of global capital markets, as well as sharp deceleration in economic growth in China with more acute credit crunch. The Japanese economy has also improved. However, there is no assurance that such recovery trend will continue. There is also no assurance that such trend of yen depreciation against foreign currency, such as the U.S. dollar and the euro, will continue. If Japanese yen begins to appreciate in the future, such strong yen may negatively affect corporate earnings and exports.

If the recent gradual recovery in the global and domestic economic conditions is halted or reversed, such economic conditions could adversely affect our financial condition, results of operations and cash flows.

Currency Exchange Rates Fluctuations

Since we conduct business in many foreign countries, the portion of our assets and liabilities denominated in various currencies is exposed to risks from fluctuations in foreign currency exchange rates. In addition, we sell products, provide services and purchase raw materials and components in local currencies, principally the U.S. dollar and the euro. Therefore, fluctuations in foreign currency exchange rates may result in lower revenues or higher costs in yen to us and thus affect our financial results, which are reported in Japanese yen. Our price competitiveness, and thus our financial results, may be harmed if we seek to increase prices in local currencies to compensate for lower revenues or to increase prices in yen to absorb the higher cost. While we take measures to reduce the risks from fluctuations in foreign currency exchange rates, such measures may only delay or temporarily mitigate the adverse impact of such fluctuations and may not be effective.

Access to Liquidity and Long-term Financing

Our primary sources of funds are cash flows from operations, borrowings from banks and other institutional lenders, and funding from capital markets, such as offerings of commercial paper and other debt securities, as well as equity securities. We need liquid funds to pay our operating expenses, the principal of and interest on our debt and dividends on our capital stock. We also need long-term financing to fund, among other things, capital expenditures and research and development expenses. We currently believe our cash flows from operations, borrowings from banks and other institutional lenders and funding from the capital markets can provide sufficient funding for our operations and other liquidity needs. However, a global economic downturn could adversely affect our cash flows from operations, business results and financial condition and may adversely affect our credit ratings. If our ratings are downgraded, our ability to obtain additional financing on terms we consider favorable may be negatively affected.

Our reliance on banks and institutional lenders exposes us to risks related to rising interest rates, and we may need to increase our reliance on external sources of funding. An increased reliance on debt instruments may adversely affect our credit ratings, which might affect our ability to successfully obtain additional financing on terms we consider favorable. The inability to successfully obtain such financing may increase our financing costs, and therefore could adversely affect our financial condition and results of operations.

Furthermore, failure of one or more of our major lenders or a decision by one or more of them to change the terms and conditions of their loans or to stop lending to us could have an adverse effect on our access to funding.

Marketable Securities Risks

We invest in marketable securities to maintain or promote our business or other relationships with other companies. These marketable securities are exposed to the risk of declining stock market prices. Such declines may require that we write down equity securities that we hold. This may have an adverse effect on our financial condition and results of operations. Further, contractual and other obligations may require us to maintain our holdings of these securities despite declining share prices and this may lead to material losses.

Rapid Technological Innovation

New technologies are rapidly emerging in the segments in which we conduct business, with the pace of technological innovation. The development of new and advanced technologies, the continuous, timely and cost-effective incorporation of such technologies into products and services and the effective marketing of such products and services are indispensable to remaining competitive. While introducing such products and services requires a significant commitment to research and development, there can be no assurance that our research and development will be successful. Failure in our endeavors to develop and incorporate such advanced technologies into products and services in a timely manner, or to achieve market acceptance for such products and services, may negatively affect our business, financial condition and results of operations.

Estimates, Fluctuations in Cost and Cancellation of Long-term Contracts

We enter into a substantial number of long-term contracts, particularly in connection with the construction of infrastructure systems. When the outcome of a construction can be estimated reliably, we recognize revenue and expenses by reference to the stage of completion of the contract activity. In this case, we recognize revenue in an amount equal to estimated total revenue from the arrangement multiplied by the percentage that costs incurred to date bear to estimated total costs at completion based upon the most recently available information. When the outcome of a construction cannot be estimated reliably, we recognize revenue only to the extent of contract costs incurred that it is probable will be recoverable, and recognize contract costs as expenses in the period in which such costs are incurred. The revenue recognition for such long-term contracts requires us to make significant assumptions about estimates of total contract costs, remaining costs to completion, total contract revenues, contract risks and other factors. We charge any anticipated losses on fixed price contracts to operations when we are able to estimate such losses. While we employ our best judgment based on available information, there can be no assurance that these estimates will, ultimately, prove to be correct. We regularly review these estimates and adjust them as we deem necessary. Fluctuations in costs can occur for a variety of reasons, many of which are beyond our control. In addition, we or our counterparties may cancel these contracts. These factors would require us to revise our initial assumptions regarding a particular contract, and may adversely affect our business, financial condition and results of operations.

Credit Risks Arising from Business Transactions

We make transactions with diverse customers and suppliers in Japan and other countries. We sell our products to certain customers on credit and pay in advance for products or services provided by certain suppliers. While we take measures to manage counterparty credit risk, such as regularly monitoring credit conditions of such customers or suppliers and setting a limit on transaction amount according to their credit conditions, credit deterioration or failure of one or more of them could adversely affect our financial condition, results of operations and cash flows.

Material and Component Procurement

Our manufacturing operations rely on external suppliers for supplies of materials, parts, components and services of adequate quality and quantity, delivered in a timely manner at a reasonable price. External suppliers may not have sufficient capacity to meet all of our needs during periods of excess demand. Shortages of materials, parts, components and services may cause a sharp rise in their prices. In addition, prices of certain raw materials, parts and components which we purchase in local currencies, principally the U.S. dollar and the euro, could be adversely affected by fluctuations in foreign currency exchange rates. Increases in the market price of petroleum and other materials, such as copper, steel, synthetic resins, rare metals and rare-earth minerals, can increase our production costs and may adversely affect our results of operations. Conversely, decreases in commodity prices, such as for raw materials, parts and components, can result in write-downs of inventory.

If natural disasters disrupt the operations of our suppliers and damage supply chains, it may adversely affect our production. Although we generally maintain multiple sources of supply and work closely with our suppliers to avoid supply-related problems, such problems, including shortages and delays, may continue to occur, which could materially harm our business, financial condition and results of operations.

Supply and Demand Balance

Oversupply in the markets in which we compete may lead to declines in sales prices, revenues and profitability. In addition, adjustment to demand may force us to dispose of excess supply or obsolete equipment or reduce production, which can result in losses. For example, the imbalance between supply and demand in construction machinery, automotive equipment and semiconductor manufacturing equipment industries and a resultant deterioration in market conditions could negatively affect our businesses.

Intense Competition

We are subject to intense competition in many of the markets in which we operate, and this may adversely affect our results of operations. The industrial sectors and business lines in which we are engaged are experiencing increasingly intense competition. We compete with diverse competitors ranging from huge global corporations to specialized companies. Competitors are increasingly manufacturing products, including sophisticated electronic products, in low-cost jurisdictions. Low-cost manufacturing and the globalization of world markets have accelerated the commoditization of certain products, which has resulted in increasingly intense price competition for many of our products. Products which are facing intense price competition or decreases in prices include computer-related products and home appliances. To succeed in this competitive environment, we believe that our products and services must be price competitive. The commoditization of such products affects our ability to set prices for our products. If we are unable to charge comparable prices to those of our competitors, our competitiveness and overall profitability may be harmed. On the other hand, charging comparable prices to those of our competitors may require us to sell products at a loss. Our products must also be competitive in terms of engineering sophistication, quality and brand value. We must introduce our products and services to the markets in a timely manner. There can be no assurance that the products or services that we offer will be competitive. The failure of such products or services to be competitive may negatively affect our business results.

Our Strategy to Strengthen Our Social Innovation Business

Our business strategy seeks to build our business portfolio and achieve a stable and profitable business structure mainly by strengthening our Social Innovation Business, which supplies advanced social infrastructure supported by information and communication technology. We plan to devote significant resources including capital expenditures and R&Ds and are making investments in mergers and acquisitions and in new projects to strengthen our Social Innovation Business. To implement this strategy, we have incurred and may continue to incur considerable expenses. Our efforts to implement this strategy may be unsuccessful or less successful than we currently anticipate. Even if these efforts are successful, there is no assurance that we will be able to increase profitability, and even if profitability is achieved, we may be unable to sustain or increase it on a quarterly or annual basis.

Acquisitions, Joint Ventures and Strategic Alliances

In every operating sector, we depend to some degree on acquisitions of other companies, joint ventures and strategic alliances with outside partners to design and develop key new technologies and products, to strengthen competitiveness by scaling up and to expand into new regions through acquiring local bases or distribution channels. Such transactions are inherently risky because of the difficulties in integrating operations, technologies, products and personnel and achieving return of the investment. Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could adversely affect our business. Decisions made by or the performance of alliance partners that we cannot control or adverse business trends may also negatively affect the success of our alliances. We may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to integration or restructuring of acquired businesses. There can be no assurance that these transactions will be beneficial to our business or financial condition. Even assuming these transactions are beneficial, there can be no assurance that we will be able to successfully integrate acquired businesses or achieve all or any of the initial objectives of these transactions.

Restructuring of Our Business

Our business strategy seeks to build our business portfolio and achieve a stable and profitable business structure in part by:

- closing unprofitable operations;
- divesting our subsidiaries and affiliated companies;
- reorganizing production bases and sales networks; and
- selling select assets.

Our restructuring efforts may not be implemented in a timely manner or at all, including due to governmental regulations, employment issues or a lack of demand in the M&A market for businesses we may seek to sell. In addition, we have a number of listed subsidiaries and from time to time the interests of these listed subsidiaries' shareholders may conflict with our interests. Such conflicts of interest may result in difficulties in timely implementing group-wide policies, including mergers, company splits and other similar transactions to which the listed subsidiaries are parties. Restructuring efforts may also bring about unintended consequences, such as negative customer or employee perceptions, and have caused and may continue to cause us to incur significant expenses and other costs, including additional impairment losses on our fixed assets and intangible assets, write-offs of inventory and losses on the disposal of fixed assets and losses related to the sale of securities.

Current and future restructuring efforts may be unsuccessful or less successful than we presently anticipate and may adversely affect our financial condition and results of operations.

Cost Reduction Measures

We implement "the Hitachi Smart Transformation Project," which promotes cost reductions by thoroughly overhauling our cost structure across the Group including procurement, production and administrative operations. We seek to improve our management efficiency and stabilize earnings through the Project. The Project may be less successful than we currently anticipate. Even if the Project is successful, there is no assurance that we will be able to increase profitability, and even if profitability is achieved, we may be unable to sustain or increase it on a quarterly or annual basis.

Our Overseas Growth Strategies

We seek to expand our business, including our Social Innovation Business, in overseas markets as part of our business strategy. Through such overseas expansion, we aim to increase our revenues, reduce our costs and improve profitability. In many of these markets, we face barriers in the form of long-standing relationships between our potential customers and their local suppliers. In addition, various factors in foreign countries where we operate may adversely affect our overseas business activities. These factors include:

- changes in regulations relating to investments, exports, tariffs, antitrust, anti-bribery, consumer and business taxation, intellectual property, foreign trade and exchange controls, environmental and recycling requirements;
- differences in commercial and business customs such as contract terms and conditions;
- labor relations;

- public sentiment against Japan and local residents' sentiment against us; and
- other political and social factors as well as economic trends and currency exchange rate fluctuations.

Because of these factors, there can be no assurance that we will be able to achieve the aims of our overseas growth strategy. This may adversely affect our business growth prospects and results of operations.

Intellectual Property

We depend in part on proprietary technology and our ability to obtain patents, licenses, trademarks and other forms of intellectual property rights covering our products, product design, manufacturing processes and software-based services in Japan and other countries. The fact that we hold such intellectual property rights does not ensure that they will provide a competitive advantage to us. Various parties may challenge, invalidate or circumvent our patents, trademarks and other intellectual property rights. There can be no assurance that claims allowed on any future patents will be sufficiently broad to protect our technology. Effective patent, copyright and trade secret protection may be unavailable or limited in some of the markets in which we operate, and our trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors and other persons.

We design many of our products to include software or other intellectual property licenses from third parties. Competitors may not make their protected technology available to us, or may make it available to us only on unfavorable terms and conditions. There can be no assurance that we will be able to maintain a license for such intellectual property if obtained, for economic or other reasons, or that such intellectual property will give us the commercial advantages that we desire.

From time to time, we are sued or receive notices regarding patent and other intellectual property claims. Whether or not these claims have merit, they may require significant resources to defend against and may divert management attention from our business and operations and result in harm to our reputation. In addition, a successful infringement claim and our inability to obtain the license for the infringed technology or substitute similar non-infringing technology may adversely affect our business.

Litigation and Regulatory Investigations

We face risks of litigation and regulatory investigation and actions in connection with our operations. Lawsuits, including regulatory actions, may seek recovery of large, indeterminate amounts or otherwise limit our operations, and their existence and magnitude may remain unknown for substantial periods of time.

In the past several years, we have been the subject of several investigations of alleged antitrust violations in relation to certain product markets in Japan, Europe and North America, etc. which may have significant effects on our financial condition or profitability. See "Consolidated Financial Statements－Notes to Consolidated Financial Statements－(29) Commitments and Contingencies."

Relevant authorities in the above markets in which we operate continue to investigate us and may initiate similar investigations in the same or other markets in the future. These investigations may result in significant penalties in multiple jurisdictions, and we may become involved in disputes with private parties seeking compensation for damages resulting from the relevant violations. Such substantial legal liability or regulatory action could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and credibility.

In addition, our business activities are subject to various governmental regulations in countries where we operate, which include investment approvals, export regulations, tariffs, antitrust, anti-bribery, intellectual property, consumer and business taxation, foreign trade and exchange controls, and environmental and recycling requirements. These regulations limit, and other new or amended regulations may further limit, our business activities or increase operating costs. In addition, the enforcement of such regulations, including the imposition of fines or surcharges for violation of such regulations, may adversely affect our results of operations, financial condition, cash flows, reputation and credibility.

Product Quality and Liability

We increasingly provide products and services utilizing sophisticated technologies, including but not limited to components of power stations. Reliance on external suppliers reduces our control over quality assurance. The occurrence of defects in our products and services could negatively affect our reputation for quality of products and services, expose us to liability for damages caused by such defects and negatively affect our ability to sell certain products. A significant product defect could materially and adversely affect our results of operations, financial condition and future business prospects.

Worsening of Business Performance of Equity-Method Associates and Joint Ventures

We use the equity-method to account for a number of associates and joint ventures. If one or more of such associates or joint ventures, accounted for using the equity-method, records a loss during a given period, we must record that loss in a manner proportionate to our ownership interest in our consolidated financial statements. In addition, if the carrying amount of our equity-method investments in associates or joint ventures is below the recoverable amount of the investments, we could be required to record an impairment loss.

Significant Disasters and Similar Events

We have many facilities, including our research and development facilities, manufacturing facilities and our headquarters in Japan. Historically, Japan has experienced numerous natural disasters such as earthquakes, tsunamis and typhoons. Natural disasters in the future may have a significantly adverse affect on an array of our corporate activities, from production to sales. We also have overseas facilities in Asia, the U.S. and Europe, which are also subject to similar natural disasters. Natural disasters in each of the areas may cause damage on certain of our plants and offices and the operations of our suppliers and customers. Such significant natural disasters may directly damage or destroy our facilities, which could disrupt our operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would result in significant losses. Furthermore, even if such significant natural disasters do not directly affect our facilities, they could result in disruptions in distribution channels or supply chains. The spread of infectious diseases and geopolitical and social instability, such as terrorism, crime, civil disturbance and conflict, etc., may also disrupt our operations, render our employees unable to work, reduce consumer demand for our products or disrupt our supply and distribution channels. In addition, we are not insured against all potential losses, and even losses that insurance covers may not be fully covered and may be subject to challenges of or delays in payment. Direct and indirect disruption of our operations as a result of natural disasters or other events could have a negative impact on our operating activities, results of operations and financial condition.

Dependence on Information Systems

With the increased importance of information systems to our operating activities, disruptions in such systems due to computer viruses and other factors could have a negative impact on our operating activities, results of operations and financial condition.

Management of Confidential Information

We maintain and manage personal information obtained from our customers, as well as confidential information relating to our technology, research and development, or R&D, production, marketing and business operations and those of our customers and clients, in various forms. Although we have implemented controls to protect the confidentiality of such information, there can be no assurance that such controls will be effective. Unauthorized disclosures of such information could subject us to complaints or lawsuits for damages or could otherwise have a negative impact on our business, financial condition, results of operations, reputation and credibility.

Employee Retirement Benefits

We have a significant amount of employee retirement benefit costs that we derive from actuarial valuations based on a number of assumptions. Inherent in these valuations are key assumptions used in estimating pension costs including mortality, withdrawal and retirement rates, changes in wages and the discount rate. We are required to make judgments regarding the key assumptions by taking into account various factors including personnel demographics, market conditions and expected trends in interest rates. Although management believes that its key assumptions are reasonable in light of the various underlying factors, there can be no assurance that the key assumptions will correspond to actual results. If our key assumptions differ from actual results, the consequent deviation of actual pension costs from estimated costs may have a material adverse effect on our financial condition and results of operations. A decrease in the discount rate may result in an increase in the amount of projected benefit obligations. In addition, we may change these key assumptions, such as the discount rate. Changes in key assumptions may also have a material adverse effect on our financial condition and results of operations.

Dependence on Specially Skilled Personnel

We believe we can continue to remain competitive only if we can maintain and secure additional people who are highly skilled in connection with our operations. However, the number of skilled personnel is limited and the competition for attracting and maintaining such personnel is intense. We cannot ensure that we will be able to successfully attract new or maintain our current skilled personnel.

Risks Related to Our American Depositary Shares

Rights of ADS holders

The rights of shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the American Depositary Shares, or ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs in accordance with the instructions of ADS holders and will pay dividends and distributions collected from us as and to the extent provided in the deposit agreement. However, ADS holders will not be able to bring derivative actions, examine our accounting books and records, or exercise appraisal rights through the depositary.

We are incorporated in Japan with limited liability. A significant portion of our assets are located outside the United States. As a result, it may be more difficult for investors to enforce against us judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States or judgments obtained in other courts outside Japan. There is doubt as to the enforceability in Japanese courts, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States.

Unit Share System

The Companies Act allows companies to establish a “unit” of shares for the purpose of exercising voting rights at the general meetings of shareholders. Under our articles of incorporation, one unit of our shares is composed of 1,000 shares, equivalent to 100 ADSs. Each unit of our shares has one vote. A holder who owns shares or ADSs in other than multiples of 1,000 or 100, respectively, will own less than a whole unit (i.e., for the portion constituting fewer than 1,000 shares, or fewer than 100 ADSs). Our articles of incorporation, in accordance with the Companies Act, impose significant restrictions on the rights of holders of shares constituting less than a whole unit, which include restrictions on the right to vote, to attend a shareholders meeting and to bring derivative actions. In addition, less than whole unit shares cannot be traded on Japanese stock markets. Under the unit share system, holders of our shares constituting less than one unit have the right to require us to purchase their shares and the right to require us to sell them additional shares to create a whole unit of 1,000 shares. However, holders of our ADSs are unable to withdraw underlying shares representing less than one unit and, as a practical matter, are unable to require us to purchase those underlying shares. The unit share system, however, does not affect the transferability of ADSs, which may be transferred in lots of any number of whole ADSs.

Dilution of Your Shares by Issuances of Additional Shares

We may issue additional shares in the future within the unissued portion of our authorized share capital and sell shares held as treasury stock, generally without shareholder vote unless the subscription or sale price is significantly lower than the market price. Issuances and sales of our shares in the future may be at prices below the prevailing market prices and may be dilutive.

Foreign Exchange Fluctuations

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the amount of cash dividends or other cash payments made to holders of ADSs will decline if the value of the yen declines against the dollar.

5. Material Agreements, etc.

Cross License Agreement

Party	Party	Country	Item under contract	Contract description	Contract period
Hitachi, Ltd. (The Company)	International Business Machines Corp.	U.S.A.	Information handling systems	Cross license of patents	From January 1, 2008 to the expiration of the patent under contracts
Hitachi, Ltd. (The Company)	Hewlett-Packard Co.	U.S.A.	All products and services	Cross license of patents	From March 31, 2010 to the expiration of patents applied on or before December 31, 2014
Hitachi, Ltd. (The Company)	EMC Corporation	U.S.A.	Information handling systems	Cross license of patents	From January 1, 2003 to the expiration of patents applied on or before December 31, 2002
Hitachi-GE Nuclear Energy, Ltd. (Consolidated subsidiary)	GE-Hitachi Nuclear Energy Americas LLC	U.S.A.	Nuclear reactor systems	Cross license of patents and technology	From October 30, 1991 to June 30, 2023

6. Research and Development

The Hitachi Group (the Company and consolidated subsidiaries) is conducting business in a broad range of fields, from information and telecommunications systems to financial services. The Hitachi Group places priority on allocating R&D resources on core businesses of the Hitachi Group and make efforts for continuing business and development of new business. In order to strengthen the global competitiveness of the business, the Hitachi Group works in R&D activities to identify, share and resolve the customers' problems, and is focusing on developing competitive products and services to lead globalization of operations. In addition, the Hitachi Group conducts advanced research to cultivate future core businesses.

The Hitachi Group also works to improve the efficiency of R&D through close coordination between the R&D divisions of the Company and group companies. Furthermore, the Hitachi Group is actively expanding collaborations with universities and other research institutions as well as with outside firms.

The Company has established a new R&D framework to accelerate global growth through the Social Innovation Business. In order to support the global growth, it aims to promote R&D that can meet local needs quickly by expanding R&D facilities and personnel in North America, Europe, China, Asia, India and South America and accelerating locally-led R&D. As of April 1, 2015, the Company reorganized its three corporate research laboratories in Japan, the Design Division and its overseas R&D facilities into the Global Center for Social Innovation, which is a frontline organization that shares customers' issues and promotes "collaborative creation" developing new solutions along with customers, the Center for Technology Innovation, which creates innovative products and supports development of new solutions by strengthening and fusing technology platforms in focused area, and the Center for Exploratory Research, which carries out cutting-edge basic research from a long-term perspective. With this new R&D structure, the Company aims to further promote R&D that will contribute to solving customers' issues.

The Hitachi Group's R&D expenditures for the fiscal year ended March 31, 2015 were ¥334.8 billion, 3.4% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Amount
Information & Telecommunication Systems	69.0
Power Systems	11.5
Social Infrastructure & Industrial Systems	31.9
Electronic Systems & Equipment	49.6
Construction Machinery	17.8
High Functional Materials & Components	46.3
Automotive Systems	61.0
Smart Life & Ecofriendly Systems	11.2
Others (Logistics and Other services)	8.0
Financial Services	0.3
Corporate Items	27.8
Total	334.8

Notable achievements of R&D activities in the fiscal year ended March 31, 2015 are as follows.

- Development of walkthrough-style finger vein authentication technology (Social Infrastructure & Industrial Systems segment)

  We developed walkthrough-style finger vein authentication technology for the security gates of large-scale facilities, making it possible to accurately verifying individuals as they walk through the gate. We advanced our original finger vein authentication technology, a biometric authentication method where near infrared lights permeate fingers to detect and authenticate finger vein patterns, by automatically controlling the lighting to illuminate the fingers from optical positions regardless of the position or orientation of fingers presented.

- Development of an atomic-resolution holography electron microscope (Electronic Systems & Equipment segment)

  We developed an atomic-resolution holography electron microscope accelerated at a 1.2-megavolt which can visualize electromagnetic fields at an atomic-resolution level. We have installed spherical aberration correctors in an ultra-high-voltage electron microscope to eliminate focus blurring by developing more stable high-speed electron beams, an electron gun emitting electron beams with long-term stability, and facility technologies to eliminate external disturbances, such as vibrations, noises, and ambient magnetic fields. As a result, the electron microscope achieved a resolution of 43 picometers, i.e., 43 trillions of a meter (research results performed with a grant from the Cabinet Office's Funding Program for World-Leading Innovative R&D on Science and Technology, through the Japan Society for the Promotion of Science).

- Development of a new wearable sensor that measures "Organization Activation Level" correlated with collective happiness (Electronic Systems & Equipment segment)

  We developed a wearable sensor that gathers and analyzes data on human behavior, and measures the "organization activation level" which correlates with work productivity. The wearable sensor quantifies collective happiness of a group through analyzing huge volumes of human behavior data obtained and identifying distinctive patterns in physical movements that have strong correlations with a group's happiness.

- Development of a new semiconductor computer capable of operating at room temperature with high power efficiency (Information & Telecommunication Systems segment)

  We have developed a new semiconductor computer as trial production, which can instantaneously solve combinatorial optimization problems to the extent of patterns of about the 500th power of 1 trillion with performance comparable to quantum computers. The new semiconductor computer can operate at room temperature and realize reduction in power consumption due to its high power efficiency. This development makes it possible to provide practical systems with compatibility with large scale in accordance with social issues to be solved.

- Development of disaster resistant storage system technology that can recover information and achieve continuous data availability even in time of wide-area disasters (Information & Telecommunication Systems segment)

  We have developed storage system technology that can back up the data in disaster areas and realizes continuous availability of information service even when wide-area networks, such as the Internet, are disrupted by disasters and therefore cloud storage systems are unavailable from such disaster areas (results of research carried out together with Tohoku University and Hitachi Solutions East Japan, Ltd. at the project of "Research and Development on Highly-functional and Highly-available Information Storage Technology" commissioned by the Ministry of Education, Culture, Sports, Science and Technology).

7. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows
(1) Summary of Economic Environment and Business Strategy, etc.

1) Economic Environment

We conduct business operations such as manufacturing, marketing, and research and development activities throughout the world. Therefore, the economic conditions in global markets where the Hitachi Group conducts business, in particular Japan, Asia, North America and Europe, affect its results of operations.

During the year ended March 31, 2015, the U.S. economy continued to show the signs of recovery, including improvement in the employment situation and solid consumer spending. In Europe, some countries showed signs of economic recovery, although, in southern European countries, economy continued to be sluggish due mainly to prolonged financial troubles and higher unemployment rate. Chinese economic growth continued to decelerate and declines in the prices of raw materials, such as crude oil, caused slowdown in economic growth in emerging countries. The Japanese economy was on a moderate recovery trend, due mainly to the government's implementation of national growth strategies, improvement in employment conditions and a rebound in corporate capital expenditures, despite sluggish consumer spending as the effect of consumption tax rate increase among other factors.

We conduct business in many foreign countries, and a portion of our assets and liabilities denominated in currencies other than the Japanese yen is exposed to risks from fluctuations in foreign currency exchange rates. In addition, we export products and import components and raw materials in local currencies, principally the U.S. dollar and the euro. Therefore, fluctuations in foreign currency exchange rates may affect our financial results, which are reported in Japanese yen. The Japanese yen on average weakened against the U.S. dollar in the year ended March 31, 2015. We employ forward exchange contracts and cross-currency swap agreements to reduce the impact of foreign currency exchange rate fluctuations. In addition, to alleviate the adverse effects of foreign currency exchange rate fluctuations, when we believe it is appropriate, we seek to manufacture outside Japan and procure materials and parts locally.

2) Business Strategy

See "3. Challenges Facing Hitachi Group - (1) Business and Financial Condition."

3) Business Reorganization

We continuously reorganize our business in order to further focus our business resources on the Social Innovation Business. The important business reorganizations conducted in the year ended March 31, 2015 are as follows:

In November 2014, Hitachi Metals, Ltd. acquired all shares of Waupaca Foundry Holdings, Inc., which holds 100% stake of Waupaca Foundry, Inc. engaging in the iron casting business for transportation machinery in the North American market to strengthen its global iron casting business and achieve global growth in a medium and long term.

In January 2015, the Company and Hitachi Appliances, Inc. entered into a definitive agreement with Johnson Controls Inc. to establish a joint venture in relation to air conditioning systems business to respond to a drastic change in the condition of the global air conditioning systems market and accelerate global growth by synergy effect.

In February 2015, Hitachi Data Systems Corporation entered into an agreement to acquire Pentaho Corporation, a U.S. big data analytics software developer and provider, to build a new infrastructure for the use and utilization of big data compatible across diverse industries, and accelerate global development of the Social Innovation Business. In May 2015, the acquisition was completed.

In February 2015, the Company entered into a binding agreement with Finmeccanica S.p.A. in Italy to purchase signaling systems and railway businesses of the Finmeccanica Group in order to strengthen our position in signaling and traffic management systems business and expand turnkey operations business to further enhance Hitachi's competitiveness in the global market.

(2) Changes in the year ended March 31, 2015

The Company's consolidated financial statements have been prepared in conformity with IFRS since the year ended March 31, 2015. The figures in the year ended March 31, 2014 are also based on IFRS.

Effective from April 1, 2014, a part of the thermal power generation systems business is classified as a discontinued operation. In line with this classification, the figures in the year ended March 31, 2014 are also reclassified.

Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the "Digital Media & Consumer Products" segment to the "Smart Life & Ecofriendly Systems" segment. Figures for each segment, including figures for the year ended March 31, 2014 and for the year ended March 31, 2015, reflect the new segmentation.

(3) Results of Operations

	Year ended March 31, 2014 (billions of yen)	Year ended March 31, 2015 (billions of yen)	Year over year change
Revenues	9,666.4	9,774.9	101%
EBIT (Note)	691.2	534.0	77%
Income from continuing operations, before income taxes	678.4	518.9	76%
Net income attributable to Hitachi, Ltd. stockholders	413.8	217.4	53%

(Note) EBIT represents earnings before interest and taxes, which is presented as income from continuing operations, before income taxes less interest income plus interest charges.

1) Analysis of Statement of Operations

Revenues increased 1% to ¥9,774.9 billion, as compared with the year ended March 31, 2014. This increase was attributable to increased revenues in every segment, particularly the Information & Telecommunications Systems, Social Infrastructure & Industrial Systems and High Functional Materials & Component segments, except for the Power Systems and Others (Logistics and Other services) segments.

Cost of sales was ¥7,198.2 billion, which was almost the same as the year ended March 31, 2014, and the ratio of cost of sales to revenues was 74%, which was the same level as the year ended March 31, 2014. Gross profit increased 3% to ¥2,576.6 billion, as compared with the year ended March 31, 2014.

Selling, general and administrative expenses increased 3% to ¥1,935.3 billion, as compared with the year ended March 31, 2014, and the ratio of selling, general and administrative expenses to revenues was 20%, which was the same level as the year ended March 31, 2014.

Other income decreased ¥199.1 billion to ¥9.4 billion and other expenses increased ¥3.2 billion to ¥167.7 billion, as compared with the year ended March 31, 2014. The details are as follows.

Net loss on sales and disposal of fixed assets increased ¥9.7 billion to ¥16.8 billion, as compared with the year ended March 31, 2014. This increase was due mainly to loss on disposal of fixed assets related to software in the Information & Telecommunications Systems segment.

Impairment losses decreased ¥1.0 billion to ¥42.1 billion, as compared with the year ended March 31, 2014. The Power Systems segment recognized impairment losses for the transmission & distribution equipment business.

Net loss on business reorganization and others in the year ended March 31, 2015 was ¥55.0 billion, as compared with net gain of ¥198.0 billion in the year ended March 31, 2014 owing to the effects of the integration of the thermal power generation systems business into MITSUBISHI HITACHI POWER SYSTEMS, LTD.

Restructuring charges was ¥26.6 billion, which was almost the same as the year ended March 31, 2014. This mainly consisted of special termination benefits expensed for the voluntary early retirement program to rationalize the domestic workforce at Hitachi Chemical Company, Ltd. in the High Functional Materials & Components segment.

Expenses related to competition law and others decreased ¥50.9 billion to ¥25.8 billion, as compared with the year ended March 31, 2014, despite posting expenses in relation to settlements of certain losses involving dispute with customers. This decrease was due mainly to the absence of expenses related to a plea agreement with the United States Department of Justice regarding alleged violations of U.S. antitrust laws in the Automotive Systems segment in the year ended March 31, 2014.

Financial income (excluding interest income) decreased ¥25.7 billion to ¥7.7 billion and financial expenses (excluding interest charges) increased ¥1.3 billion to ¥3.2 billion, as compared with the year ended March 31, 2014, respectively. This was due mainly to the loss on financial instruments measured at fair value through profit or loss ("FVTPL financial instruments") and exchange loss in the year ended March 31, 2015, while net gain on FVTPL financial instruments and currency exchange gain were recorded in the year ended March 31, 2014, respectively.

Share of profits of investments accounted for using the equity method increased ¥35.7 billion to ¥46.6 billion due mainly to profits of investments in MITSUBISHI HITACHI POWER SYSTEMS, LTD., as compared with the year ended March 31, 2014.

EBIT decreased ¥157.1 billion to ¥534.0 billion, as compared with the year ended March 31, 2014.

Interest income decreased ¥1.6 billion to ¥12.5 billion and interest charges increased ¥0.6 billion to ¥27.5 billion, as compared with the year ended March 31, 2014, respectively.

Income from continuing operations, before income taxes decreased ¥159.5 billion to ¥518.9 billion, as compared with the year ended March 31, 2014.

Income taxes decreased ¥24.4 billion to ¥122.0 billion, as compared with the year ended March 31, 2014, due mainly to deferred tax assets newly recognized in the year ended March 31, 2015.

Loss from discontinued operations increased ¥46.5 billion to ¥53.5 billion, as compared with the year ended March 31, 2014.

Net income decreased ¥181.5 billion to ¥343.4 billion, as compared with the year ended March 31, 2014.

Net income attributable to non-controlling interests increased ¥14.8 billion to ¥125.9 billion, as compared with the year ended March 31, 2014.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased ¥196.3 billion to ¥217.4 billion, as compared with the year ended March 31, 2014.

2) Operations by Segment

The following is an overview of results of operations by segment. Revenues for each segment include intersegment transactions. Segment profit is measured by EBIT.

(Information & Telecommunication Systems)

Revenues increased 5% to ¥2,034.0 billion, as compared with the year ended March 31, 2014, due mainly to solid performances by system solutions business centered on public systems and financial systems and higher revenues from storage solutions business as a result of the effects of foreign exchange rate fluctuations. This increase was also attributable to the positive impact of the consolidation of Prizm Payment Services Pvt. Ltd. in India and the establishment of Hitachi Systems Power Services, Ltd., both of which were implemented in March 2014. However, the increase in revenues was partially offset by decreased revenues in the telecommunications & network business owing to lower demand.

Segment profit decreased ¥8.9 billion to ¥106.0 billion, as compared with the year ended March 31, 2014. This decrease was due mainly to significantly lower profits in the telecommunications & network business and posting of loss on sales and disposal of fixed assets and impairment loss, which was partially offset by the effect of termination of unprofitable projects in the system solution business.

(Power Systems)

Revenues decreased 36% to ¥466.7 billion, as compared with the year ended March 31, 2014, due mainly to the effect of the transfer of the thermal power generation systems business. This decrease was partially offset by an increase in preventive maintenance services for nuclear power generation systems business.

Segment profit decreased ¥174.7 billion to ¥3.8 billion, as compared with the year ended March 31, 2014, due mainly to lower revenues. This decrease was also attributable to increased losses and posting impairment losses on property, plant and equipment in the transmission & distribution business, and the absence of net gain on business reorganization and others associated with the transfer of thermal power generation systems business in the year ended March 31, 2014. However, the decreased profit was partially offset by posting of share of profits of investments accounted for using the equity method for MITSUBISHI HITACHI POWER SYSTEMS, LTD.

(Social Infrastructure & Industrial Systems)

Revenues increased 6% to ¥1,599.5 billion, as compared with the year ended March 31, 2014. This was due mainly to higher sales in the elevators and escalators business mainly in China, the industrial equipment business, and the railway systems business in the U.K.

Segment profit increased ¥28.5 billion to ¥106.5 billion, as compared with the year ended March 31, 2014. This increase was due mainly to higher profits in the elevators and escalators business and the industrial equipment business associated with higher revenues, reduced effect of unprofitable overseas infrastructure projects that occurred in the year ended March 31, 2014 and posting of net gain on business reorganization and others related to Mitsubishi-Hitachi Metals Machinery, Inc.

(Electronic Systems & Equipment)

Revenues increased 1% to ¥1,131.6 billion, as compared with the year ended March 31, 2014. This increase was attributable to higher revenues at Hitachi Kokusai Electric Inc., resulting primarily from higher sales of semiconductor manufacturing equipment, and higher revenues at Hitachi Koki Co., Ltd., resulting from higher sales in Asia and North America and the effect of foreign exchange rate fluctuations. On the other hand, revenues at Hitachi High-Technologies Corporation decreased due mainly to winding down the LCDs manufacturing equipment business and lower sales of advanced industrial products and of mobile phones in the U.S., which was partially offset by higher sales of medical analysis systems and semiconductor manufacturing equipment.

Segment profit increased ¥11.4 billion to ¥63.7 billion, as compared with the year ended March 31, 2014. This increase was due mainly to increased revenues and the effects of business restructuring.

(Construction Machinery)

Revenues increased 2% to ¥815.7 billion, as compared with the year ended March 31, 2014. This increase was due mainly to the positive impact of foreign exchange rate fluctuations and higher sales of hydraulic excavators and other items in North America and Europe, partially offset by lower demand in China and Southeast Asia.

Segment profit decreased ¥2.5 billion to ¥60.5 billion, as compared with the year ended March 31, 2014. This decrease was due mainly to substantially lower sales in China and decline in profitability owing to changes in product mix.

(High Functional Materials & Components)

Revenues increased 10% to ¥1,529.4 billion, as compared with the year ended March 31, 2014. This increase was due mainly to the effects of the consolidation of Waupaca Foundry Holdings, Inc. by Hitachi Metals, Ltd. and solid performances for automobile products for overseas including North America and China and certain electronics-related materials.

Segment profit increased ¥19.7 billion to ¥123.9 billion, as compared with the year ended March 31, 2014. This increase was due mainly to higher revenues, posting gain on sale of shares of a consolidated subsidiary by Hitachi Metals, Ltd., the effect of cost reduction and an increase in exchange gain, partially offset by posting of restructuring charges associated with the voluntarily early retirement program implemented by Hitachi Chemical Company, Ltd.

(Automotive Systems)

Revenues increased 5% to ¥936.9 billion, as compared with the year ended March 31, 2014. This increase was attributable to robust demand in overseas automobile markets, such as North America and China.

Segment profit increased ¥31.5 billion to ¥35.0 billion, as compared with the year ended March 31, 2014, due mainly to the increased revenues and a decrease in expenses related to competition law and others.

(Smart Life & Ecofriendly Systems)

Revenues increased 1% to ¥754.2 billion, as compared with the year ended March 31, 2014. This increase was attributable to higher sales in overseas markets for the air-conditioning business and the home appliance business, partially offset by the decreased sales due to the effects of the consumption tax rate increase.

Segment profit increased ¥6.4 billion to ¥34.5 billion, as compared with the year ended March 31, 2014, due mainly to the increase in revenues.

(Others (Logistics and Other services))

Revenues decreased 12% to ¥1,274.2 billion, as compared with the year ended March 31, 2014. This decrease was attributable to the conversion of Hitachi Maxell, Ltd., which had been a consolidated subsidiary, into an equity-method affiliate, which was partially offset by increased revenues at Hitachi Transport System, Ltd. due mainly to launch of large-scale projects and the consolidation of domestic and overseas companies in the year ended March 31, 2014.

Segment profit increased ¥28.2 billion to ¥51.0 billion, as compared with the year ended March 31, 2014, despite lower revenues. This increase was due mainly to a decrease in expenses related to business restructuring and posting of gain on sales and disposal of fixed assets.

(Financial Services)

Revenues increased 4% to ¥356.2 billion, as compared with the year ended March 31, 2014. This increase was due mainly to strong performance in the overseas business, particularly in Europe.

Segment profit increased ¥2.6 billion to ¥35.4 billion, as compared with the year ended March 31, 2014, due mainly to the increase in revenues.

3) Revenues by Geographic Area

The following is an overview of revenues attributed to geographic areas based on customer location.

Japan

Revenues in Japan were ¥5,220.3 billion, a decrease of 2% compared with the year ended March 31, 2014. This decrease was due mainly to the decrease in revenues in the Power Systems segment owing to the effects of the integration of the thermal power generation systems business, and the decrease in revenues in the Others (Logistics and Other services) segment owing to the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate, partially offset by the increases in revenues in the Information & Telecommunications Systems segment.

Overseas

(Asia)

Revenues in Asia were ¥2,178.2 billion, an increase of 2% compared with the year ended March 31, 2014. This increase was due mainly to the increases in revenues in the Social Infrastructure & Industrial Systems segment, which reported higher sales of elevators and escalators in China, and in the Information & Telecommunication Systems, High Functional Materials & Components and Smart Life & Ecofriendly Systems segment, partially offset by the decreases in revenues in the Power Systems, Construction Machinery and Others (Logistics and Other services) segments.

(North America)

Revenues in North America were ¥1,064.1 billion, an increase of 16% compared with the year ended March 31, 2014. This increase was due mainly to the increase in revenues in the High Functional Materials & Components segment as a result of the effects of the consolidation of Waupaca Foundry Holdings, Inc. by Hitachi Metals, Ltd., and in the Information & Telecommunication Systems, Construction Machinery and Automotive Systems segments, partially offset by the decreases in revenues in the Power Systems and Others (Logistics and Other services) segments.

(Europe)

Revenues in Europe were ¥841.9 billion, an increase of 9% compared with the year ended March 31, 2014. This increase was due mainly to the increases in revenues in the Social Infrastructure & Industrial Systems segment, which reported increased revenues from the railway systems business in the U.K., in the Electronic Systems & Equipment segment, which reported higher sales of semiconductor manufacturing equipment and medical analysis systems at Hitachi High-Technologies Corporation, and in the Financial Services segment, which reported increased revenues in the U.K.

(Other Areas)

Revenues in other areas were ¥470.2 billion, a decrease of 13% compared with the year ended March 31, 2014. This decrease was due mainly to the decrease in revenues in the Power Systems segment owing to the effects of the integration of the thermal power generation systems business, partially offset by the increase in revenues in the Construction Machinery segment due to increased sales of mining machinery in Africa and Australia, etc.

As a result of the foregoing, overseas revenues increased 5% to ¥4,554.5 billion, as compared with the year ended March 31, 2014, and the ratio to total revenues was 47%, compared with 45% for the year ended March 31, 2014.

(4) Summary of Financial Condition, etc.

1) Liquidity and Capital Resources

Our management considers maintaining an appropriate level of liquidity and securing adequate funds for current and future business operations to be important financial objectives. Through efficient management of working capital and selective investment in new plants and equipment, we are working to optimize the efficiency of capital utilization throughout our business operations. We endeavor to improve our group cash management by centralizing such management among us and our overseas financial subsidiaries. Our internal sources of funds include cash flows generated by operating activities and cash on hand. Our management also considers short-term investments to be an immediately available source of funds. In addition, we raise funds both in the capital markets and from Japanese and international commercial banks in response to our capital requirements. Our management's policy is to finance capital expenditures primarily by internally generated funds and to a lesser extent by funds raised through the issuance of debt and equity securities in domestic and foreign capital markets. In order to flexibly access funding, we maintain our shelf registration with the maximum outstanding balance of ¥300.0 billion and issued the straight bonds of ¥60.0 billion on December 13, 2013 for the purpose of repaying short-term debts (commercial paper) and meeting demand for funds for growth of the Social Innovation Business.

We maintain commitment line agreements with a number of domestic banks under which we may borrow in order to ensure efficient access to necessary funds. These commitment line agreements generally provide for a one-year term, renewable upon mutual agreement between us and each of the lending banks, as well as another commitment line agreement with a contract term of three years and two months ending in July 2016. These committed credit arrangements are, in general, subject to financial and other covenants and conditions both prior to and after drawdown, the most restrictive of which require maintenance of minimum issuer rating or long-term debt ratings from Rating and Investment Information, Inc. (R&I) of BBB-. As of March 31, 2015, our unused commitment lines totaled ¥524.7 billion, including these of ¥400.0 billion which the Company maintained.

We receive debt ratings from Moody’s Japan K.K. (Moody’s), Standard & Poor’s Rating Japan (S&P), as well as R&I. Our debt ratings as of March 31, 2015 were as follows.

Rating Company	Long-term	Short-term
Moody’s	A3	P-2
S&P	A-	A-2
R&I	A+	a-1

With our current ratings, we believe that our access to the global capital markets will remain sufficient for our financing needs. We seek to improve our credit ratings in order to ensure financial flexibility for liquidity and capital management, and to continue to maintain access to sufficient funding resources through the capital markets.

2) Cash Flows

(Cash Flows from Operating Activities)

Net income in the year ended March 31, 2015 decreased ¥181.5 billion to ¥343.4 billion, as compared with the year ended March 31, 2014. Increase in trade receivables in the year ended March 31, 2015 decreased ¥199.1 billion to ¥201.4 billion, as compared with the year ended March 31, 2014, due mainly to promoting collection. Increase in inventories in the year ended March 31, 2015 increased ¥74.0 billion to ¥116.3 billion, as compared with the year ended March 31, 2014. Decrease in trade payables was ¥18.0 billion in the year ended March 31, 2015, compared with the increase in trade payables of ¥33.7 billion in the year ended March 31, 2014. As a result of the foregoing, the net cash provided by operating activities was ¥451.8 billion in the year ended March 31, 2015, an increase of ¥145.0 billion compared with the year ended March 31, 2014.

(Cash Flows from Investing Activities)

A net sum of ¥568.6 billion in the year ended March 31, 2015 was recorded as investments related to property, plant and equipment, where the proceeds from sale of property, plant, equipment and intangible assets, the proceeds from sale of leased assets and the collection of lease receivables were subtracted from the amount of the purchase of property, plant and equipment, the purchase of intangible assets and the purchase of leased assets, a decrease of ¥39.0 billion from the year ended March 31, 2014. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) increased by ¥57.3 billion and amounted to ¥152.8 billion, due mainly to the acquisition related to Waupaca Foundry Holdings, Inc. in the year ended March 31, 2015. Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) decreased by ¥8.0 billion and amounted to ¥121.6 billion in the year ended March 31, 2015. As a result of the foregoing, the net cash used in investing activities was ¥612.5 billion in the year ended March 31, 2015, an increase of ¥62.3 billion compared with the year ended March 31, 2014.

(Cash Flows from Financing Activities)

Net increase in short-term debt in the year ended March 31, 2015 was ¥136.9 billion, whereas net decrease of ¥66.2 billion was recorded in the year ended March 31, 2014. A net sum of ¥206.0 billion was recorded as proceeds related to long-term debt, where the payments on long-term debt were subtracted from the proceeds from long-term debt, a decrease of ¥192.2 billion from the year ended March 31, 2014. As a result of the foregoing, the net cash provided by financing activities was ¥233.2 billion in the year ended March 31, 2015, an increase of ¥4.3 billion from the year ended March 31, 2014.

As a result of the above items, as of March 31, 2015, cash and cash equivalents amounted to ¥701.7 billion, net increase of ¥141.0 billion from March 31, 2014. Free cash flows, the sum of cash flows from operating and investing activities, represented an outflow of ¥160.7 billion in the year ended March 31, 2015, a decrease of ¥82.6 billion from the year ended March 31, 2014.

3) Assets, Liabilities and Equity

As of March 31, 2015, total assets amounted to ¥12,433.7 billion, an increase of ¥1,335.5 billion from March 31, 2014. This increase was due primarily to increases in the value of assets denominated in foreign currency owing to the depreciation of yen, the acquisition of Waupaca Foundry Holdings, Inc. and increases in trade receivables resulting from increased revenues. Cash and cash equivalents as of March 31, 2015 amounted to ¥701.7 billion, an increase of ¥141.0 billion from the amount as of March 31, 2014.

As of March 31, 2015, total interest-bearing debt, the sum of short-term debt and long-term debt, amounted to ¥3,557.3 billion, an increase of ¥523.3 billion from March 31, 2014. As of March 31, 2015, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to ¥977.7 billion, an increase of ¥202.1 billion from March 31, 2014, due mainly to the issuance of commercial paper by the Company. As of March 31, 2015, long-term debt (excluding current portion), consisting mainly of debentures, debentures with stock acquisition rights, medium-term notes and loans principally from banks and insurance companies, amounted to ¥2,096.1 billion, an increase of ¥379.1 billion from March 31, 2014, due mainly to increased demand for investment funds to achieve growth in the Social Innovation Business, funding for the acquisition of Waupaca Foundry Holdings Inc., and higher demand for funds in line with business expansion in the Financial Services segment.

As of March 31, 2015, total Hitachi, Ltd. stockholders' equity amounted to ¥2,942.2 billion, an increase of ¥273.6 billion from March 31, 2014, due primarily to posting of net income attributable to Hitachi, Ltd. stockholders and an increase in the accumulated other comprehensive income owing primarily to the depreciation of yen. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2015 was 23.7%, compared with 24.0% as of March 31, 2014.

Non-controlling interests as of March 31, 2015 was ¥1,354.0 billion, an increase of ¥153.8 billion from March 31, 2014.

Total equity (the sum of total Hitachi, Ltd. stockholders' equity and non-controlling interests) as of March 31, 2015 was ¥4,296.3 billion, an increase of ¥427.5 billion from March 31, 2014. The ratio of interest-bearing debt to total equity increased to 0.83, compared with 0.78 as of March 31, 2014.

(5) Important Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management considers that certain accounting estimates to be critical, and that their significance to the financial statements and the possibility that future events affecting the estimate may differ significantly from management's current assumptions could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations. First, the estimates require us to make assumptions about matters that are highly uncertain at the time the accounting estimates are made. Second, there could be different estimates that we reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur as time proceeds. Details of important accounting policies and estimates are described in "Note 3. Overview of major accounting policies" under "(1) Notes to Consolidated Financial Statements" of "1. Consolidated Financial Statements, etc." in "V. Financial Information."

(6) Forward-Looking Statements

Certain statements found in "3. Challenges Facing Hitachi Group," "4. Risks Factors" and "7. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows" and other descriptions in this report 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 report.

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, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- 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;
- 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;
- 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 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;
- 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;
- 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;
- uncertainty as to the success of cost reduction measures;
- 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 alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- 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 potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- 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;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

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

III. Property, Plants and Equipment

1. Summary of Capital Investment, etc.

The Hitachi Group (the Company and consolidated subsidiaries) selectively invests in R&D and product fields expected to grow over the long term, and it also invests to streamline manufacturing process, etc. and to improve the reliability of its products.

Capital investment (based on the amount recorded as tangible fixed assets and the investment property) in the fiscal year ended March 31, 2015 was ¥850.9 billion. A breakdown of capital investment by segment is as follows. Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the "Digital Media & Consumer Products" segment to the "Smart Life & Ecofriendly Systems" segment.

Segment	Capital investment (Billions of yen)	Change from preceding fiscal year (%)	Main purpose of investment
Information & Telecommunication Systems	46.1	112	Expansion and replacement of data centers, streamline development and production of other products
Power Systems	24.0	122	Facility for nuclear power generation system, streamline development and production of other products
Social Infrastructure & Industrial Systems	36.0	98	Increase production of elevators and escalators, manufacturing facilities for railway systems, streamline development and production of other products, antiseismic reinforcement
Electronic Systems & Equipment	20.7	75	Streamline development and production of products
Construction Machinery	20.9	56	Increase and streamline production of construction machinery, antiseismic reinforcement
High Functional Materials & Components	76.2	116	Increase and streamline production of high grade metal products, magnetic materials, high-grade functional components, wires and cables, powder metal products, etc.
Automotive Systems	77.4	101	Increase production of automotive equipment, etc.
Smart Life & Ecofriendly Systems	18.0	103	Streamline development and production of products
Others (Logistics and Other services)	52.2	77	Transportation facilities, system development facilities
Financial Services	494.4	104	Assets for leasing business (computers and other information-related equipment, industrial machinery and machine tools, vehicles and medical equipment related to lease agreements)
Subtotal	866.2	100	—
Corporate Items & Eliminations	(15.3)	—	—
Total	850.9	100	—

(Notes) 1. The figures in the above table include the amount of the tangible fixed assets leased under finance lease transactions and the investment property, each of which is recorded as property, plant and equipment and other non-current assets, respectively.

2. These investments were mostly financed with the Hitachi Group's own capital.

2. Major Property, Plants and Equipment

The Hitachi Group (the Company and consolidated subsidiaries) engages in diverse business operations in Japan and overseas. It discloses information on major property, plants and equipment represented in breakdown by segment and major facilities of the Company and consolidated subsidiaries.

The situation at the end of the fiscal year under review is as follows.

(1) Breakdown by Segment

(As of March 31, 2015)

Segment	Book value (Millions of yen)							Number of employees
	Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Information & Telecommunication Systems	29,729 [1,652]	81,834	26,624	51,529	27,221	3,563	220,500	76,438
Power Systems	80,555 [8,380]	14,476	8,033	2,686	5,918	33,090	144,758	10,613
Social Infrastructure & Industrial Systems	27,415 [3,644]	103,695	47,478	15,378	9,877	16,062	219,905	54,809
Electronic Systems & Equipment	35,225 [1,869]	59,817	21,570	13,512	2,270	3,335	135,729	24,253
Construction Machinery	52,995 [7,979]	95,968	66,544	6,920	53,786	6,745	282,958	20,353
High Functional Materials & Components	79,281 [16,559]	145,285	207,071	27,633	2,915	21,961	484,146	48,963
Automotive Systems	53,889 [5,967]	65,265	116,085	21,621	1,748	29,153	287,761	31,865
Smart Life & Ecofriendly Systems	14,620 [3,312]	27,259	46,584	15,760	676	3,311	108,210	22,200
Others (Logistics and Other services)	89,089 [4,833]	132,987	33,839	28,639	27,627	3,093	315,274	39,654
Financial Services	116 [13]	1,898	10,408	1,910	252,645	1,120	268,097	4,792
Subtotal	462,914 [54,206]	728,484	584,236	185,588	384,683	121,433	2,467,338	333,940
Corporate Items & Eliminations	(29,330) [1,135]	29,168	207	3,819	(1,210)	2,505	5,159	2,730
Total	433,584 [55,341]	757,652	584,443	189,407	383,473	123,938	2,472,497	336,670

(Notes)
1. The “Book value - Other” column includes the amount of finance lease assets, etc.
2. The figures in the above table include ¥303,547 million of operating lease assets for leasing business, mainly owned by Hitachi Capital Corporation.
3. The figures in the above table include ¥53,616 million of lease assets concerning finance lease transactions leased from within the Hitachi Group, mainly from Hitachi Capital Corporation.
4. Except for the figures in the above table, there are operating lease assets leased, mainly machinery, etc. The annual lease fee for such assets was ¥160,562 million.

(2) The Company

(As of March 31, 2015)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Information & Telecommunication Systems Company (Shinagawa-ku, Tokyo)	Information & Telecommunication Systems	System development facilities, manufacturing facilities for servers, mainframes, etc.	1,689 [588]	48,134	2,445	24,894	2,078	1,189	80,431	13,123
Research & Development Group (Kokubunji, Tokyo)	Others (Logistics and Other services)	R&D facilities	6,043 [780]	14,328	7,193	3,390	24	63	31,044	2,902
Infrastructure Systems Company (Hitachi, Ibaraki)	Information & Telecommunication Systems, Power Systems and Social Infrastructure & Industrial Systems	Manufacturing facilities for industrial machinery and plants, switchboards and calculation control equipment, system development facilities	3,646 [767]	10,970	7,519	2,172	2,159	916	27,384	5,699
Power Systems Company (Hitachi, Ibaraki)	Power Systems	Manufacturing facilities for power generating equipment, etc.	10,096 [3,438]	5,764	3,104	640	813	11	20,430	2,416
IT Services Division (Chiyoda-ku, Tokyo)	Others (Logistics and Other services)	System development facilities	— [—]	1,505	0	17,591	—	625	19,722	432
Rail Systems Company (Kudamatsu, Yamaguchi)	Social Infrastructure & Industrial Systems	Manufacturing facilities for railway vehicles, etc.	854 [673]	9,766	4,259	641	3	480	16,005	1,888
Ibaraki Hospital Center (Hitachi, Ibaraki)	Corporate	Medical facilities	63 [52]	11,242	29	997	1,107	2,464	15,906	1,413
Head Office (Chiyoda-ku, Tokyo)	Corporate	Other facilities	5,427 [1,027]	7,473	180	2,493	—	40	15,615	1,132
Area Operations (Osaka, Osaka)	Corporate	Other facilities	8,309 [54]	6,572	9	327	10	—	15,229	1,358
Defense Systems Company (Yokohama, Kanagawa)	Social Infrastructure & Industrial Systems	System development facilities	107 [7]	6,098	787	482	131	49	7,657	480

(3) Domestic subsidiaries

(As of March 31, 2015)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Hitachi Automotive Systems, Ltd. (Hitachinaka, Ibaraki)	Automotive Systems	Manufacturing facilities for automotive equipment	9,210 [2,480]	22,608	32,476	5,245	—	1,716	71,255	6,824
Hitachi Metals, Ltd., Yasugi Works (Yasugi, Shimane)	High Functional Materials & Components	Manufacturing facilities for high grade steel	8,096 [1,104]	7,636	18,834	1,842	—	3,090	39,498	1,514
Hitachi Construction Machinery Co., Ltd., Hitachinaka-Rinko Works (Hitachinaka, Ibaraki)	Construction Machinery	Manufacturing facilities for construction machinery	12,330 [495]	17,546	5,421	192	—	23	35,514	275
Hitachi Construction Machinery Co., Ltd., Tsuchiura Works (Tsuchiura, Ibaraki)	Construction Machinery	Manufacturing facilities for construction machinery	6,936 [5,137]	8,701	15,595	1,428	—	904	33,566	3,086
Hitachi High-Technologies Corporation Naka Area (Hitachinaka, Ibaraki)	Electronic Systems & Equipment	Manufacturing facilities for semiconductor manufacturing equipment and test and measurement equipment, etc.	426 [125]	17,509	3,112	4,289	—	665	26,003	2,278
Hitachi Building Systems Co., Ltd., Head Office (Chiyoda-ku, Tokyo)	Social Infrastructure & Industrial Systems	Other facilities	9,328 [170]	11,756	590	1,625	—	296	23,595	1,787
Hitachi Solutions, Ltd., Head Office (Shinagawa-ku, Tokyo)	Information & Telecommunication Systems	Other facilities	12,396 [17]	8,449	—	369	596	137	21,948	2,274
Hitachi Construction Machinery Co., Ltd., Hitachinaka Works (Hitachinaka, Ibaraki)	Construction Machinery	Manufacturing facilities for construction machinery	1,998 [214]	8,610	8,710	77	—	67	19,464	228
Hitachi Chemical Company, Ltd., Yamazaki Works (Hitachi, Ibaraki)	High Functional Materials & Components	Manufacturing facilities for semiconductor materials, etc.	891 [454]	8,448	7,575	988	34	476	18,414	965
Hitachi Chemical Company, Ltd., Shimodate Works (Chikusei, Ibaraki)	High Functional Materials & Components	Manufacturing facilities for circuit board materials, etc.	4,154 [658]	7,029	6,093	578	25	242	18,123	1,452

(Note) Except for the figures in the above table, there are operating lease assets for leasing business, mainly owned by Hitachi Capital Corporation.

(4) Overseas subsidiaries

(As of March 31, 2015)

Subsidiary (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Horizon Nuclear Power Limited (Gloucester, U.K.)	Power Systems	Land for nuclear power plant	69,511 [4,430]	92	4	430	—	29,472	99,509	251
Waupaca Foundry, Inc. (Wisconsin, U.S.A.)	High Functional Materials & Components	Manufacturing facilities for automotive components	413 [4,203]	17,116	36,678	3,439	—	2,628	60,274	4,025
Hitachi Automotive Systems Americas, Inc. (Kentucky, U.S.A.)	Automotive Systems	Manufacturing facilities for automotive equipment	409 [1,242]	7,421	14,316	6,164	1	11,213	39,524	2,999
Hitachi Data Systems Corporation (California, U.S.A.)	Information & Telecommunication Systems	Other facilities	— [—]	—	20,645	11,150	—	661	32,456	6,369
Hitachi Construction Machinery (China) Co., Ltd. (Hefei, China)	Construction Machinery	Manufacturing facilities for construction machinery	— [—]	8,352	6,180	765	—	4,315	19,612	2,165

(Notes) 1. The figures for Horizon Nuclear Power Limited and Hitachi Data Systems Corporation are presented in consolidated basis of each company.

2. Except for the figures in the above table, there are operating lease assets for leasing business, mainly owned by overseas subsidiaries of Hitachi Capital Corporation.

3. Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The Hitachi Group (the Company and consolidated subsidiaries) engages in diverse operations in Japan and overseas, and has not decided on specific plans to newly install or expand each of facilities as of the end of the fiscal year. For this reason, it discloses amounts of capital investment by segment.

The amount of capital investment for the fiscal year ending March 31, 2016 will be ¥910.0 billion (new installation and expansions, based on the amount recorded as tangible fixed assets and the investment property), and a breakdown by segment is as follows. Effective from April 1, 2015, the Power Systems segment has been integrated to the Social Infrastructure & Industrial Systems segment. Figures shown in the table below are presented on the basis of the new segmentation.

Segment	Amount (Billions of yen)	Main purpose of investment
Information & Telecommunication Systems	40.0	Expansion and replacement of data centers, streamline development and production of other products
Social Infrastructure & Industrial Systems	65.0	Increase production of elevators and escalators, manufacturing facilities for railway systems, facility for nuclear power generation system, streamline development and production of other products
Electronic Systems & Equipment	20.0	Streamline development and production of products
Construction Machinery	30.0	Increase and streamline production of construction machinery, antiseismic reinforcement
High Functional Materials & Components	90.0	Increase and streamline production of high grade metal products, magnetic materials, high-grade functional components, wires and cables, etc.
Automotive Systems	60.0	Increase production of automotive equipment, etc.
Smart Life & Ecofriendly Systems	10.0	Increase and streamline production of appliances, streamline development and production of other products
Others (Logistics and Other services)	60.0	Transportation facilities, R&D facilities, system development facilities
Financial Services	540.0	Assets for leasing business
Subtotal	915.0	—
Corporate Items & Eliminations	(5.0)	—
Total	910.0	—

(Notes) 1. The figures in the above table include the amount of the tangible fixed assets leased under finance lease transactions and the investment property, each of which is recorded as property, plant and equipment and other non-current assets, respectively.
2. These planned investments are expected to be mostly financed with the Hitachi Group's own capital.
3. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

IV. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	10,000,000,000
Total	10,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31, 2015)	Number of shares issued as of the filing date (shares) (June 25, 2015)	Stock exchange on which the Company is listed	Description
Common stock	4,833,463,387	4,833,463,387	Tokyo, Nagoya	The number of shares per one unit of shares is 1,000 shares.
Total	4,833,463,387	4,833,463,387	—	—

(2) Information on the stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Information on shareholder right plans

Not applicable.

(5) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Change in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
From April 1, 2010 to March 31, 2011 (Note)	2,012,599	4,520,144,964	319	409,129	319	127,096
From April 1, 2011 to March 31, 2012 (Note)	117,640,353	4,637,785,317	18,646	427,775	18,646	145,742
From April 1, 2012 to March 31, 2013 (Note)	195,678,070	4,833,463,387	31,015	458,790	31,015	176,757
From April 1, 2013 to March 31, 2014	—	4,833,463,387	—	458,790	—	176,757
From April 1, 2014 to March 31, 2015	—	4,833,463,387	—	458,790	—	176,757

(Note) Changes due to conversion of stock acquisition rights into stocks.

(6) Shareholders composition

(As of March 31, 2015)

Class of shareholders	Status of shares (one unit of stock: 1,000 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institution	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	2	255	99	2,867	916	115	300,145	304,399	―
Share ownership (units)	46	1,347,775	131,319	87,124	2,172,376	412	1,071,143	4,810,195	23,268,387
Ownership percentage of shares (%)	0.00	28.02	2.73	1.81	45.16	0.01	22.27	100.00	―

(Notes) 1. Of 4,886,838 shares of treasury stock, 4,886 units are included in the "Individuals and others" column, while 838 shares are included in the "Number of shares less than one unit" column.
2. Of the shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing stocks whose shareholders have not transferred titles), 26 units are included in the "Other institution" column and 827 shares are included in the "Number of shares less than one unit" column.

(7) Major shareholders

(As of March 31, 2015)

Name	Address	Share Ownership (shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	301,833,000	6.24
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	221,101,215	4.57
Hitachi Employees' Shareholding Association	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	99,966,384	2.07
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	93,265,195	1.93
NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)	C/O Citibank New York, 111 Wall Street, New York NY, U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	84,223,880	1.74
State Street Bank and Trust Company 505225 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351 Boston, Massachusetts 02101 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	78,072,703	1.62
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Rue Montoyerstraat 46, 1000 Brussels, Belgium (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	74,820,713	1.55
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	71,361,222	1.48
State Street Bank West Client-Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	64,907,327	1.34
State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	58,732,405	1.22
Total	―	1,148,284,044	23.76

(Notes) 1. NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.
2. The number of shares held by The Dai-ichi Life Insurance Company, Limited includes its contribution of 6,560,000 shares to the retirement allowance trust (the holder of said shares, as listed in the Shareholders' Register, is "Dai-ichi Life Insurance Account, Retirement Allowance Trust, Mizuho Trust & Banking Co., Ltd.").

3. The Company has received copies of reports on substantial shareholdings under the Financial Instruments and Exchange Act. However, the information in the reports is not described in the above table since the Company does not confirm the actual status of shareholdings as of the end of fiscal year. The major contents of the reports are as follows.

Holders	Mitsubishi UFJ Trust and Banking Corporation and three other persons
Date on which the duty to file report	May 23, 2011
Number of shares	237,294,613 shares
Ownership percentage to the total number of issued shares	5.24 %

Holders	BlackRock Japan Co. Ltd and nine other persons
Date on which the duty to file report	March 31, 2014
Number of shares	255,857,172 shares
Ownership percentage to the total number of issued shares	5.29%

Holders	Sumitomo Mitsui Trust Bank, Limited and two other persons
Date on which the duty to file report	July 31, 2014
Number of shares	244,372,374 shares
Ownership percentage to the total number of issued shares	5.06%

(8) Information on voting rights

1) Issued shares

(As of March 31, 2015)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 5,052,000	—	—
Shares with full voting right (others)	Common stock 4,805,143,000	4,805,143	—
Shares less than one unit	Common stock 23,268,387	—	—
Number of issued shares	4,833,463,387	—	—
Total number of voting rights	—	4,805,143	—

(Note) The “Shares with full voting right (others)” column includes 26,000 shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing stocks whose shareholders have not transferred titles) and 26 voting rights for those shares.

2) Treasury stock, etc.

(As of March 31, 2015)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	4,886,000	—	4,886,000	0.10
Aoyama Special Steel Co., Ltd.	9-11, Shinkawa 2-chome, Chuo-ku, Tokyo	10,000	—	10,000	0.00
ISHII DENKOSHA Co., Ltd.	1-11, Oroshishinmachi 3-chome, Higashi-ku, Niigata-shi, Niigata	1,000	—	1,000	0.00
SAITA KOUGYOU CO., LTD.	5-3, Takinogawa 5-chome, Kita-ku, Tokyo	88,000	—	88,000	0.00
Nitto Jidosha Kiki K.K.	3268, Nagaoka, Ibarakimachi, Higashiibaraki-gun, Ibaraki	52,000	—	52,000	0.00
Mizuho Co., Inc.	4-1, Koishikawa 5-chome, Bunkyo-ku, Tokyo	15,000	—	15,000	0.00
Total	—	5,052,000	—	5,052,000	0.10

(9) Details of stock option plans

Not applicable.

2. Information on Acquisition, etc. of Treasury Stock

Class of shares

Acquisition of common stock under Article 155, Item 7 of the Companies Act and acquisition of common stock under Article 155, Item 13 of the Companies Act

(1) Acquisition of treasury stock resolved at the general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Not applicable.

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Acquisition of stock less than one unit shares due to purchase requests from shareholders under Article 192, Paragraph 1 of the Companies Act

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2015	514,108	420,474,254
Treasury stock acquired during the current period (Note)	46,472	38,431,438

(Note) The number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2015 to filing date is not included.

Acquisition of treasury stock due to purchase requests from shareholders dissenting the share exchange with Hitachi Medical Corporation under Article 797, Paragraph 1 of the Companies Act

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2015	1,000	688,000
Treasury stock acquired during the current period	—	—

Acquisition of treasury stock due to purchase requests from shareholders dissenting the absorption-type company split that the Company succeeded the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. under Article 797, Paragraph 1 of the Companies Act

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2015	—	—
Treasury stock acquired during the current period	1,000	792,000

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31, 2015		Current period (Note)	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	—	—	—	—
Acquired treasury stock which was canceled	—	—	—	—
Acquired treasury stock which was transferred due to merger, share exchange or company split	—	—	—	—
Others (Acquired treasury stock which was sold due to requests from shareholders holding shares less than one unit shares to sell additional shares)	35,694	25,568,062	600	434,916
Total number of treasury stock held	4,886,838	—	4,933,710	—

(Note) The number of treasury stock which was sold due to requests from shareholders holding less than one unit shares to sell additional shares from June 1, 2015 to the filing date and that of treasury stock acquired due to purchase requests from shareholders holding shares less than one unit shares from June 1, 2015 to the filing date are not included.

3. Dividend Policy

The Company views enhancement of the long-term and overall interests of shareholders as an important management objective.

The industrial sector encompassing energy, information systems, social infrastructure and other primary businesses of the Company is undergoing rapid technological innovation and changes in market structure. This makes vigorous upfront investment in R&D and plant and equipment essential for securing and maintaining market competitiveness and improving profitability. Dividends are therefore decided based on medium-to-long term business plans with an eye to ensuring the availability of internal funds for reinvestment and the stable growth of dividends, with appropriate consideration of a range of factors, including the Company's financial condition, results of operations and dividend payout ratio.

The Company provides in its Articles of Incorporation that distribution of surplus will be made to shareholders of record as of March 31 and September 30 of each year and that the company may make further distribution of surplus to shareholders of record as of another record date for the purpose of distributing surplus. The company also provides in its Articles of Incorporation that the Company may make distribution of surplus by resolution of its Board of Directors, without resolution at the General Meeting of Shareholders.

The Company believes that the repurchase of its shares should be undertaken, when necessary, as part of its policy on distribution to shareholders to complement the dividend payout. In addition, the Company will repurchase its own shares in order to flexibly implement a capital strategy, including business restructuring, to maximize shareholder value so far as consistent with the dividend policy. Such action will be taken by the Company after considering its future capital requirement under its business plans, market conditions and other relevant factors.

Based on the above policy, annual dividends of ¥12.0 per share were paid for the fiscal year ended March 31, 2015. At the Board of Directors meeting held on October 29, 2014, it was resolved to pay interim dividends of ¥6.0 per share, resulting in the total amount of interim dividends of ¥28,973 million. In addition, at the Board of Directors meeting held on May 14, 2015, it was resolved to pay year-end dividends of ¥6.0 per share, resulting in the total amount of year-end dividends of ¥28,971 million.

4. Changes in Share Prices

(1) Highest and lowest share prices in each of the recent five fiscal years

Fiscal year	142nd business term	143rd business term	144th business term	145th business term	146th business term
Year end	March 2011	March 2012	March 2013	March 2014	March 2015
Highest (yen)	523	547	578	877	939.9
Lowest (yen)	313	360	401	508	660

(2) Highest and lowest share prices in each of the recent six months

Month	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
Highest (yen)	860.0	916.6	939.9	922.9	884.5	845.0
Lowest (yen)	738.3	858.1	861.4	862.3	766.0	785.8

(Note) The share prices are market prices on the first section of the Tokyo Stock Exchange.

5. Directors and Senior Management

Men: 39 persons, Women: 2 persons
(Women's percentage to total number of Directors and Senior Management: 5%)

The Company is a company with Nominating Committee, etc. pursuant to the Companies Act. (See " 6. Corporate Governance, etc.－(1) Corporate governance－1) Outline of corporate organizations.") Information on its Directors and Executive Officers is as follows.

(1) Directors

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director	Nominating Committee (Chair), Member of Audit Committee and Compensation Committee	Nobuo Katsumata	Dec. 5, 1942	4/2003 4/2008 6/2011 4/2013 6/2013	Representative Director, President and CEO, Member of the Board, Marubeni Corporation Chairman, Member of the Board, Marubeni Corporation Director, Hitachi, Ltd. Senior Corporate Advisor, Member of the Board, Marubeni Corporation Senior Corporate Advisor, Marubeni Corporation (Currently in office)	(Note 1)	41,000
Director		Cynthia Carroll	Nov. 13, 1956	10/1991 1/1996 10/1998 1/2002 3/2007 6/2013	General Manager, Foil Products, Alcan Inc. Managing Director, Aughinish Alumina Ltd., Alcan Inc. President, Bauxite, Alumina and Speciality Chemicals, Alcan Inc. President & CEO, Primary Metal Group, Alcan Inc. CEO, Anglo American plc. (Retired in April 2013) Director, Hitachi, Ltd.	(Note 1)	1,000
Director	Member of Nominating Committee and Compensation Committee	Sadayuki Sakakibara	Mar. 22, 1943	6/2002 6/2010 6/2013 6/2014 6/2015	President and Representative Member of the Board, Toray Industries, Inc. Chairman of the Board and Representative Member of the Board, Toray Industries, Inc. Director, Hitachi, Ltd. Chairman of the Board and Member of the Board, Toray Industries, Inc. Chief Senior Advisor and Chief Senior Counselor, Toray Industries, Inc. (Currently in office)	(Note 1)	24,000
Director		George Buckley	Feb. 23, 1947	2/1993 9/1994 7/1997 4/2000 6/2000 12/2005 2/2012 6/2012	Chief Technology Officer, Motors, Drives and Appliances, Emerson Electric Company President, US Electrical Motors, Emerson Electric Company President, Mercury Marine Division and Corporate Vice President, Brunswick Corporation President and Chief Operating Officer, Brunswick Corporation Chairman and Chief Executive Officer, Brunswick Corporation Chairman of the Board, President and Chief Executive Officer, 3M Company Executive Chairman of the Board, 3M Company (Retired in May 2012) Chairman, Arle Capital Partners Limited (Currently in office) Director, Hitachi, Ltd.	(Note 1)	10,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director		Louise Pentland	Apr. 11, 1972	8/1997 7/2001 1/2004 9/2007 7/2008 6/2009 2/2011 4/2015 6/2015	Admitted as a Solicitor (UK) Senior Legal Counsel, Nokia Networks, Nokia Corporation Vice President and Head of Legal, Enterprise Solutions, Nokia Corporation Vice President, Acting Chief Legal Officer and Head of IP Legal, Nokia Corporation Senior Vice President and Chief Legal Officer, Nokia Corporation Admitted to New York State Bar Association Executive Vice President and Chief Legal Officer, Nokia Corporation (Retired in May, 2014) General Counsel, PayPal, eBay Inc. (Currently in office) Director, Hitachi, Ltd.	(Note 1)	0
Director	Member of Nominating Committee and Audit Committee, Compensation Committee (Chair)	Harufumi Mochizuki	Jul. 26, 1949	7/2002 7/2003 7/2006 7/2008 8/2010 10/2010 6/2012 6/2013	Director-General for Commerce and Distribution Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry of Japan ("METI") Director-General, Small and Medium Enterprise Agency, METI Director-General, Agency for Natural Resources and Energy, METI Vice-Minister of Economy, Trade and Industry of Japan Special Advisor to the Cabinet of Japan (Retired in September 2011) Senior Adviser to the Board, Nippon Life Insurance Company (Retired in April 2013) Director, Hitachi, Ltd. President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (Currently in office)	(Note 1)	5,000
Director		Philip Yeo	Oct. 29, 1946	6/1970 9/1979 1/1986 2/2001 4/2007 6/2012	Joined Ministry of Defense of Singapore Permanent Secretary, Ministry of Defense of Singapore Chairman, Economic Development Board of Singapore Chairman, Agency for Science, Technology and Research of Singapore Senior Advisor for Science and Technology to the Ministry of Trade & Industry, Singapore (Retired in September 2008) Special Advisor in Economic Development, Prime Minister's Office, Government of Singapore (Retired in August 2011) Chairman, SPRING Singapore (Currently in office) Director, Hitachi, Ltd.	(Note 1)	25,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director	Member of Audit Committee	Hiroaki Yoshihara	Feb. 9, 1957	11/1978 7/1996 10/1997 10/2003 6/2014	Joined Peat Marwick Mitchell & Co. National Managing Partner, the Pacific Rim Practice, KPMG LLP The Board Member, KPMG LLP Vice Chairman and Global Managing Partner, KPMG International (Retired in April 2007) Director, Hitachi, Ltd.	(Note 1)	1,000
Director	Member of Nominating Committee	Hiroaki Nakanishi	Mar. 14, 1946	4/1970 4/2003 6/2003 4/2004 6/2005 4/2006 4/2009 4/2010 6/2010 4/2014	Joined Hitachi, Ltd. General Manager, Global Business Vice President and Executive Officer Senior Vice President and Executive Officer Senior Vice President and Executive Officer, Hitachi, Ltd. Chairman and Chief Executive Officer, Hitachi Global Storage Technologies, Inc. Executive Vice President and Executive Officer, Hitachi, Ltd. (Retired in December 2006) Executive Vice President and Executive Officer, Hitachi, Ltd. President, Hitachi, Ltd. President and Director, Hitachi, Ltd. Chairman & CEO and Director, Hitachi, Ltd.	(Note 1)	117,000
Director	Member of Compensation Committee	Toshiaki Higashihara	Feb. 16, 1955	4/1977 4/2006 4/2007 4/2008 4/2010 6/2010 4/2011 4/2013 4/2014 6/2014	Joined Hitachi, Ltd. Chief Operating Officer, Information & Telecommunication Systems Vice President and Executive Officer (Retired in March 2008) President, Hitachi Power Europe GmbH President and Chief Executive Officer, Hitachi Plant Technologies, Ltd. President and Representative Director, Hitachi Plant Technologies, Ltd. Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd. President & COO, Hitachi, Ltd. President & COO and Director, Hitachi, Ltd.	(Note 1)	54,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director	Audit Committee (Chair) (Standing)	Takashi Miyoshi	Sep. 25, 1947	4/1970	Joined Hitachi, Ltd.	(Note 1)	79,000
				4/2003	General Manager, Finance		
				6/2003	Executive Officer		
				4/2004	Senior Vice President and Executive Officer		
				6/2004	Senior Vice President, Executive Officer and Director		
				4/2006	Executive Vice President, Executive Officer and Director		
				4/2007	Director (Retired in June 2007)		
				6/2007	Chairman of the Board, Hitachi Global Storage Technologies, Inc.		
				4/2008	Executive Vice President and Executive Officer, Hitachi Systems & Services, Ltd. (Currently Hitachi Solutions, Ltd.)		
				6/2008	President, Chief Executive Officer and Director, Hitachi Systems & Services, Ltd.		
				4/2009	Executive Vice President and Executive Officer, Hitachi, Ltd.		
				6/2009	Executive Vice President, Executive Officer and Director, Hitachi, Ltd.		
				4/2012	Director, Hitachi, Ltd.		
Director	Member of Audit Committee (Standing)	Nobuo Mochida	Apr. 1, 1947	4/1970	Joined Hitachi Metals, Ltd.	(Note 1)	33,000
				6/2006	President and Chief Executive Officer and Director, Hitachi Metals, Ltd.		
				4/2010	Executive Vice President and Executive Officer, Hitachi, Ltd. (Retired in March 2014) Chairman of the Board, Hitachi Metals, Ltd.		
				4/2013	Director, Hitachi Metals, Ltd. (Retired in June 2014)		
				6/2014	Director, Hitachi, Ltd.		
Total							390,000

(Notes) 1. The term of office of the Directors starts upon the election at the Annual General Meeting of Shareholders on June 25, 2015 and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2016.

2. Messrs. Nobuo Katsumata, Sadayuki Sakakibara, George Buckley, Harufumi Mochizuki, Philip Yeo and Hiroaki Yoshihara and Mses. Cynthia Carroll and Louise Pentland are directors who fulfill the qualification requirements to be outside directors as provided for in Article 2, Item 15 of the Companies Act.

(2) Executive Officers

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Representative Executive Officer Chairman & CEO	General management	Hiroaki Nakanishi	See "(1) Directors"	See "(1) Directors"		(Note 2)	117,000
Representative Executive Officer President & COO	Overall operations and energy solutions business	Toshiaki Higashihara	See "(1) Directors"	See "(1) Directors"		(Note 2)	54,000
Representative Executive Officer Executive Vice President and Executive Officer	Cost structure reform and information technology strategies	Shinjiro Iwata	Jun. 6, 1948	4/1972 10/2007 4/2009 4/2011 4/2013	Joined Hitachi, Ltd. Executive Vice President, Hitachi Global Storage Technologies, Inc. Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd. Executive Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	37,000
Representative Executive Officer Executive Vice President and Executive Officer	Marketing and sales	Ryuichi Kitayama	Feb. 4, 1952	4/1976 10/2009 4/2010 4/2014 4/2015	Joined Hitachi, Ltd. Chief Marketing Officer, Information & Telecommunication Group, Information & Telecommunication Systems Company Vice President and Executive Officer Senior Vice President and Executive Officer Executive Vice President and Executive Officer	(Note 2)	27,000
Representative Executive Officer Executive Vice President and Executive Officer	Information & telecommunication systems business	Yutaka Saito	Dec. 11, 1954	4/1979 10/2009 4/2010 4/2012 4/2014	Joined Hitachi, Ltd. President & CEO, Information & Control Systems Company Vice President and Executive Officer Senior Vice President and Executive Officer Executive Vice President and Executive Officer	(Note 2)	24,000
Representative Executive Officer Executive Vice President and Executive Officer	Power & infrastructure systems business	Koji Tanaka	Jan. 22, 1952	4/1974 5/2006 4/2007 4/2011	Joined Hitachi, Ltd. General Manager, Hitachi Works, Power Systems Vice President and Executive Officer Executive Vice President and Executive Officer	(Note 2)	41,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Representative Executive Officer Executive Vice President and Executive Officer	Finance and corporate pension system	Toyoaki Nakamura	Aug. 3, 1952	4/1975 1/2006 4/2007 6/2007 6/2009 4/2012	Joined Hitachi, Ltd. General Manager, Finance Department I Senior Vice President and Executive Officer Senior Vice President, Executive Officer and Director Senior Vice President and Executive Officer Executive Vice President and Executive Officer	(Note 2)	56,000
Representative Executive Officer Executive Vice President and Executive Officer	Management strategies	Toshikazu Nishino	Jan. 9, 1955	4/1980 4/2010 4/2011 4/2013 4/2015	Joined Hitachi, Ltd. Senior Manager, Strategy & Project Office, Supervisory Office for Management Reforms Vice President and Executive Officer Senior Vice President and Executive Officer Executive Vice President and Executive Officer	(Note 2)	11,000
Senior Vice President and Executive Officer	Information & telecommunication systems business (platform business)	Masahiro Kitano	Nov. 23, 1955	4/1980 4/2007 4/2009 4/2012 6/2012 4/2014	Joined Hitachi, Ltd. Chief Strategy Officer and General Manager, Strategy Planning & Development Office, Information & Telecommunication Systems Vice President and Executive Officer President and CEO, Hitachi Medical Corporation President and CEO, and Director, Hitachi Medical Corporation Senior Vice President and Executive Officer, Hitachi, Ltd. Director, Hitachi Medical Corporation (Retired in March 2015)	(Note 2)	24,050
Representative Executive Officer Senior Vice President and Executive Officer	Corporate communications and CSR, legal matters, government & external relations, risk management and corporate auditing	Toshiaki Kuzuoka	Nov. 3, 1954	4/1978 4/2001 4/2007 4/2011	Joined Hitachi, Ltd. General Manager, Legal Division Vice President and Executive Officer Senior Vice President and Executive Officer	(Note 2)	209,000
Senior Vice President and Executive Officer	Infrastructure systems business	Kunizo Sakai	Dec. 23, 1952	4/1975 10/2009 4/2013 4/2015	Joined Hitachi, Ltd. President & CEO, Defense Systems Company Vice President and Executive Officer Senior Vice President and Executive Officer	(Note 2)	17,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Senior Vice President and Executive Officer	Information & telecommunication systems business	Kaichiro Sakuma	Jan. 29, 1954	4/1979 4/2008 4/2009 4/2013 4/2014 4/2015	Joined Hitachi, Ltd. President & Chief Executive Officer, Hitachi Information & Telecommunication Systems Global Holding Corporation Vice President and Executive Officer, Hitachi, Ltd. President and Director, Hitachi Solutions, Ltd. (Currently in office) Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	43,000
Senior Vice President and Executive Officer	Infrastructure systems business (urban planning and development systems business)	Hiroshi Sato	Aug. 3, 1950	4/1973 4/2004 4/2010 4/2011 4/2013 4/2015	Joined Hitachi, Ltd. CIO, Urban Planning and Development Systems, General Manager of Sales Division Vice President, Board Director, Hitachi Automotive Systems, Ltd. Senior Vice President, Board Director, Hitachi Automotive Systems, Ltd. President and COO, Representative Director, Hitachi Automotive Systems, Ltd. (Retired in March 2015) Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	15,000
Senior Vice President and Executive Officer	Information & telecommunication systems business (system solutions and service business)	Keiichi Shiotsuka	May. 8, 1954	4/1977 4/2012 4/2013 4/2015	Joined Hitachi, Ltd. Chief Operating Officer, System Solutions Business, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group Vice President and Executive Officer Senior Vice President and Executive Officer	(Note 2)	19,000
Vice President and Executive Officer	Industrial products business	Masakazu Aoki	Jun. 23, 1954	4/1977 4/2012 10/2014	Joined Hitachi, Ltd. President and Director, Hitachi Industrial Equipment Systems Co., Ltd. (Currently in office) Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	3,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer	Social innovation business promotion	Ryuichi Otsuki	Mar. 15, 1958	4/1981 4/2014 4/2015	Joined Hitachi, Ltd. Chief Strategy Officer and General Manager of Group Business Development Division, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group Vice President and Executive Officer	(Note 2)	14,000
Vice President and Executive Officer	Supply chain management (procurement)	Shinichiro Omori	Feb. 6, 1956	4/1978 9/2008 4/2012	Joined Hitachi, Ltd. General Manager, Corporate Procurement Division Vice President and Executive Officer	(Note 2)	23,000
Vice President and Executive Officer	Power & infrastructure systems business (sales operations) and energy solutions business (sales operations)	Kaoru Kawano	Jun. 25, 1952	4/1977 4/2011 4/2012	Joined Hitachi, Ltd. General Manager, Kansai Area Operation Vice President and Executive Officer	(Note 2)	24,050
Vice President and Executive Officer	Regional strategies (China)	Kenichi Kokubo	Nov. 25, 1955	4/1979 4/2011 4/2014	Joined Hitachi, Ltd. President, Hitachi (China) Ltd. Vice President and Executive Officer	(Note 2)	12,000
Vice President and Executive Officer	Research & development	Keiji Kojima	Oct. 9, 1956	4/1982 4/2011 4/2012	Joined Hitachi, Ltd. General Manager, Hitachi Research Laboratory Vice President and Executive Officer	(Note 2)	14,000
Vice President and Executive Officer	Marketing and sales	Akira Shimizu	Nov. 3, 1954	4/1979 10/2012 4/2013	Joined Hitachi, Ltd. General Manager, International Strategy Division Vice President and Executive Officer	(Note 2)	6,000
Vice President and Executive Officer	Government & external relations	Yasuo Tanabe	Oct. 5, 1954	4/1978 8/2006 6/2010 4/2011	Joined Ministry of International Trade and Industry Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs (Retired in March 2010) Joined Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	12,000
Vice President and Executive Officer	Information & telecommunication systems business (sales operations)	Yoshitaka Tsuda	Jul. 3, 1955	4/1979 4/2012 4/2014	Joined Hitachi, Ltd. Chief Marketing Officer, Information & Telecommunication Systems Company Vice President and Executive Officer	(Note 2)	42,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer	Infrastructure systems business (rail systems business)	Alistair Dormer	Aug. 29, 1963	2/2001 6/2003 10/2009 9/2012 4/2014 4/2015	Director of Business Development, Alstom Transport U.K. Ltd. Joined Hitachi Europe Ltd. Managing Director, Hitachi Rail Europe Ltd. Executive Chairman and CEO, Hitachi Rail Europe Ltd. (Currently in office) Global CEO of Rail Systems business, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	0
Vice President and Executive Officer	Regional strategies (Americas)	John Domme	Dec. 27, 1961	9/2001 3/2003 5/2007 7/2008 4/2014 4/2015	Vice President of Strategy & Product Engineering, Storagenetworks, Inc. Joined Hitachi Data Systems Corporation COO, Hitachi Data Systems Corporation CEO, Hitachi Data Systems Corporation (Currently in office) COO, Platform Systems Business, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	2,000
Vice President and Executive Officer	Human capital	Hidenobu Nakahata	Jan. 24, 1961	4/1983 10/2013 4/2014	Joined Hitachi, Ltd. Deputy General Manager, Human Capital Group Vice President and Executive Officer	(Note 2)	12,000
Vice President and Executive Officer	Cost structure reform and supply chain management (MONOZUKURI and quality assurance)	Hiroshi Nakayama	Dec. 15, 1953	4/1977 4/2011 4/2012	Joined Hitachi, Ltd. President & CEO, Rail Systems Company Vice President and Executive Officer	(Note 2)	42,000
Vice President and Executive Officer	Power systems business	Katsumi Nagasawa	Oct. 18, 1956	4/1980 4/2012 4/2014	Joined Hitachi, Ltd. General Manager, Hitachi Works, Power Systems Company Vice President and Executive Officer	(Note 2)	28,000
Vice President and Executive Officer	Power systems business (sales operations) and energy solutions business (sales operations)	Isao Narukawa	Sep. 8, 1955	4/1978 4/2013 4/2015	Joined Hitachi, Ltd. General Manager, Chubu Area Operation Vice President and Executive Officer	(Note 2)	21,000

Position	Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer	Finance and corporate pension system	Mitsuaki Nishiyama	Sep. 25, 1956	4/1979 4/2008 4/2011 6/2012 4/2013 7/2013 4/2014 4/2015	Joined Hitachi, Ltd. General Manager, Finance Department I Executive Officer, Hitachi Cable, Ltd. (Currently Hitachi Metals, Ltd.) Executive Officer, Board Director, Hitachi Cable, Ltd. Vice President and Executive Officer, Board Director, Hitachi Cable, Ltd. Vice President and Managing Officer, Hitachi Metals, Ltd. Vice President and Executive Officer, Hitachi Metals, Ltd. (Retired in March 2015) Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	5,000
Vice President and Executive Officer	Healthcare business	Masaya Watanabe	Jan. 31, 1958	4/1982 4/2011 4/2012	Joined Hitachi, Ltd. Chief Strategy Officer, Information & Telecommunication Systems Company Vice President and Executive Officer	(Note 2)	32,000
Total							986,100

(Notes) 1. The “Responsibility” column describes matters delegated to each of the Executive Officers by the Board of Directors.
2. The term of office of the Executive Officers expires on March 31, 2016.

6. Corporate Governance, etc.

(1) Corporate governance

1) Outline of corporate organizations

The Company is a company with Nominating Committee, etc. under the Companies Act, aiming to establish a framework for quick business operation and to realize highly transparent management by separating responsibilities for management oversight and those for execution of business operations.

Board of Directors

The Board of Directors approves basic management policy for the Hitachi Group and supervises the execution of the duties of executive officers and directors in order to sustainably enhance corporate value and the shareholders' common interests. The basic management policy includes medium-term management plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation and Board of Directors Regulations. As of June 25, 2015, the Board of Directors was made up of 12 Directors, and eight of whom are outside Directors and two concurrently serve as Executive Officers. Within the Board of Directors, there are three statutory committees of the Nominating Committee, the Audit Committee and the Compensation Committee with outside Directors accounting for the majority of members of each committee. The Board of Directors meetings were held 9 days during the fiscal year ended March 31, 2015, and the attendance rate of Directors at those meetings was 99%. The Nominating Committee meetings were held 7 days, the Audit Committee meetings were held 14 days, and the Compensation Committee meetings were held 7 days during the fiscal year ended March 31, 2015.

The Nominating Committee has the authority to determine particular proposals submitted to the general meeting of shareholders for the election and dismissal of Directors, and consists of four Directors, three of whom are outside Directors.

The Audit Committee has the authority to audit the execution of duties of Directors and Executive Officers and to determine on proposals submitted to the general meeting of shareholders for the election and dismissal of accounting auditors, and consists of five Directors, including three outside Directors and two standing Audit Committee members. Mr. Takashi Miyoshi, the Chair of the Audit Committee, has considerable knowledge of finance and accounting due to his long experience as the General Manager of accounting and finance of the Company as well as Executive Officer responsible for accounting and finance for many years.

The Compensation Committee has the authority to determine remuneration policies for Directors and Executive Officers and remuneration for individuals based on them. The Compensation Committee consists of four Directors, three of whom are outside Directors.

With regard to the number of Directors and their election, the Company stipulates in its Articles of Incorporation that the Company shall have not more than twenty (20) Directors. With regard to the adoption of resolution for the election of Directors, the Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting, that resolutions for the election of Directors shall be approved by attending shareholders possessing one-third or more of all voting rights of the shareholders who are entitled to exercise their votes, and that the resolution shall not be made by cumulative voting.

The Company maintains a limited liability agreement (hereinafter referred to as "Agreement") stipulated in Article 427, Paragraph 1 of the Companies Act with each director (excluding Executive Director, etc.) The general intent of the Agreement is to limit the liability of Directors to the aggregate amount stipulated in each item under Article 425, Paragraph 1 of the Companies Act.

Executive Officers

Executive Officers decide on matters delegated to them by the Board of Directors and execute the Company's business affairs within the scope of assignments determined by the Board of Directors. As of June 25, 2015, the Company has 31 Executive Officers.

The Company stipulates in its Articles of Incorporation that the Company shall have not more than forty (40) Executive Officers.

Senior Executive Committee

The Senior Executive Committee is a council to ensure that President deliberately decides on important managerial matters, which may affect the Company or the Hitachi Group business, through discussing from diverse viewpoints. It consists of nine members as of June 25, 2015; Chairman & CEO, President & COO, six Executive Vice President and Executive Officers and one Senior Vice President and Executive Officer.

2) Matters determined by resolution of the Board of Directors without resolution at the general meeting of shareholders pursuant to the provisions of the Articles of Incorporation

The Company stipulates in the Articles of Incorporation that it may, unless otherwise provided in the applicable laws, determine on matters specified in each item of Article 459, Paragraph 1 of the Companies Act by the resolution of the Board of Directors, without resolution at the general meeting of shareholders.

For the repurchase of the company's own its shares (Article 459, Paragraph 1, Item 1 of the Companies Act), the Board of Directors shall determine on the matter in order to enable timely implementation of capital strategies.

Regarding reduction of capital reserve or earned surplus reserve (Article 459, Paragraph 1, Item 2 of the Companies Act), appropriation of surplus (excluding dividends of surplus and disposal of the property of the Company) (Article 459, Paragraph 1, Item 3 of the Companies Act) and dividends of surplus (Article 459, Paragraph 1, Item 4 of the Companies Act), since the Company was a company with committees as of the date of enforcement of the Companies Act, it was deemed that its Articles of Incorporation had stipulations that the Board of Directors was able to decide the above matters without resolution at the general meeting of shareholders and that it should not stipulate that such matters shall be resolved at the resolution of the general meeting of shareholders, in accordance with Article 57 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act (July 26, 2005, Act No. 87). Even after the enforcement of the Companies Act, the Company has made it a rule to timely decide on these important business judgments by the Board of Directors to enhance the shareholders' common interests.

The Company has stipulated in its Articles of Incorporation that it may, by resolution of the Board of Directors, exempt any Director (including former Director) and Executive Officer (including former Executive Officer) from liabilities as provided Article 423, Paragraph 1 of the Companies Act to the extent as provided in laws or regulations.

3) Requirement for special resolution of the general meeting of shareholders

To enable to securely meet the quorum of the general meeting of shareholders under Article 309, Paragraph 2 of the Companies Act, the Company stipulates in its Articles of Incorporation that any resolution as provided in Article 309, Paragraph 2 of the Companies Act shall be adopted at a general meeting of shareholders where shareholders representing one-third or more of the voting rights of all the shareholders shall be present, by a majority of two-thirds or more of the voting rights of the shareholders who are present in such meeting and are entitled to vote.

4) Internal control system and risk management system

Outlines of the internal control system and the risk management system of the Company are as follows. In addition, these systems were resolved by the Board of Directors as the basic policy for internal control system under the Companies Act.

i) The following measures shall be taken to ensure the effectiveness of audits by the Audit Committee.

(a) When necessary, the Board of Directors may appoint one or more director(s), who does not serve concurrently as an executive officer, as a director responsible for assisting with the duties of the Audit Committee. In addition, the Board of Directors' Office (the "Office") shall be established specifically to assist with the duties of each Committee and the Board of Directors.

(b) In order to ensure the independence of the Office personnel from Executive Officers and the effect of instructions by the Audit Committee, the Office is staffed with personnel who work only for the Office and are not subject to orders and instructions of Executive Officers, and the Audit Committee shall be informed in advance of planned transfers of the Office personnel.

(c) Executive Officers and employees shall report without delay to the members of the Audit Committee significant matters affecting the Company and its subsidiaries, results of internal audits, and the implementation status of reporting under the internal reporting system. It shall be provided for in the company regulation that reporters using the internal reporting system, which applies to the employees of the Company and its subsidiaries, shall not receive disadvantageous treatment for reason of having made a report, and the secretariat of the system shall thoroughly administer this provision.

(d) The Office shall be in charge of payment for the expenses incurred in connection with the execution of the duties of the Audit Committee members and other administrative duties, and shall promptly process the payment for the expense or debt except in the case where the expense or debt of the claim is clearly found to be unnecessary to the execution of the duties of them.

(e) Standing Committee member(s) shall be appointed to the Audit Committee, and activity plans of the Audit Committee shall be prepared in coordination with the audit plans of Internal Auditing Office.

ii) The following measures shall be effective to ensure the adequacy of business operations within the Company and the Hitachi Group.

(a) Such fundamental policies as the emphasis of the social responsibilities of business enterprises shall be shared with the subsidiaries of the Company.

(b) Each subsidiary of the Company shall develop systems to ensure the appropriateness of operations corresponding to its size and other characteristics, basic framework of which is similar to ones employed in the Company. In order to ensure development of such systems in each subsidiary, directors and auditors shall be sent from the Company to its subsidiary, and regular audits shall be conducted for the subsidiary.

(c) A reporting system to Directors shall be established to ensure that the execution of duties by Executive Officers of the Company is in compliance with laws, regulations, and the Articles of Incorporation.

(d) Information pertaining to the execution of duties by Executive Officers of the Company shall be prepared and maintained in accordance with internal rules.

(e) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals, and carry out other such measures with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.

(f) Efficient performance of duties of the Executive Officers of the Company, and Directors and Executive Officers of the subsidiaries shall be ensured through the following business management systems.

- The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.
- Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared in order to operate business in a planned and efficient manner.
- Internal audits of the Company and its subsidiaries shall be conducted to monitor and identify the status of their business operations and to facilitate improvements.
- The Audit Committee shall receive the audit plans of the accounting auditors in advance, and the prior approval of the Audit Committee shall be required with respect to the fees

to be paid to the accounting auditors.

- Documented business processes for matters to be reflected in financial reports shall be executed at the Company and its subsidiaries, and internal and external auditors shall examine said processes in order to ensure the reliability of financial reports.
- A structure for the adequate and efficient conduct of business operations common to the Hitachi Group companies shall be established.

(g) Continuous maintenance of a legal and regulatory compliance structure shall be ensured through the following business management systems.

- Internal audits shall be conducted, and various committees shall be established for legal and regulatory compliance activities. Furthermore, an internal reporting system for employees of the Company and its subsidiaries shall be established and education on legal and regulatory compliance shall be provided.
- Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.

(h) A system shall be established, in which the subsidiaries report on important issues and the progress in measures for operations to the Company through the Company's Senior Executive Committee, medium-term business plans and the budget system.

(i) The policy on transactions within the Hitachi Group is to trade fairly based on market prices.

5) Internal audit and audit by the Audit Committee

(a) Internal audit

The Internal Auditing Office is in charge of internal audit within Hitachi Group and audits in-house companies, corporate divisions of headquarters and subsidiaries and affiliates. The number of staff of the Internal Auditing Office is 39 as of March 31, 2015.

The Internal Auditing Office monitors and assesses whether overall business operations, including marketing, personnel management, labor management, compliance, procurement transactions, production, environment, disaster prevention, export regulations, information system, accounting and financing activities, and property management of Hitachi Group are properly carried out pursuant to audit standards established by the Company, and points out items required to be improved based on the results of auditing and follows up their improvements. The Internal Auditing Office reports in advance its internal audit plan to the Audit Committee, and reports results of auditing to the President & COO and the Audit Committee. Furthermore, relating to the internal control over financial reporting, the internal control division in the Internal Audit Office promotes to establish and maintain the internal control systems pursuant to the Company's guideline, assesses its effectiveness, and reports the results to the President & COO and the Audit Committee.

(b) Audit by the Audit Committee

The Audit Committee conducts audits for whether corporate administration by Directors and Executive Officers are properly carried out under appropriate internal control systems.

The Audit Committee develops the audit policy and the audit plan, and periodically receives reports or conducts hearing for execution of duties from Directors and Executive Officers. In addition, the members of the Audit Committee, who are in charge of internal investigation, investigate in-house companies of the Company and receive reports from subsidiaries in order to check whether business transaction and property management are properly carried out, and then report the results to the Audit Committee. Furthermore, such members of the Audit Committee attend the important meetings including the budget meeting and the Senior Executive Committee, inspect audit reports from internal audit divisions, and provide internal audit divisions with instructions about divisions to be subject to auditing and items to be focused, if necessary.

The Audit Committee receives reports and explanations about the audit plan and results of the audit from the accounting auditor, and based on the reports, verifies results of financial audits and internal control audits. In addition, the Audit Committee receives reports and explanations of quality control systems of the accounting auditor. Furthermore, the Company makes it a rule to obtain the prior approval of the Audit Committee for remuneration to the accounting auditor.

6) Outside Directors

(a) Qualification for the outside Directors and criteria for the independency

For electing an outside Director, the Nominating Committee of the Company considers, in addition to the following criteria for the independency, whether the outside Director has the highest personal and professional ethics, integrity and insight, and distinguished records of leadership or experience at policy making levels in business, law, administration, accounting or education, etc.

For the independency of an outside Director, the Company considers the outside director to be independent unless:

- his or her immediate family member* is, or has been within the last three years, an executive director or an executive officer, of the Company or any of its subsidiaries;
- he or she is currently an executive director, an executive officer or an employee of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues;
- he or she has received during any of the last three fiscal years more than ¥10 million in direct compensation for his or her service as a specialist in law, accounting or tax, or as a consultant from the Company, other than director compensations; or
- he or she serves as an executive officer or director of a not-for-profit organization, and the Company's discretionary charitable contributions to the organization in any of the last three fiscal years are more than ¥10 million and 2% of that organization's annual gross revenues.

* An "immediate family member" includes a person's spouse, parents, children, siblings, grand-parents, grand-children, mothers and fathers-in-law, sons and daughters-in-law, spouses of siblings, grand-children-in-law, and brothers and sisters-in-law.

(b) Function of the outside Directors

Following the policy stated in "(a) Qualification for outside Directors and criteria for the independency," the Company has elected eight persons; Messrs. Nobuo Katsumata, Sadayuki Sakakibara, George Buckley, Harufumi Mochizuki, Philip Yeo and Hiroaki Yoshihara and Mses. Cynthia Carroll and Louise Pentland, as outside Directors under Article 2, Item 15 of the Companies Act. Each outside Director is expected to enhance functions of the Company's Board of Directors through supervising execution of duties of Executive Officers and others from an independent perspective, based on rich experiences and insights as top executive of major global companies in the cases of Ms. Cynthia Carroll and Messrs. Nobuo Katsumata, Sadayuki Sakakibara and George Buckley, based on deep insight into corporate legal matters and corporate governance gained through her rich experience as the chief legal officer of major global companies in the case of Ms. Louise Pentland, based on diverse experiences and insights in such areas as public administration in the cases of Messrs. Harufumi Mochizuki and Philip Yeo and based on rich experiences and insights in the area of global corporate management and accounting in the case of Mr. Hiroaki Yoshihara.

(c) Supervising by the outside Directors

Outside Directors, comprising of majority of Directors, supervise execution of duties of Executive Officers from an independent perspective. As described in the item "5) Internal audit and audit by the Audit Committee" above, the Audit Committee, of which majority members are outside Directors, receives reports and explanations about results of internal audits, accounting audit and internal control audit, and verifies the matters reported or explained. In addition, the Audit Committee reports the results of its verification to the Board of Directors.

(d) Relationship between outside Directors and the Company

Each of outside Directors has no relationship with the Company regarding his or her independency as described in “(a) Qualification for the outside Directors and criteria for the independency.” In addition, there is no particular conflict of interest between each of outside Directors and the Company.

The Company considers that all outside Directors are independent, and therefore has notified them as independent directors to each of the Company’s listing stock exchanges in Japan.

In addition, the number of shares of the Company owned by each outside Director is described in “5. Directors and Senior Management.”

7) Status of accounting audit

Certified public accountants (CPAs) who executed accounting audit of the Company are as follows. In addition, other CPAs and staff belonging to Ernst & Young ShinNihon LLC assisted execution of accounting audit works as instructed by the three CPAs.

CPA having executed accounting audit works	Audit corporation to which CPA belongs
Koichi Tsuji	Ernst & Young ShinNihon LLC
Takahiro Saga	Ernst & Young ShinNihon LLC
Takuya Tanaka	Ernst & Young ShinNihon LLC

8) Compensation to Directors and Executive Officers

(a) Policy on the determination of Compensation of Directors and Executive Officers

[Method of Determination of Policy]

The Company’s Compensation Committee sets forth the policy on the determination of the amount of compensation, etc. of each Director and Executive Officer pursuant to applicable provisions of the Companies Act.

[Summary of Policy]

(i) Matters relating to both Directors and Executive Officers

Compensation will be commensurate with the ability required of, and the responsibilities to be borne by, the Company’s Directors and Executive Officers, taking into consideration compensation packages at other companies.

(ii) Matters relating to Directors

Compensation for Directors will consist of a monthly salary and a year-end allowance.

- Monthly salary will be decided by making adjustments to basic salary that reflect full-time or part-time status, committee membership and position, travel from place of residence, etc.
- Year-end allowance will be a pre-determined amount equivalent to about twenty percent of the Director’s annual income based on monthly salary, although this amount may be reduced depending on Company performance.

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

(iii) Matters relating to Executive Officers

Compensation for Executive Officers will consist of a monthly salary and a performance-linked component.

- Monthly salary will be decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.
- The performance-linked component will be set within a range equivalent to about forty percent of the Executive Officer’s annual income, adjusted based on Company and individual performance.

(iv) Miscellaneous

It was decided at the Compensation Committee meetings held on December 18, 2007 and March 26, 2008 that the compensation structure for Directors and Executive Officers will be re-examined starting with the compensation for fiscal 2008 and that the retirement allowance will be abolished. The payment of retirement allowance to Directors and Executive Officers due to the abolition of the retirement allowance system will be in an amount determined by the Compensation Committee at the time of the retirement of a relevant Director or Executive Officer.

(b) Amount of compensation

Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)		Number of persons
		Monthly salary	Year-end allowance and performance-linked component	
Directors (excluding outside Directors)	127	114	13	6
Outside Directors	247	234	13	9
Executive Officers	1,946	1,329	616	29
Total	2,322	1,678	644	44

(Notes) 1. The number of Directors indicated excludes two Directors who concurrently serve as Executive Officers.
2. The amount of compensation to Directors and outside Directors respectively includes the monthly salary for three Directors and two outside Directors, who retired due to expiration of their term of office at the close of the 145th Annual General Meeting of Shareholders held on June 20, 2014.

In addition, Directors or Executive Officers whose compensation from the Company and its subsidiaries is not less than ¥100 million and the amount of their compensation are as follows:

Name	Company	Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)	
				Monthly salary	Performance-linked component
Hiroaki Nakanishi	Hitachi, Ltd. (The Company)	Executive Officer (Note 1)	192	132	60
Toshiaki Higashihara	Hitachi, Ltd. (The Company)	Executive Officer (Note 1)	143	99	44
Junzo Nakajima (Note 2)	Hitachi East Asia Ltd. (Consolidated subsidiary) (Note 3)	Director	103	75	28

(Notes) 1. Although concurrently serving as Director, Messrs. Hiroaki Nakanishi and Toshiaki Higashihara do not receive compensation as Director.
2. Although concurrently served as Executive Officer of the Company for the fiscal year ended March 31, 2015, Mr. Junzo Nakajima did not receive compensation as Executive Officer of the Company.
3. The compensation paid in Hongkong dollar is converted into yen by average exchange rate for each quarter of the fiscal year ended March 31, 2015.

9) Information on shareholdings

(a) Equity securities held for purposes other than pure investment

Number of stock names: 375 stock names

Total amount recorded in the balance sheet: ¥334,617 million

(b) Stock name, number of shares, amount recorded in the balance sheet, and purpose of holding regarding equity securities held for purposes other than pure investment

(Fiscal year ended March 31, 2014)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Western Digital Corporation	12,500,000	118,126	Maintaining and enhancing business relationship
Renesas Electronics Corporation	127,725,748	100,520	Received in relation to the reorganization, etc. of Renesas Technology Corp. which was an affiliate of the Company
Central Japan Railway Company	900,000	10,854	Maintaining and enhancing business transactions
Yungtay Engineering Co., Ltd.	31,817,168	9,371	Maintaining and enhancing business relationship
Japan Display Inc.	10,700,000	7,714	Received in relation to the reorganization of Hitachi Displays, Ltd. which was a subsidiary of the Company
East Japan Railway Company	812,400	6,179	Maintaining and enhancing business transactions
Electric Power Development Co., Ltd.	1,307,580	3,811	Maintaining and enhancing business transactions
Oclaro, Inc.	11,900,000	3,796	Received as consideration for the reorganization of Oclaro, Inc. and Opnext, Inc. which was an affiliate of the Company
ShinMaywa Industries, Ltd.	4,000,337	3,768	Maintaining and enhancing business transactions
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	612,000	3,438	Maintaining and enhancing business transactions
Shin-Etsu Chemical Co., Ltd.	521,000	3,072	Maintaining and enhancing business transactions
The Chugoku Electric Power Co., Inc.	1,812,622	2,608	Maintaining and enhancing business transactions
JX Holdings, Inc.	4,888,149	2,429	Maintaining and enhancing business transactions
The Japan Steel Works, LTD.	5,050,000	2,338	Maintaining and enhancing business transactions
The Chiba Bank, Ltd.	3,269,000	2,079	Maintaining and enhancing business transactions
The Dai-ichi Life Insurance Company, Limited	1,210,000	1,815	Maintaining and enhancing business transactions
JOYO BANK, Ltd.	2,956,000	1,522	Maintaining and enhancing business transactions
Chubu Electric Power Co., Inc.	1,200,254	1,458	Maintaining and enhancing business transactions

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
NKSJ Holdings, Inc.	500,000	1,326	Maintaining and enhancing business transactions
NGK INSULATORS, LTD.	607,000	1,305	Maintaining and enhancing business transactions
NIPPON EXPRESS CO., LTD.	2,541,000	1,283	Maintaining and enhancing business transactions
NOF Corporation	1,700,000	1,269	Maintaining and enhancing business transactions
Sapporo Holdings Limited	2,988,000	1,213	Maintaining and enhancing business transactions
Tokyo Tatemono Co., Ltd.	1,286,712	1,138	Maintaining and enhancing business transactions
Tohoku Electric Power Co., Inc.	1,010,000	1,074	Maintaining and enhancing business transactions
Ono Pharmaceutical Co., Ltd.	120,000	1,072	Maintaining and enhancing business transactions
Kintetsu Corporation	2,842,913	1,043	Maintaining and enhancing business transactions
Toyo Machinery & Metal Co., Ltd.	1,810,331	1,037	Maintaining business relationship
Kyushu Electric Power Co. Inc.	790,000	996	Maintaining and enhancing business transactions
Showa Denko K.K.	6,593,332	962	Maintaining and enhancing business transactions

(Note) Since the number of stock of which balance sheet amount exceeds 1% of the amount of the Company’s common stock on the balance sheet is less than 30, the top 30 stocks in balance sheet amount are listed.

(Fiscal year ended March 31, 2015)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Renesas Electronics Corporation	127,725,748	114,059	Received in relation to the reorganization, etc. of Renesas Technology Corp. which was an affiliate of the Company
Western Digital Corporation	6,250,000	68,354	Maintaining and enhancing business relationship
Central Japan Railway Company	900,000	19,570	Maintaining and enhancing business transactions
Yungtay Engineering Co., Ltd.	31,817,168	8,882	Maintaining and enhancing business relationship
East Japan Railway Company	812,400	7,831	Maintaining and enhancing business transactions
Electric Power Development Co., Ltd.	1,307,580	5,295	Maintaining and enhancing business transactions
ShinMaywa Industries, Ltd.	4,000,337	5,100	Maintaining and enhancing business transactions
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	612,000	4,526	Maintaining and enhancing business transactions
Shin-Etsu Chemical Co., Ltd.	521,000	4,089	Maintaining and enhancing business transactions

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Seibu Holdings Inc.	1,286,900	3,995	Maintaining and enhancing business transactions
The Chiba Bank, Ltd.	3,269,000	2,883	Maintaining and enhancing business transactions
The Chugoku Electric Power Co., Inc.	1,812,622	2,838	Maintaining and enhancing business transactions
Oclaro, Inc.	11,900,000	2,831	Received as consideration for the reorganization of Oclaro, Inc. and Opnext, Inc. which was an affiliate of the Company
The Japan Steel Works, LTD.	5,050,000	2,550	Maintaining and enhancing business transactions
Japan Display Inc.	5,474,400	2,364	Received in relation to the reorganization of Hitachi Displays, Ltd. which was a subsidiary of the Company
JX Holdings, Inc.	4,888,149	2,259	Maintaining and enhancing business transactions
The Dai-ichi Life Insurance Company, Limited	1,210,000	2,112	Maintaining and enhancing business transactions
Sompo Japan Nipponkoa Holdings, Inc.	500,000	1,867	Maintaining and enhancing business transactions
JOYO BANK, Ltd.	2,956,000	1,826	Maintaining and enhancing business transactions
Chubu Electric Power Co., Inc.	1,200,254	1,721	Maintaining and enhancing business transactions
Ono Pharmaceutical Co., Ltd.	120,000	1,629	Maintaining and enhancing business transactions
NGK INSULATORS, LTD.	607,000	1,556	Maintaining and enhancing business transactions
NOF Corporation	1,700,000	1,516	Maintaining and enhancing business transactions
euglena Co., Ltd.	750,000	1,482	Maintaining and enhancing cooperative relationship in the area of R&D
Sapporo Holdings Limited	2,988,000	1,422	Maintaining and enhancing business transactions
Tohoku Electric Power Co., Inc.	1,010,000	1,379	Maintaining and enhancing business transactions
West Japan Railway Company	215,000	1,355	Maintaining and enhancing business transactions
Kintetsu Corporation	2,842,913	1,253	Maintaining and enhancing business transactions
Tokyo Gas Co., Ltd.	1,638,000	1,238	Maintaining and enhancing business transactions
Toho Gas Co., LTD.	1,524,471	1,068	Maintaining and enhancing business transactions

(Note) Since the number of stock of which balance sheet amount exceeds 1% of the amount of the Company’s common stock on the balance sheet is less than 30, the top 30 stocks in balance sheet amount are listed.

(c) Equity securities held for pure investment

None.

(2) Audit Fees

1) Fees to Certified Public Accountants

Category	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	629	25	554	35
Consolidated subsidiaries	1,661	28	1,467	138
Total	2,290	53	2,021	173

2) Other fees

Audit fees paid by the Company and its consolidated subsidiaries to the Company's accounting auditor, Ernst & Young ShinNihon LLC Group (including Ernst & Young and its group firms which belong to the same network as Ernst & Young ShinNihon LLC), were ¥3,460 million for the fiscal year ended March 31, 2014, and ¥3,952 million for the fiscal year ended March 31, 2015, respectively. These fees are mainly paid for audit services to its overseas consolidated subsidiaries.

3) Descriptions of non-audit services to the Company

Non-audit services to the Company in the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015 were various consulting services.

4) Policy on determination of audit fees

For determining the amount of audit fees, the Company conducts hearing of the audit plan and verify efficiency of audit services, including the number of days, hours for auditing, the number of subjects to be audited and the scope of audit, etc., and appropriateness of the estimate. The Company also discusses with the accounting auditor taking into consideration the formation of auditors and audit fees for the preceding fiscal year. In addition, the Audit Committee receives the audit plans of the accounting auditors and the results of discussion between the auditors and Executive Officers of the Company and approves the amount of the fees in advance of the Company's decision.

V. Financial Information

Refer to the consolidated financial statements incorporated in this Annual Securities Report.

VI. Stock-Related Administration for the Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	To be held within three months from the following day of the end of every fiscal year
Record date	End of every fiscal year
Record date for distribution of surplus	End of March and end of September
Number of shares constituting one unit	1,000 shares
Purchase and sale of shares less than one unit	
Handling office	(Special account) Nippon Building 4th Floor, 6-2, Otemachi 2-chome, Chiyoda-ku, Tokyo Main Office, Tokyo Securities Transfer Agent Co., Ltd.
Transfer agent	(Special account) Tokyo Securities Transfer Agent Co., Ltd.
Forward office	-
Purchasing and selling fee	Free of charge
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, Nihon Keizai Shimbun will be adopted as its medium.
Special benefit for Shareholders	None

(Notes)

1. Under the Articles of Incorporation, distribution of surplus through dividend payment, if any, will be made to shareholders of record as of March 31 and September 30 of each year. In addition, the Company may make further distributions of surplus to shareholders of record as of another record date.
2. The Articles of Incorporation provide that a holder of shares representing less than one unit does not have any other rights of a shareholder in respect of those shares, other than those specified in the Articles of Incorporation. This includes:
   (1) Rights under each item of Article 189, Paragraph 2 of the Companies Act;
   (2) Rights to be allotted rights to subscribe for free for new shares and stock acquisition rights when such rights are granted to shareholders; or
   (3) Rights stipulated in the Articles of Incorporation

VII. Reference Information on the Company

1. Information on a Parent Company, etc. of the Company

The Company has no parent company.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2015 to the filing date of the Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter (The 145th business term (from April 1, 2013 to March 31, 2014))	Filed with the Director of the Kanto Local Finance Bureau on June 20, 2014
(2)	Internal Control Report	Filed with the Director of the Kanto Local Finance Bureau on June 20, 2014
(3)	Quarterly Report and Confirmation Letter (The First Quarter of the 146th business term (from April 1, 2014 to June 30, 2014))	Filed with the Director of the Kanto Local Finance Bureau on August 8, 2014
(4)	Quarterly Report and Confirmation Letter (The Second Quarter of the 146th business term (from July 1, 2014 to September 30, 2014))	Filed with the Director of the Kanto Local Finance Bureau on November 12, 2014
(5)	Extraordinary Report (pursuant to Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.)	Filed with the Director of the Kanto Local Finance Bureau on November 14, 2014
(6)	Extraordinary Report (pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.)	Filed with the Director of the Kanto Local Finance Bureau on February 4, 2015
(7)	Quarterly Report and Confirmation Letter (The Third Quarter of the 146th business term (from October 1, 2014 to December 31, 2014))	Filed with the Director of the Kanto Local Finance Bureau on February 13, 2015
(8)	Amended Shelf Registration Statement (Amended Shelf Registration Statement concerning the Shelf Registration Statement filed on June 28, 2013)	Filed with the Director of the Kanto Local Finance Bureau on May 12, 2014 June 20, 2014 June 23, 2014 August 8, 2014 November 12, 2014 November 14, 2014 February 4, 2015 and February 13, 2015

Part II Information on Guarantors, etc. for the Company

Not applicable.

Consolidated Financial Statements

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Consolidated Financial Statements

Consolidated Statements of Financial Position

Millions of yen

	As of March 31, 2015	As of March 31, 2014	As of April 1, 2013
Assets			
Current assets			
Cash and cash equivalents (note 25)	701,703	560,657	523,357
Trade receivables (notes 6, 7 and 25)	2,870,042	2,573,386	2,300,423
Lease receivables (notes 8 and 25)	337,353	321,438	281,713
Inventories (note 9)	1,458,119	1,339,001	1,379,572
Other current assets	515,195	467,601	364,022
Total current assets	5,882,412	5,262,083	4,849,087
Non-current assets			
Investments accounted for using the equity method (note 10)	681,623	599,490	246,956
Investments in securities and other financial assets (note 25)	1,449,734	1,291,000	1,042,516
Lease receivables (notes 8 and 25)	680,620	610,830	410,162
Property, plant and equipment (note 11)	2,472,497	2,258,933	2,196,176
Intangible assets (note 12)	933,582	732,238	685,166
Other non-current assets (note 13)	333,259	343,617	346,944
Total non-current assets	6,551,315	5,836,108	4,927,920
Total assets	12,433,727	11,098,191	9,777,007
Liabilities			
Current liabilities			
Short-term debt (note 25)	977,701	775,516	685,316
Current portion of long-term debt (notes 8 and 25)	483,521	541,449	286,430
Other financial liabilities (note 25)	296,425	269,501	285,168
Trade payables (note 14)	1,426,523	1,347,184	1,241,036
Accrued expenses	759,191	709,671	729,081
Advances received (note 7)	374,241	296,265	359,755
Other current liabilities (notes 15 and 29)	461,876	360,858	300,541
Total current liabilities	4,779,478	4,300,444	3,887,327
Non-current liabilities			
Long-term debt (notes 8 and 25)	2,096,134	1,717,020	1,423,688
Other financial liabilities (note 25)	117,535	99,742	63,699
Retirement and severance benefits (note 16)	724,223	779,876	937,853
Other non-current liabilities (notes 13 and 15)	420,015	332,278	306,873
Total non-current liabilities	3,357,907	2,928,916	2,732,113
Total liabilities	8,137,385	7,229,360	6,619,440
Equity			
Hitachi, Ltd. stockholders' equity			
Common stock (note 17)	458,790	458,790	458,790
Capital surplus (note 17)	608,416	617,496	622,946
Retained earnings (notes 17 and 19)	1,477,517	1,277,970	907,970
Accumulated other comprehensive income (note 18)	401,100	317,547	70,567
Treasury stock, at cost (note 17)	(3,542)	(3,146)	(1,565)
Total Hitachi, Ltd. stockholders' equity	2,942,281	2,668,657	2,058,708
Non-controlling interests	1,354,061	1,200,174	1,098,859
Total equity	4,296,342	3,868,831	3,157,567
Total liabilities and equity	12,433,727	11,098,191	9,777,007

See accompanying notes to consolidated financial statements.

Consolidated Statements of Profit or Loss

Years ended March 31, 2015 and 2014 — Millions of yen

	2015	2014
Revenues	9,774,930	9,666,446
Cost of sales	(7,198,232)	(7,173,747)
Gross profit	2,576,698	2,492,699
Selling, general and administrative expenses	(1,935,373)	(1,887,901)
Other income (note 20)	9,415	208,531
Other expenses (note 20)	(167,781)	(164,537)
Financial income (note 21)	7,727	33,446
Financial expenses (note 21)	(3,284)	(1,931)
Share of profits of investments accounted for using the equity method (note 10)	46,657	10,923
EBIT (Earnings before interest and taxes)	534,059	691,230
Interest income	12,529	14,181
Interest charges	(27,594)	(26,913)
Income from continuing operations, before income taxes	518,994	678,498
Income taxes (note 13)	(122,075)	(146,540)
Income from continuing operations	396,919	531,958
Loss from discontinued operation (note 22)	(53,501)	(6,955)
Net income	343,418	525,003
Net income attributable to:		
Hitachi, Ltd. stockholders	217,482	413,877
Non-controlling interests	125,936	111,126
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (note 23)		Yen
Basic	56.12	87.13
Diluted	56.08	87.10
Earnings per share attributable to Hitachi, Ltd. stockholders (note 23)		
Basic	45.04	85.69
Diluted	45.00	85.66

Consolidated Statements of Comprehensive Income

Years ended March 31, 2015 and 2014 — Millions of yen

	2015	2014
Net income	343,418	525,003
Other comprehensive income (OCI) (note 18)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	57,957	102,732
Remeasurements of defined benefit plans	27,039	64,206
Share of OCI of investments accounted for using the equity method	5,633	280
Total items not to be reclassified into net income	90,629	167,218
Items that can be reclassified into net income		
Foreign currency translation adjustments	188,619	122,114
Net changes in cash flow hedges	(16,850)	(20,014)
Share of OCI of investments accounted for using the equity method	(74,604)	26,093
Total items that can be reclassified into net income	97,165	128,193
Other comprehensive income (OCI)	187,794	295,411
Comprehensive income	531,212	820,414
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	337,578	665,372
Non-controlling interests	193,634	155,042

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Year ended March 31, 2015 Millions of yen

	2015							
	Common stock (note 17)	Capital surplus (note 17)	Retained earnings (notes 17 and 19)	Accumulated other comprehensive income (note 18)	Treasury stock, at cost (note 17)	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	458,790	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831
Changes in equity								
Reclassified into retained earnings	-	-	37,597	(37,597)	-	-	-	-
Net income	-	-	217,482	-	-	217,482	125,936	343,418
Other comprehensive income	-	-	-	120,096	-	120,096	67,698	187,794
Dividends to Hitachi, Ltd. stockholders	-	-	(55,532)	-	-	(55,532)	-	(55,532)
Dividends to non-controlling interests	-	-	-	-	-	-	(32,578)	(32,578)
Acquisition of treasury stock	-	-	-	-	(421)	(421)	-	(421)
Sales of treasury stock	-	3	-	-	25	28	-	28
Changes in non-controlling interests	-	(9,083)	-	1,054	-	(8,029)	(7,169)	(15,198)
Total changes in equity	-	(9,080)	199,547	83,553	(396)	273,624	153,887	427,511
Balance at end of year	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342

Year ended March 31, 2014 Millions of yen

	2014							
	Common stock (note 17)	Capital surplus (note 17)	Retained earnings (notes 17 and 19)	Accumulated other comprehensive income (note 18)	Treasury stock, at cost (note 17)	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	458,790	622,946	907,970	70,567	(1,565)	2,058,708	1,098,859	3,157,567
Changes in equity								
Reclassified into retained earnings	-	-	4,427	(4,427)	-	-	-	-
Net income	-	-	413,877	-	-	413,877	111,126	525,003
Other comprehensive income	-	-	-	251,495	-	251,495	43,916	295,411
Dividends to Hitachi, Ltd. stockholders	-	-	(48,304)	-	-	(48,304)	-	(48,304)
Dividends to non-controlling interests	-	-	-	-	-	-	(26,345)	(26,345)
Acquisition of treasury stock	-	-	-	-	(4,431)	(4,431)	-	(4,431)
Sales of treasury stock	-	429	-	-	2,850	3,279	-	3,279
Changes in non-controlling interests	-	(5,879)	-	(88)	-	(5,967)	(27,382)	(33,349)
Total changes in equity	-	(5,450)	370,000	246,980	(1,581)	609,949	101,315	711,264
Balance at end of year	458,790	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2015 and 2014	Millions of yen	
	2015	2014
Cash flows from operating activities:		
Net income	343,418	525,003
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	481,021	455,343
Impairment losses	42,109	43,116
Income taxes	121,467	146,543
Share of profits of investments accounted for using the equity method	(46,589)	(10,892)
Financial income and expenses	7,897	(11,939)
Net (gain) loss on business reorganization and others	55,016	(198,032)
Losses on sale of property, plant and equipment	16,355	4,597
Increase in trade receivables	(201,423)	(400,550)
Increase in inventories	(116,328)	(42,265)
Increase in other assets	(19,724)	(80,315)
Increase (decrease) in trade payables	(18,041)	33,739
Decrease in retirement and severance benefits	(65,602)	(66,086)
Increase in other liabilities	7,608	84,150
Other	4,278	(56,702)
Subtotal	611,462	425,710
Interest received	13,423	14,580
Dividends received	14,525	13,972
Interest paid	(28,225)	(27,517)
Income taxes paid	(159,360)	(119,968)
Net cash provided by operating activities	451,825	306,777
Cash flows from investing activities (note 24):		
Purchase of property, plant and equipment	(358,141)	(391,598)
Purchase of intangible assets	(128,808)	(119,386)
Purchase of leased assets	(444,223)	(432,871)
Proceeds from sale of property, plant and equipment, and intangible assets	32,528	40,840
Proceeds from sale of leased assets	27,122	35,634
Collection of lease receivables	302,899	259,697
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(152,842)	(95,509)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	121,616	129,677
Other	(12,696)	23,337
Net cash used in investing activities	(612,545)	(550,179)
Cash flows from financing activities (note 24):		
Increase (decrease) in short-term debt, net	136,973	(66,270)
Proceeds from long-term debt	835,140	777,069
Payments on long-term debt	(629,063)	(378,741)
Proceeds from payments from non-controlling interests	3,171	5,602
Dividends paid to Hitachi, Ltd. stockholders	(55,443)	(48,194)
Dividends paid to non-controlling interests	(32,143)	(25,882)
Acquisition of common stock for treasury	(421)	(4,431)
Proceeds from sales of treasury stock	28	16
Purchase of shares of consolidated subsidiaries from non-controlling interests	(25,232)	(29,450)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	427	-
Other	(231)	(879)
Net cash provided by financing activities	233,206	228,840
Effect of exchange rate changes on cash and cash equivalents	68,560	51,862
Net increase in cash and cash equivalents	141,046	37,300
Cash and cash equivalents at beginning of year	560,657	523,357
Cash and cash equivalents at end of year	701,703	560,657

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(1) Nature of Operations

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The accompanying consolidated financial statements comprise the Company, its subsidiaries and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in ten segments consisting of information and telecommunication systems, power systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high functional materials and components, automotive systems, smart life and ecofriendly systems, others (logistics and other services) and financial services.

(2) Basis of Presentation

As the Company meets the requirements of a "Specified Company" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance of Japan No. 28 of 1976), the consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as permitted by the provision of Article 93 of the Ordinance. The Company's fiscal year begins on April 1 and ends on March 31 of the following calendar year. These are the Company's first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS (the transition date) is April 1, 2013, and the Company applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1). (See note 30.)

The Company's consolidated financial statements have been prepared on a historical cost basis, except for derivative assets and liabilities, financial assets and liabilities measured at fair value through profit or loss (FVTPL), financial assets measured at fair value through other comprehensive income (FVTOCI) and assets and liabilities associated with defined benefit plans.

The consolidated financial statements are presented in millions of Japanese yen, the functional currency of the Company.

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies, reporting of revenues and expenses and assets and liabilities in the preparation of these consolidated financial statements. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated. The effect of a change in accounting estimates, if any, is recognized in the reporting period in which the change was made and in future periods.

The information regarding judgments used in applying accounting policies that could have a material effect on the Company's consolidated financial statements is included in the following notes:

- note 3. *(a) Basis of Consolidation*
- note 3. *(d) Financial Instruments* and note 25. Financial Instruments and Related Disclosures

The information regarding uncertainties arising from assumptions and estimates that could result in material adjustments in the subsequent consolidated financial statements is included in the following notes:

- note 3. *(h) Impairment of Non-financial Assets*
- note 3. *(i) Retirement and Severance Benefits* and note 16. Employee Benefits
- note 3. *(j) Provisions*, note 3. *(k) Contingencies*, note. 15. Provisions and note 29. Commitments and Contingencies
- note 3. *(l) Revenue Recognition* and note 7. Construction Contracts
- note 3. *(m) Income Taxes* and note 13. Deferred Taxes and Income Taxes

(3) Summary of Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control is obtained when the Company has risks or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the variable returns.

The Company consolidates all subsidiaries from the date on which the Company acquires control until the date on which the Company loses control.

Subsidiaries' financial statements are adjusted, if necessary, when their accounting policies differ from those of the Company.

Changes in ownership interests in subsidiaries without a loss of control are accounted for as equity transactions. Changes in ownership interests in subsidiaries with a loss of control are accounted for by derecognizing assets and liabilities, non-controlling interests, equity and accumulated other comprehensive income (AOCI) attributable to the subsidiaries.

(ii) Associates and Joint Ventures

Associates are entities over which the Company has the ability to exercise significant influence over their operational and financial policies, but which are not controlled by the Company.

Joint ventures are jointly controlled by more than one party, including the Company, and require unanimous agreement of all parties in deciding operational and financial policies of the entity.

Investments in associates and joint ventures are accounted for using the equity method. The consolidated financial statements of the Company include changes in profit or loss and other comprehensive income (OCI) of these associates and joint ventures from the date on which the Company obtains significant influence or joint control to the date on which it loses significant influence or joint control. The financial statements of the associates and joint ventures are adjusted, if necessary, when their accounting policies differ from those of the Company.

(iii) Structured Entities

The Company consolidates structured entities when it is exposed or has rights to variable returns from its involvement with such entities and has the ability to affect those returns through its power over the entities. The consolidated structured entities are primarily trusts for securitizations of trade receivables and lease receivables.

(b) Cash Equivalents

Cash equivalents are highly liquid investments with insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition.

(c) Foreign Currency Translation

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency.

(i) Foreign Currency Transactions

Foreign currency transactions are converted into the functional currency of each company using the exchange rate prevailing at the transaction date or a rate that approximates such rate. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period. Foreign exchange gains and losses resulting from the currency conversion and settlement are recognized in profit or loss, except where gains and losses on assets or liabilities are recognized in OCI, foreign exchange effects relating to such assets or liabilities are also recognized in OCI, and presented in AOCI.

(ii) Foreign Operations

Assets and liabilities of foreign entities are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the period. Gains or losses derived from translating foreign entities' financial statements are recognized in OCI, and presented in AOCI.

(d) Financial Instruments

The Company has adopted IFRS 9 "Financial Instruments" (IFRS 9) (issued in November 2009, amended in October 2010).

(i) Non-derivative Financial Assets

The Company initially recognizes trade and other receivables on the date such receivables arise. All other financial assets are initially recognized at the transaction date, on which the Company becomes a party to the agreement.

The Company derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred in transactions where the risks and economic rewards of owning the financial assets are substantially transferred. In transactions where the risks and economic rewards of owning the financial assets are neither substantially transferred nor retained, the Company continues to recognize the financial assets to the extent of its continuing involvement and only derecognizes such financial assets when its control is transferred.

The classification and measurement model of non-derivative financial assets is summarized as follows:

Financial Assets Measured at Amortized Cost

Financial assets are subsequently measured at amortized cost when they meet the following requirements:

- The financial asset is held within a business model the objective of which is to hold the asset to collect contractual cash flows.
- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method. Interest accrued on financial assets measured at amortized cost is included in Interest income in the consolidated statements of profit or loss.

FVTOCI Financial Assets

The Company holds certain equity instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are classified as FVTOCI financial assets by designation. They are initially and subsequently measured at fair value, and the changes in fair value are recognized in OCI. The cumulative amount of OCI is recognized in equity as AOCI. Dividends on equity instruments designated as FVTOCI are recognized in profit or loss, except where they are considered to be a return of the investment.

FVTPL Financial Assets

Equity instruments not designated as FVTOCI financial assets and debt instruments not classified as financial assets measured at amortized cost are classified as FVTPL financial assets. These instruments are subsequently measured at fair value and the changes in fair value are recognized in profit or loss.

Impairment of Financial Assets Measured at Amortized Cost

On a regular basis, but no less frequently than at the end of each quarterly reporting period, the Company evaluates financial assets measured at amortized cost for impairment. Impairment is deemed to have occurred when there is an objective evidence of impairment after initial recognition and when the estimated future cash flows from the financial assets falls below their respective carrying amounts. Objective evidence of impairment includes historical credit loss experience, existence of overdue payments, extended payment terms, negative evaluation by third party credit rating agencies, and deteriorated financial position and operating results, such as a capital deficit.

Impairment losses on debt securities are recognized when the carrying amount of the financial asset exceeds either its estimated future cash flows discounted by the initial effective interest rate or its estimated fair value using the observable market price, and measured as the difference.

Assessing impairment losses on trade receivables and other receivables requires a considerable amount of judgment, involving historical experience and analysis, including the current creditworthiness of each customer. The Company measures an impairment loss based on the credit loss ratio calculated taking into consideration factors including historical experience or the estimate of collectible amount after assessing multiple potential risks associated with the country in which a debtor conducts business or business environment including special business customs particular to the region.

Impairment losses on debt instruments directly reduce the carrying amount of the assets, while the impairment losses on trade receivables and other receivables indirectly reduce the carrying amount through the use of an allowance account. For trade receivables and other receivables, account balances are generally written off against the allowance only after all means of collection have been exhausted and the potential for recovery is considered remote. When subsequent events or circumstances decrease the amount of the impairment loss recognized, the impairment loss is reversed through profit or loss.

(ii) Non-derivative Financial Liabilities

The Company initially recognizes debt instruments on the date of issuance. All other financial liabilities are initially recognized at the transaction date, on which the Company becomes a party to the agreement.

The Company derecognizes financial liabilities when extinguished, when the obligation in the contract is redeemed or the liability is discharged, cancelled or expires.

Non-derivative financial liabilities the Company holds include bonds, debts, trade payables and other financial liabilities. They are initially measured at fair value (less direct transaction costs), and bonds and long-term debt are subsequently measured at amortized cost using the effective interest method. Interest accrued on these financial liabilities is included in Interest charges in the consolidated statements of profit or loss.

(iii) Derivatives and Hedge Accounting

The Company uses derivative instruments including forward exchange contracts, cross currency swaps and interest rate swaps in order to hedge foreign currency exchange risks and interest rate risks. All derivatives are measured at fair value irrespective of the objective and intent of holding them.

The Company accounts for hedging derivatives as follows:

・ Fair value hedge: a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment. The changes in fair value of the recognized assets or liabilities or unrecognized firm commitments and the related derivatives are both recorded in profit or loss if the hedge is considered highly effective.
・ Cash flow hedge: a hedge of a forecast transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability. The changes in fair value of the derivatives designated as cash flow hedges are recorded in OCI if the hedge is considered highly effective. This treatment continues until profit or loss is affected by the variability of cash flows or the unrecognized firm commitment of the designated hedged item, at which point changes in fair value of the derivative are recognized in profit or loss.

The Company follows the documentation requirements as prescribed by International Accounting Standards (IAS) 39 “Financial Instruments: Recognition and Measurement,” which includes the risk management objective and strategy for undertaking various hedge transactions. In addition, a formal assessment is made at the hedge’s inception and subsequently on a periodic basis, as to whether the derivative used in hedging activities is highly effective in offsetting changes in fair values or cash flows the of hedged items. Hedge accounting is discontinued if a hedge becomes ineffective.

(iv) Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statements of financial position, only when the Company currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the specific identification method or by the moving average method for finished goods, semi-finished goods and work in process, and generally by the moving average method for raw materials. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

(f) Property, Plant and Equipment

The Company uses the cost method to measure property, plant and equipment. They are stated at cost, less accumulated depreciation and accumulated impairment losses. Acquisition cost includes direct costs of acquisition, costs of dismantling, removing and restoration of the assets. Property, plant and equipment are principally depreciated using the straight-line method over the following estimated useful lives for major classes of assets:

Buildings and structures	2 to 60 years
Machinery, equipment and vehicles	2 to 20 years
Tools, furniture and fixtures	2 to 20 years

Estimated useful lives and the method of depreciation are reviewed at the fiscal year end. Changes in estimated useful lives or depreciation method are accounted for on a prospective basis as a change in accounting estimate.

(g) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill is stated at cost less any accumulated impairment losses in the consolidated statements of financial position.

(ii) Other Intangible Assets

The Company applies the cost model to intangible assets and states such assets at cost less accumulated amortization and impairment losses.

Intangible assets with finite useful lives are amortized generally using the straight-line method over the following estimated useful lives for major classes of assets:

Software for internal use	2 to 10 years
Software for sale	2 to 10 years
Other	2 to 20 years

(h) Impairment of Non-Financial Assets

For each non-financial asset, the Company reviews the carrying amount and tests for impairment when there are events or circumstances indicating an asset's carrying amount may not be recoverable. For an asset that does not generate cash flows that are largely independent of the cash flows from other assets, the Company considers indicators of impairment based on a cash generating unit (CGU) or a group of CGUs. Irrespective of any indicators of impairment, the Company tests goodwill and intangible assets with indefinite-lives for impairment annually, mainly in the fourth quarter, by estimating the recoverable amount of each CGU (or group of CGUs) to which such assets are allocated.

The Company measures the recoverable amount of an asset or a CGU (or a group of CGUs) as the higher of fair value less costs of disposal and value in use. In measuring fair values, the Company and its subsidiaries primarily use the income approach (present value technique) based on the estimated future cash flows expected to result from the use of the asset and its eventual disposal or the market approach to derive reasonable estimates of values in orderly market transactions, such as comparisons of similar public companies and the current gross value of the asset. The Company consults with outside specialists, as appropriate, depending on the complexity of estimating fair values. Value in use is calculated by the estimated future cash flows based on business plans approved by management, discounted at the discount rate which is derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experiences, and generally has a maximum of five years. Since the Company and its subsidiaries are engaged in a wide range of business activities from development, production and sales of diverse products and the provision of various services, appropriate external information for each business activity is used for evaluating value in use for each business. Estimated cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-term average growth rate of the market to which the asset belongs.

If the carrying amount of the asset or the CGU (or the group of CGUs) exceeds its recoverable amount, an impairment loss is recognized at the excess amount.

For an asset or a CGU (or a group of CGUs) other than goodwill, its recoverable amount is subsequently estimated when there is a significant change in facts and circumstances and there is an indication that an impairment loss previously recognized on the asset may no longer exist or has decreased. If the estimated recoverable amount exceeds the carrying amount, the impairment loss recognized previously is reversed to the extent of the carrying amount that would have been recorded, net of depreciation or amortization, if impairment had not been recognized previously.

(i) Retirement and Severance Benefits

The Company and certain subsidiaries have defined benefit pension plans and severance lump-sum payment plans to provide retirement and severance benefits to employees. The present value of defined benefit obligations and retirement benefit costs are measured based on the projected unit credit method.

The present value of defined benefit obligations and the fair value of plan assets are remeasured as of the end of reporting period. Actuarial differences arising during the year and changes in fair value of plan assets (excluding interest income) are recognized in OCI and are not subsequently reclassified into profit or loss. Any prior service cost, which arises at the time of a plan amendment, is recognized immediately in profit or loss when such an amendment occurs.

The present value of defined benefit obligations less the fair value of plan assets is presented as the net amount of defined benefit liability or asset in non-current liabilities or assets.

(j) Provisions

The Company recognizes provisions when it has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of obligation can be reliably estimated.

When the time to settle an obligation is expected to be long, and thus the time value of money is material, the amount of a provision is measured at the present value of the amount of expenditures expected to be required to settle the obligation.

(k) Contingencies

The Company discloses contingent liabilities in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” if an obligation does not meet the recognition criteria of provisions prescribed above in *(j) Provisions,* excluding those where the possibility of an outflow of resources is remote.

The Company and its subsidiaries have financial guarantee contracts that require them to make payments to compensate the holder for a loss it incurs if a specified debtor defaults on payment based on the terms of a debt instrument.

(l) Revenue Recognition

(i) Sale of Goods

Revenue from the sale of goods is recognized when all of the following conditions are met.

- The significant risks and rewards of ownership of the goods have been transferred to the customer
- The Company has neither continuing managerial involvement nor effective control over the goods sold
- The amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company

Revenue from the sale of goods is recognized upon delivery of goods to the customer. Typical revenue is from the sale of information technology system products, software licenses, construction equipment, disk drives, air conditioners, high functional materials, cable products, automotive equipment, semiconductor manufacturing equipment, test and measurement equipment, railway vehicles, medical devices, industrial machinery and equipment, elevators and escalators. Revenue from a software arrangement that requires significant production, modification or customization of software is recognized using the percentage of completion method, provided that there are reasonable and reliable estimates related to contract revenue, cost and the extent of progress toward completion.

(ii) Rendering of Services

Revenue from the rendering of services is recognized when all of the following conditions are met.

- The stage of completion of the transaction at the end of the reporting period can be measured reliably
- The amount of revenue and the costs incurred for the transaction at the end of the reporting period can be measured reliably

・ It is probable that the economic benefits associated with the transaction will flow to the Company

Service revenues from facility maintenance, facility operations, outsourcing, logistics and others are recognized as services are provided. Revenue from long-term fixed price service contracts such as support or maintenance contracts is recognized ratably over the contractual period. If historical data shows that service cost does not accrue ratably over the contractual period and the service is rendered in proportion to the accrual of the cost for the service, revenue is recognized based on the pattern of the cost accrual. Finance lease income is recognized using the effective interest method, and operating lease income is recognized on a straight-line basis over the term of the lease.

(iii) Construction Contracts
The operating cycles of construction contracts, such as infrastructure systems, are generally greater than one year. Revenues from these long-term construction contracts are recognized using the percentage of completion method, provided that the progress of the construction can be reliably estimated. Revenue under the percentage of completion method is calculated by the latest estimate of the total selling price multiplied by the ratio of the cost incurred to date to the estimated total cost of the construction. Any anticipated losses on fixed price contracts are expensed in profit or loss when such losses are estimated. When the outcome of a construction contract cannot be reliably estimated, revenue is recognized only to the extent of contract costs incurred when recoverability is highly probable, and contract costs are recognized as an expense in the period in which they are incurred.

(iv) Multiple Element Transactions
The Company offers multiple solutions to meet its customers' needs. Those solutions may involve the delivery or performance of multiple elements, such as goods and services, and performance may occur at different points in time or over different periods of time. When one element is delivered prior to the other in an arrangement, revenue is deferred until the last element is delivered, unless transactions are such that the delivered item has value to the customer on a standalone basis, or delivery or performance of the undelivered item is considered probable and substantially in the control of the Company if the arrangement includes a general right of return relative to the delivered item.
If both described conditions above are met, each element in an arrangement is considered to be separately identifiable, and consideration is allocated to the separately identifiable components of a single arrangement based on the relative selling price of each component. The Company determines the relative selling price by taking into account various factors such as an overall market conditions, including geographically or regionally specific market factors, competitors' prices for similar items, profit objective and pricing practices.

(m) Income Taxes
Deferred tax assets and liabilities resulting from temporary differences and others are accounted for based on the asset and liability approach. A deferred tax liability is not recognized for temporary differences arising from goodwill, temporary differences arising from an asset or liability in a transaction other than a business combination, which at the time of transaction affects neither accounting nor taxable income; and future taxable difference arising from investments in subsidiaries, associates and joint ventures where that the Company is able to control the timing of reversal of the temporary difference while it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which unused tax losses, unused tax credits and future deductible temporary differences can be utilized. Current tax and deferred tax on items recognized in OCI are also recognized in OCI.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss and OCI in the period that includes the enactment date.

(n) Consumption Tax
Consumption tax collected and remitted to taxing authorities is excluded from revenues, cost of sales and expenses in the consolidated statements of profit or loss.

(o) Earnings per Share
Basic earnings per share (EPS) for net income attributable to Hitachi, Ltd. stockholders is calculated based on the weighted average number of ordinary shares outstanding during the period. Diluted EPS for net income attributable to Hitachi, Ltd. stockholders is calculated based on the sum of weighted average number of ordinary shares outstanding during the period and the conversion of securities with dilutive effects or the number of authorized shares.

Notes to Consolidated Financial Statements

(p) Business Combinations

Business combinations are accounted for using the acquisition method. Consideration is measured as the sum of the fair value of the consideration transferred at acquisition date and the non-controlling interests in the acquiree. The Company determines, on a transaction by transaction basis, whether to measure non-controlling interests at fair value or by the appropriate share in the fair value of identifiable net assets of the acquiree. Acquisition related costs are expensed in the period in which the costs are incurred.

(q) New Accounting Standards not yet Adopted by the Company

The following table lists the principal new accounting standards and interpretations issued or amended prior to the approval date of the consolidated financial statements that are not yet adopted by the Company as of the reporting date. The Company is currently evaluating the potential impact of adopting these new standards and amendments on its financial position and business performance.

IFRSs	Title	Mandatory effective date (Fiscal year beginning on or after)	To be adopted by the Company	Description of new standards and amendments
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	To be determined	Revised accounting standard for revenue recognition and disclosure
IFRS 9	Financial Instruments	January 1, 2018	To be determined	Amendments for hedge accounting (amended in November 2013) Amendments for the classification and measurement of financial instruments, and adoption of expected credit loss impairment model for financial assets (amended in July 2014)

(4) Segment Information

Business Segments

The operating segments of the Company are the components for which separate financial information is available and which is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has aggregated certain operating segments into reportable segments for financial reporting purposes so that financial statement users better understand the Company's financial position and business performance.

The Company discloses its business in ten reportable segments corresponding to categories of activities classified primarily by markets, products and services. The primary products and services included in each segment are as follows:

Information & Telecommunication Systems:
Systems integration, Consulting, Cloud services, Servers, Storage, Software, Telecommunication & network and ATMs

Power Systems:
Thermal, Nuclear and Renewable energy power generation systems and Transmission & distribution systems

Social Infrastructure & Industrial Systems:
Industrial machinery and plants, Elevators, Escalators and Railway systems

Electronic Systems & Equipment:
Semiconductor manufacturing equipment, Test and measurement equipment, Advanced industrial products, Medical electronics equipment and Power tools

Construction Machinery:
Hydraulic excavators, Wheel loaders and Mining machinery

High Functional Materials & Components:
Semiconductor and display related materials, Circuit boards and materials, Automotive parts (molded plastics, etc.), Energy storage devices, Specialty steels, Magnetic materials and components, High grade casting components and materials and Wires and cables

Automotive Systems:
Engine management systems, Electric power train systems, Drive control systems and Car information systems

Smart Life & Ecofriendly Systems:
Air-conditioning equipment, Room air conditioner, Refrigerators and Washing machines

Others (Logistics and Other services):
Logistics, Optical disk drives, Property management and others

Financial Services:
Leasing and Loan guarantees

Notes to Consolidated Financial Statements

The following tables show business segment information for the years ended March 31, 2015 and 2014.

Revenues from Outside Customers

Millions of yen

	2015	2014
Information & Telecommunication Systems	1,813,757	1,746,563
Power Systems	401,540	648,885
Social Infrastructure & Industrial Systems	1,386,707	1,281,951
Electronic Systems & Equipment	1,017,981	987,820
Construction Machinery	812,174	792,028
High Functional Materials & Components	1,459,273	1,311,609
Automotive Systems	934,367	890,096
Smart Life & Ecofriendly Systems	717,667	703,408
Others (Logistics and Other services)	896,468	989,051
Financial Services	334,238	314,408
Subtotal	9,774,172	9,665,819
Corporate items	758	627
Total	9,774,930	9,666,446

Revenues from Intersegment Transactions

Millions of yen

	2015	2014
Information & Telecommunication Systems	220,265	197,405
Power Systems	65,175	78,925
Social Infrastructure & Industrial Systems	212,799	224,264
Electronic Systems & Equipment	113,715	129,781
Construction Machinery	3,618	10,960
High Functional Materials & Components	70,161	73,510
Automotive Systems	2,567	2,330
Smart Life & Ecofriendly Systems	36,603	40,628
Others (Logistics and Other services)	377,783	465,901
Financial Services	22,053	28,267
Subtotal	1,124,739	1,251,971
Corporate items and Eliminations	(1,124,739)	(1,251,971)
Total	-	-

Total Revenues

Millions of yen

	2015	2014
Information & Telecommunication Systems	2,034,022	1,943,968
Power Systems	466,715	727,810
Social Infrastructure & Industrial Systems	1,599,506	1,506,215
Electronic Systems & Equipment	1,131,696	1,117,601
Construction Machinery	815,792	802,988
High Functional Materials & Components	1,529,434	1,385,119
Automotive Systems	936,934	892,426
Smart Life & Ecofriendly Systems	754,270	744,036
Others (Logistics and Other services)	1,274,251	1,454,952
Financial Services	356,291	342,675
Subtotal	10,898,911	10,917,790
Corporate items and Eliminations	(1,123,981)	(1,251,344)
Total	9,774,930	9,666,446

Notes to Consolidated Financial Statements

Segment Profit (Loss)

Millions of yen

	2015	2014
Information & Telecommunication Systems	106,049	114,970
Power Systems	3,812	178,564
Social Infrastructure & Industrial Systems	106,524	78,024
Electronic Systems & Equipment	63,771	52,343
Construction Machinery	60,599	63,160
High Functional Materials & Components	123,943	104,151
Automotive Systems	35,019	3,494
Smart Life & Ecofriendly Systems	34,553	28,108
Others (Logistics and Other services)	51,013	22,742
Financial Services	35,436	32,791
Subtotal	620,719	678,347
Corporate items and Eliminations	(86,660)	12,883
Total	534,059	691,230
Interest income	12,529	14,181
Interest charges	(27,594)	(26,913)
Income from continuing operations, before income taxes	518,994	678,498

Segment profit (loss) is measured by EBIT.
Intersegment transactions are generally recorded at the same prices used in transactions with third parties. Corporate items include unallocated corporate expenses, such as expenditures for leading-edge R&D and others.

Total Assets

Millions of yen

	As of March 31, 2015	As of March 31, 2014
Information & Telecommunication Systems	1,729,392	1,687,163
Power Systems	1,241,065	1,227,692
Social Infrastructure & Industrial Systems	1,670,977	1,398,820
Electronic Systems & Equipment	1,060,070	997,694
Construction Machinery	1,110,061	1,144,804
High Functional Materials & Components	1,655,118	1,371,023
Automotive Systems	716,166	672,685
Smart Life & Ecofriendly Systems	470,797	447,038
Others (Logistics and Other services)	1,919,373	1,758,456
Financial Services	2,953,614	2,595,680
Subtotal	14,526,633	13,301,055
Corporate assets and Eliminations	(2,092,906)	(2,202,864)
Total	12,433,727	11,098,191

Corporate assets mainly consist of cash and cash equivalents, investments in securities and other financial assets.

Notes to Consolidated Financial Statements

Investments Accounted for Using the Equity Method

Millions of yen

	As of March 31, 2015	As of March 31, 2014
Information & Telecommunication Systems	10,756	10,138
Power Systems	473,311	433,257
Social Infrastructure & Industrial Systems	39,324	16,694
Electronic Systems & Equipment	525	332
Construction Machinery	31,602	23,058
High Functional Materials & Components	31,879	39,025
Automotive Systems	6,753	5,685
Smart Life & Ecofriendly Systems	23,798	18,441
Others (Logistics and Other services)	6,491	5,323
Financial Services	19,341	18,255
Subtotal	643,780	570,208
Corporate items and Eliminations	37,843	29,282
Total	681,623	599,490

Depreciation and Amortization

Millions of yen

	2015	2014
Information & Telecommunication Systems	97,987	93,021
Power Systems	10,340	17,592
Social Infrastructure & Industrial Systems	31,823	29,403
Electronic Systems & Equipment	21,860	19,605
Construction Machinery	39,596	38,988
High Functional Materials & Components	69,658	60,532
Automotive Systems	42,176	34,865
Smart Life & Ecofriendly Systems	20,934	22,534
Others (Logistics and Other services)	47,942	44,539
Financial Services	94,858	90,354
Subtotal	477,174	451,433
Corporate items and Eliminations	3,847	3,910
Total	481,021	455,343

Depreciation consists of depreciation of property, plant and equipment and investment properties.

Impairment Losses

Millions of yen

	2015	2014
Information & Telecommunication Systems	6,772	2,957
Power Systems	13,260	2,150
Social Infrastructure & Industrial Systems	1,774	1,575
Electronic Systems & Equipment	4,261	8,543
Construction Machinery	487	3,866
High Functional Materials & Components	6,668	5,122
Automotive Systems	784	8,950
Smart Life & Ecofriendly Systems	3,010	1,734
Others (Logistics and Other services)	2,742	6,027
Financial Services	2,351	2,192
Total	42,109	43,116

Impairment losses mainly consist of impairment losses recognized on property, plant and equipment, investment properties and intangible assets.

Notes to Consolidated Financial Statements

Share of Profits of Investments Accounted for Using the Equity Method

Millions of yen

	2015	2014
Information & Telecommunication Systems	1,272	935
Power Systems	22,375	101
Social Infrastructure & Industrial Systems	6,613	459
Electronic Systems & Equipment	(27)	217
Construction Machinery	1,454	243
High Functional Materials & Components	4,436	4,173
Automotive Systems	943	1,346
Smart Life & Ecofriendly Systems	5,271	4,627
Others (Logistics and Other services)	367	372
Financial Services	1,640	1,311
Subtotal	44,344	13,784
Corporate items and Eliminations	2,313	(2,861)
Total	46,657	10,923

Capital Expenditures

Millions of yen

	2015	2014
Information & Telecommunication Systems	116,340	107,738
Power Systems	31,370	25,126
Social Infrastructure & Industrial Systems	44,265	44,285
Electronic Systems & Equipment	26,040	32,313
Construction Machinery	20,976	35,945
High Functional Materials & Components	81,105	69,659
Automotive Systems	89,393	83,871
Smart Life & Ecofriendly Systems	19,912	25,101
Others (Logistics and Other services)	58,374	71,025
Financial Services	137,610	128,015
Subtotal	625,385	623,078
Corporate items and Eliminations	4,541	3,755
Total	629,926	626,833

Capital expenditures represent additions to property, plant and equipment, investment properties and intangible assets.

Notes to Consolidated Financial Statements

Geographic Information

The following table shows revenues attributed to geographic areas based on the location of the customers for the years ended March 31, 2015 and 2014.

Millions of yen

	2015	2014
Japan	5,220,349	5,310,345
Asia	2,178,222	2,127,480
North America	1,064,127	914,553
Europe	841,966	772,698
Other Areas	470,266	541,370
Overseas Revenues Subtotal	4,554,581	4,356,101
Total Revenues	9,774,930	9,666,446

Revenues in China for the years ended March 31, 2015 and 2014 were ¥1,110,351 million and ¥1,081,991 million, respectively. Revenues from outside customers attributable to any individual country and region other than Japan and China were not material for the years ended March 31, 2015 and 2014.

The following table shows the balances of property, plant and equipment, investment properties and intangible assets for each geographic area as of March 31, 2015 and 2014.

Millions of yen

	As of March 31, 2015	As of March 31, 2014
Japan	2,084,888	1,970,226
Asia	494,038	454,540
North America	451,788	230,169
Europe	333,133	301,013
Other Areas	70,291	68,274
Subtotal	3,434,138	3,024,222
Corporate items and Eliminations	28,167	24,119
Total	3,462,305	3,048,341

The balances of property, plant and equipment, investment properties and intangible assets in any individual country and region other than Japan are not material as of March 31, 2015 and 2014.

Significant Customer Information

There is no concentration of revenues to a specific customer for the year ended March 31, 2015 and 2014.

(5) Business Acquisitions and Divestitures

On February 7, 2015, Hitachi Data Systems Corporation (HDS), a subsidiary of the Company in the Information & Telecommunications Systems segment, signed a definitive agreement with the shareholders of Pentaho Corporation (Pentaho) to acquire all the shares of Pentaho, for enhancing big-data technologies and solutions. Pentaho integrates data, develops technologies for big-data analysis and visualization, and delivers solutions and supports. On May 29, 2015, HDS acquired all the shares of Pentaho in accordance with the definitive agreement, and HDS obtained control of Pentaho, and it became a wholly owned subsidiary.

The total acquisition price, paid in cash, was US$522 million (¥64.7 billion). Due to the short period of time since the acquisition date, the initial accounting for the business combination is incomplete and therefore the Company is unable to provide disclosures related to the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed, and the amount of goodwill. On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders with an assumed acquisition date for Pentaho of April 1, 2014 would not differ materially from the amounts reported in the consolidated financial statements for the year ended March 31, 2015.

On August 19, 2014, Hitachi Metals, Ltd. (Hitachi Metals), a subsidiary of the Company in the High Functional Materials & Components segment, in order to strengthen its global iron casting business on a medium and long term basis, signed a definitive agreement with WF Global II B.V., an entity which was owned by private equity funds managed and controlled by KPS Capital Partners, LP (KPS), to acquire all the shares of Waupaca Foundry Holdings, Inc. (Waupaca HD), which held a 100% stake in Waupaca Foundry, Inc. (Waupaca), engaged in the iron casting business for transportation machinery in the North America market and headquartered in the U.S.A. On November 10, 2014 (the acquisition date), Hitachi Metals acquired all the shares of Waupaca HD in accordance with the definitive agreement. Accordingly, Hitachi Metals obtained control of Waupaca HD and it became a wholly owned subsidiary.

The following table summarizes the fair value of the consideration paid for Waupaca HD, the assets acquired and liabilities assumed recognized as of the acquisition date.

	Millions of yen
Cash and cash equivalents	888
Trade receivables	26,446
Other current assets	12,132
Non-current assets (excluding intangible assets)	57,280
Intangible assets	
Goodwill (not deductible for tax purposes)	70,990
Other intangible assets	35,109
Total	202,845
Current liabilities	27,801
Non-current liabilities	83,148
Total	110,949
Cash paid for acquisition	91,896

The goodwill mainly comprises excess earning power and expected synergies arising from the acquisition.

The results of operations of Waupaca HD for the period from the acquisition date to March 31, 2015 were not material.

On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for Waupaca HD of April 1, 2014 would not differ materially from the amounts reported in the consolidated financial statements for the year ended March 31, 2015.

On February 1, 2014, the effective date of the Company split for the business integration of its thermal power generation systems business with Mitsubishi Heavy Industries, Ltd. (MHI), the Company transferred its business to the integrated company which was established by MHI and renamed Mitsubishi Hitachi Power Systems, Ltd. (MHPS) in accordance with the absorption-type company split agreement, executed on July 31, 2013 and subsequently amended on December 18, 2013.

The Company applied the loss of control and initial measurements of an investment accounted for using the equity method to this transaction since the Company has 35% ownership interest in MHPS and subsequently accounts for the interest using the equity method. Accordingly, the Company recognized a gain of ¥143,041 million, measured as the difference between the carrying amount of transferred assets and liabilities and the fair value of its shares of MHPS. The fair value of MHPS was determined using both a market approach and an income approach, which incorporate both observable inputs, such as quoted market prices of comparable companies, and discounted cash flow using unobservable inputs, and thus represents a Level 3 measurement. The gain is included in Other income in the Company's consolidated statements of profit or loss for the year ended March 31, 2014.

(6) Trade Receivables

The components of trade receivables are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Accounts receivable	2,716,738	2,423,951	2,183,394
Notes receivable	153,304	149,435	117,029
Total	2,870,042	2,573,386	2,300,423

Accounts receivable and notes receivable are stated net of the allowance for doubtful receivables.

(7) Construction Contracts

The costs incurred, profits recognized, advances received and retentions for construction contracts in progress as of March 31, 2015 and 2014 and April 1, 2013 are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Total costs incurred and profits recognized	1,502,587	1,686,850	1,826,637
Advances received	110,151	79,932	120,183
Retentions	947	568	168

Gross amount due from and due to customers for contract work as of March 31, 2015 and 2014 and April 1, 2013, are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Gross amount due from customers for contract work	338,236	311,495	324,992
Gross amount due to customers for contract work	136,446	103,874	139,551

Revenues recognized from construction contracts for the years ended March 31, 2015 and 2014 are ¥809,833 million and ¥966,678 million, respectively.

(8) Leases

(a) Lessee

The Company and certain subsidiaries use leased facilities and equipment, including buildings, machinery and equipment and vehicles under finance lease or operating lease.

The following table shows the undiscounted amounts and present value of minimum lease payments under finance leases as of March 31, 2015 and 2014 and April 1, 2013.

Millions of yen

	March 31, 2015		March 31, 2014		April 1, 2013	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	12,541	11,589	12,346	10,277	7,972	7,347
After 1 year but not more than 5 years	34,571	32,292	32,516	28,124	20,464	19,072
More than 5 years	7,533	6,430	9,007	7,966	4,984	4,577
Total	54,645	50,311	53,869	46,367	33,420	30,996
Finance charges	(4,334)		(7,502)		(2,424)	
Present value of minimum lease payments, total	50,311		46,367		30,996	

The following table shows the future minimum lease payments under non-cancelable operating leases as of March 31, 2015 and 2014 and April 1, 2013.

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Within 1 year	35,602	38,624	28,642
After 1 year but not more than 5 years	89,646	83,001	68,812
More than 5 years	46,492	53,673	49,741
Total	171,740	175,298	147,195

Total operating lease expenses for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Operating lease expenses	160,562	145,021

(b) Lessor

The Company and certain subsidiaries lease certain assets such as manufacturing machinery and equipment under finance and operating lease arrangements.

The following table shows the undiscounted amounts and present value of minimum lease payments receivable under finance leases as of March 31, 2015 and 2014 and April 1, 2013.

Millions of yen

	March 31, 2015		March 31, 2014		April 1, 2013	
	Gross investment in lease	Present value of minimum lease payments receivable	Gross investment in lease	Present value of minimum lease payments receivable	Gross investment in lease	Present value of minimum lease payments receivable
Within 1 year	360,315	308,037	342,133	289,063	286,889	250,231
After 1 year but not more than 5 years	648,122	570,002	588,414	519,405	393,154	339,256
More than 5 years	109,078	119,214	98,533	98,383	84,191	80,413
Total	1,117,515	997,253	1,029,080	906,851	764,234	669,900
Unearned income	(86,402)		(84,882)		(63,256)	
Net investment in the lease	1,031,113		944,198		700,978	
Unguaranteed residual value	(33,860)		(37,347)		(31,078)	
Present value of minimum lease payments receivable	997,253		906,851		669,900	

The amounts of the allowance for uncollectable minimum lease payments receivable as of March 31, 2015 and 2014 and April 1, 2013 are ¥13,140 million, ¥11,930 million and ¥9,103 million, respectively.

The following table shows the future minimum lease payments receivable under non-cancelable operating leases as of March 31, 2015 and 2014 and April 1, 2013.

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Within 1 year	53,732	48,605	45,361
After 1 year but not more than 5 years	66,746	59,452	53,865
More than 5 years	1,572	1,708	1,971
Total	122,050	109,765	101,197

(9) Inventories

The components of inventories are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Finished goods	634,345	570,886	590,002
Semi-finished goods and work in process	562,645	523,031	530,967
Raw materials	261,129	245,084	258,603
Total	1,458,119	1,339,001	1,379,572

For the years ended March 31, 2015 and 2014, the amounts of inventories expensed and included as cost of sales were ¥6,437,013 million and ¥6,357,261 million, respectively, and the write-downs of inventories were ¥20,738 million and ¥23,184 million, respectively.

(10) Investments Accounted for Using the Equity Method

The aggregated carrying amounts of investments accounted for using the equity method that are not individually material as of March 31, 2015 and 2014 and April 1, 2013, and the summarized financial information for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	Associates			Joint ventures		
	March 31, 2015	March 31, 2014	April 1, 2013	March 31, 2015	March 31, 2014	April 1, 2013
Carrying amount of investments	633,291	564,360	221,948	48,332	35,130	25,008

Millions of yen

	Associates		Joint ventures	
	2015	2014	2015	2014
Net income	32,311	4,584	14,346	6,339
Other comprehensive income (loss)	21,514	16,071	(90,485)	10,302
Total comprehensive income (loss)	53,825	20,655	(76,139)	16,641

These amounts represent the Company's share of ownership interests per ownership percentage.

As of March 31, 2015, the Company's interests in certain joint ventures operating at a loss have the cumulative loss exceeding the Company's investments, and thus the negative amount of ¥98,363 million is recognized in other non-current liabilities.

(11) Property, Plant and Equipment

The following table shows the changes in the net carrying amounts of property, plant and equipment.

Millions of yen

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total
Net carrying amount							
April 1, 2013	450,153	722,004	454,741	148,592	302,477	118,209	2,196,176
Additions	4,449	12,087	40,728	20,830	128,692	284,787	491,573
Transfers between accounts	2,029	114,826	129,990	47,222	183	(294,250)	-
Sales and disposals	(6,162)	(12,047)	(7,601)	(6,350)	(34,798)	(5,880)	(72,838)
Depreciation	-	(53,749)	(112,616)	(62,469)	(97,456)	-	(326,290)
Impairment losses	(4,429)	(7,406)	(8,027)	(2,477)	(6)	(7,645)	(29,990)
Acquisitions and divestitures	(16,709)	(49,695)	(49,901)	(3,502)	8,006	(8,731)	(120,532)
Currency translation effect	13,336	14,932	23,180	4,804	14,848	6,227	77,327
Other	(9,322)	1,316	13,438	13,200	22,043	2,832	43,507
March 31, 2014	433,345	742,268	483,932	159,850	343,989	95,549	2,258,933
Additions	2,325	8,702	40,708	32,730	136,940	255,774	477,179
Transfers between accounts	778	46,840	131,471	41,999	4,940	(226,028)	-
Sales and disposals	(2,253)	(7,470)	(7,071)	(4,318)	(25,931)	(1,331)	(48,374)
Depreciation	-	(58,682)	(116,902)	(72,315)	(100,177)	-	(348,076)
Impairment losses	(5,604)	(14,126)	(10,080)	(2,150)	-	(1,838)	(33,798)
Acquisitions and divestitures	1,868	24,400	36,807	4,287	528	2,713	70,603
Currency translation effect	4,609	20,493	31,040	8,600	6,965	5,877	77,584
Other	(1,484)	(4,773)	(5,462)	20,724	16,219	(6,778)	18,446
March 31, 2015	433,584	757,652	584,443	189,407	383,473	123,938	2,472,497

The amount of depreciation recognized is included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss. Impairment losses are included in Other expenses of the consolidated statements of profit or loss.

Finance lease assets are included in Other in the table above, and their carrying amounts as of March 31, 2015 and 2014 and April 1, 2013 were ¥79,926 million, ¥70,002 million and ¥58,923 million, respectively.

The following table shows the gross carrying amount and accumulated depreciation and impairment losses of property, plant and equipment.

Millions of yen

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total
Gross carrying amount							
April 1, 2013	472,711	1,913,066	2,529,422	962,364	1,744,663	119,081	7,741,307
March 31, 2014	456,518	1,867,372	2,311,888	949,742	1,662,395	101,894	7,349,809
March 31, 2015	456,319	1,905,337	2,448,847	993,613	1,571,316	131,800	7,507,232
Accumulated depreciation and impairment losses							
April 1, 2013	(22,558)	(1,191,062)	(2,074,681)	(813,772)	(1,442,186)	(872)	(5,545,131)
March 31, 2014	(23,173)	(1,125,104)	(1,827,956)	(789,892)	(1,318,406)	(6,345)	(5,090,876)
March 31, 2015	(22,735)	(1,147,685)	(1,864,404)	(804,206)	(1,187,843)	(7,862)	(5,034,735)

Impairment Losses Recognized for the Year Ended March 31, 2015:

The Power Systems segment recognized impairment losses of ¥13,007 million, of which ¥10,134 million was attributable to the lower than expected future revenue projected for its transmission and distribution systems business. The recoverable amount of the CGU was principally determined on the basis of the fair value less costs of disposal, which was measured at ¥5,729 million as of March 31, 2015. A market approach was used in measuring the fair value of the relevant assets. These fair value measurements were based on real estate appraisal value which includes adjustments to the values of properties in comparable transactions, or published market prices to reflect specific factors inherent in the asset subject to the appraisal, and thus classified as Level 3 of fair value hierarchy.

The High Functional Materials & Components segment recognized impairment losses of ¥6,492 million, due to the lower than expected future revenue projected for the part of its magnetic materials business and on idle assets and others of the magnetic materials business and of the wire and cable business.

The Electronic Systems & Equipment segment recognized impairment losses of ¥4,124 million, due to the lower than expected future revenue projected for its land held for lease.

Impairment Losses Recognized for the Year Ended March 31, 2014:

The Automotive Systems segment recognized impairment losses of ¥8,870 million, of which ¥8,008 million was attributable to the lower than expected future revenue projected for its battery businesses for automobiles because of changing market trends. The recoverable amount of the CGU was principally determined on the basis of value in use, and was measured at ¥3,914 million as of March 31, 2014. The discount rate used in measuring value in use was 9.2% (before tax).

The Electronic Systems & Equipment segment recognized impairment losses of ¥6,214 million, due to the lower than expected future revenue projected for its medical equipment business because of severe market competition.

The High Functional Materials & Components segment recognized impairment losses of ¥5,103 million, due to the lower profitability of its high-grade metal products and materials business because of the lower demand in the market.

Notes to Consolidated Financial Statements

(12) Intangible Assets

The following table shows the changes in the net carrying amounts of goodwill and other intangible assets.

Millions of yen

	Goodwill	Software for internal use	Software for sale	Intangible lease assets	Other	Total
Net carrying amount						
April 1, 2013	282,934	128,863	38,465	40,780	194,124	685,166
Internal developments	-	3,489	310	-	77,621	81,420
Purchases	-	11,432	1,846	15,507	25,052	53,837
Transfers between accounts	-	45,009	48,231	-	(93,240)	-
Amortization	-	(46,146)	(35,625)	(15,814)	(26,530)	(124,115)
Impairment losses	(6,758)	(2,053)	-	-	(3,825)	(12,636)
Disposals	-	(1,461)	-	-	(78)	(1,539)
Acquisitions and divestitures	30,187	(1,639)	(43)	398	1,108	30,011
Currency translation effect	20,753	1,566	162	1	8,974	31,456
Other	-	(7,661)	(1,158)	310	(2,853)	(11,362)
March 31, 2014	327,116	131,399	52,188	41,182	180,353	732,238
Internal developments	-	2,051	333	-	87,013	89,397
Purchases	-	12,209	829	19,421	27,294	59,753
Transfers between accounts	-	48,453	40,294	-	(88,747)	-
Amortization	-	(53,389)	(37,904)	(15,939)	(23,006)	(130,238)
Impairment losses	(637)	(3,495)	(27)	-	(1,604)	(5,763)
Disposals	-	(76)	-	-	(45)	(121)
Acquisitions and divestitures	99,576	29	(202)	-	72,466	171,869
Currency translation effect	12,076	1,046	286	1	4,614	18,023
Other	-	(1,693)	(5,475)	159	5,433	(1,576)
March 31, 2015	438,131	136,534	50,322	44,824	263,771	933,582

The amount of amortization recognized is included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss. Impairment losses are included in Other expenses in the consolidated statements of profit or loss.

The following table shows the gross carrying amount and accumulated amortization and impairment losses of goodwill and other intangible assets.

Millions of yen

	Goodwill	Software for internal use	Software for sale	Intangible lease assets	Other	Total
Gross carrying amount						
April 1, 2013	283,474	569,378	421,984	303,670	396,865	1,975,371
March 31, 2014	330,251	584,640	472,099	280,931	367,513	2,035,434
March 31, 2015	441,266	627,149	502,194	264,399	471,580	2,306,588
Accumulated amortization and impairment losses						
April 1, 2013	(540)	(440,515)	(383,519)	(262,890)	(202,741)	(1,290,205)
March 31, 2014	(3,135)	(453,241)	(419,911)	(239,749)	(187,160)	(1,303,196)
March 31, 2015	(3,135)	(490,615)	(451,872)	(219,575)	(207,809)	(1,373,006)

The Company writes off goodwill if it has been fully impaired.

Notes to Consolidated Financial Statements

Impairment Losses Recognized for the Year Ended March 31, 2015:

The Information & Telecommunication Systems segment recognized impairment losses of ¥4,340 million, due to a decrease in profitability of its service business provided for financial institutions.

Impairment Losses Recognized for the Year Ended March 31, 2014:

The Construction Machinery segment recognized impairment losses of ¥2,884 million on the software due to a change in use of its administrative IT system.

The carrying amounts of intangible assets with indefinite useful lives as of March 31, 2015 and 2014 and April 1, 2013 amounted to ¥6,451 million, ¥6,696 million and ¥9,640 million, respectively. The main components of such assets are acquired brands and trademarks. They are assessed to have indefinite useful lives because there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the entity.

Expenditures on research activities aimed at obtaining a new scientific or technical knowledge or understanding are expensed when incurred. Expenditures on development activities for a new or major improvement of production plan or design prior to the beginning of commercial production or use are capitalized as an internally generated intangible asset only when such expenditures attributable to the intangible asset can be reliably measured, it is feasible for the Company to complete the development, and it is highly probable that the Company will obtain the future economic benefit. Otherwise, the expenditures are recognized as an expense when incurred.

The carrying amounts of internally generated intangible assets (at the cost less accumulated amortization and impairment losses) as of March 31, 2015 and 2014 and April 1, 2013 amounted to ¥182,742 million, ¥171,560 million and ¥144,119 million, respectively. These assets are mainly included in software for internal use or software for sale.

Research and development expenditures recognized as an expense for the years ended March 31, 2015 and 2014 were ¥334,814 million and ¥354,487 million, respectively, and they are included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss.

The Company tests goodwill acquired through business combination for impairment by comparing the carrying amount and the recoverable amount per CGU (or group of CGUs).

As of March 31, 2015 and 2014 and April 1, 2013, the group of CGUs with a significant allocation of goodwill is the Information & Telecommunication Systems segment, and the carrying amounts of goodwill allocated to the Information & Telecommunication Systems segment were ¥172,159 million, ¥148,175 million and ¥104,050 million, respectively. The recoverable amount used for impairment test of goodwill of the Information & Telecommunication Systems segment for the years ended March 31, 2015 and 2014 was the fair value less cost of disposal. The fair value was estimated by a combination of prices of similar businesses, present value calculations and other inputs. Judgments and assumptions required for future plans of relevant businesses were based on certain assumptions deemed reasonable at the time of estimate. For the years ended March 31, 2015 and 2014, cash flows were projected over 5 years, the discount rates used were 5.55% and 5.39%, respectively, and the growth rate used was 1.0% for both periods. These fair value measurements were classified as level 3 of the fair value hierarchy based on the inputs used.

The Company considers it unlikely for the carrying amount of goodwill allocated to each CGU (or group of CGUs) would exceed the recoverable amount even if the primary assumptions used for the impairment test changed within a reasonable range.

Notes to Consolidated Financial Statements

(13) Deferred Taxes and Income Taxes

The components of income taxes recognized in the consolidated statements of profit or loss and deferred taxes recognized in the consolidated statements of comprehensive income are as follows:

Millions of yen

	2015	2014
Income taxes		
Current tax expense	144,281	131,605
Deferred tax expense		
Temporary differences originated and reversed	41,270	10,344
Changes in realizability of deferred tax assets	(68,685)	1,327
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and tax rates in Japan	5,209	3,264
Total	122,075	146,540
Deferred taxes recognized in OCI		
Net changes in financial assets measured at fair value through OCI	22,167	25,970
Remeasurements of defined benefit plans	(3,255)	14,310
Net changes in cash flow hedges	(1,556)	1,992
Total	17,356	42,272

For the year ended March 31, 2015, the Company and its domestic Japanese subsidiaries were subject to a national corporate tax of 25.5%, an inhabitant tax of between 17.3% and 20.7% of the national corporate tax and combined deductible business tax and special local corporation tax between 3.8% and 10.1%, which in the aggregate resulted in a combined statutory income tax rate of approximately 35.5%.

For the year ended March 31, 2014, the Company and its domestic Japanese subsidiaries were subject to a national corporate tax of 28.1%, an inhabitant tax of between 17.3% and 20.7% of the national corporate tax and combined deductible business tax and special local corporation tax between 3.8% and 10.1%, which in the aggregate resulted in a combined statutory income tax rate of approximately 37.9%.

The Company and certain subsidiaries file consolidated income tax returns in certain jurisdictions.

On March 31, 2015, amendments to corporation tax law were enacted in Japan, resulting in lower corporate tax rates. Those changes became effective on April 1, 2015. As a result, the aggregate statutory income tax rate for domestic companies will be approximately 33.0% for the year beginning on or after April 1, 2015 and 32.2% for the years beginning on or after April 1, 2016. The effect of those changes on the Company's deferred tax balances amounted to ¥5,209 million of additional expenses and is included in Income taxes.

On March 31, 2014, amendments to corporation tax law were enacted in Japan, resulting in lower corporate tax rates. Those changes became effective on April 1, 2014. As a result, the aggregated statutory income tax rate for domestic companies was approximately 35.5% for the year beginning on or after April 1, 2014. The effect of those changes on the Company's deferred tax balances amounted to ¥3,264 million of additional expenses and is included in Income taxes.

Notes to Consolidated Financial Statements

Reconciliations between the combined statutory income tax rate and the effective income tax rate are as follows:

Millions of yen

	2015	2014
Combined statutory income tax rate	35.5%	37.9%
Share of profits of investments accounted for using the equity method	(3.2)	(0.6)
Change in excess amounts over the tax basis of investments in subsidiaries and investments accounted for using the equity method	1.4	0.4
Gain or loss on sale of investments in subsidiaries and investments accounted for using the equity method	3.8	(17.3)
Expenses not deductible for tax purposes	2.7	4.2
Enacted changes in tax laws and rates	1.0	0.5
Impairment of goodwill	0.0	0.4
Change in realizability of deferred tax assets	(13.2)	0.2
Difference in statutory tax rates of foreign subsidiaries	(4.7)	(4.3)
Other, net	0.2	0.2
Effective income tax rate	23.5%	21.6%

Changes in deferred tax assets and liabilities are as follows:

Millions of yen

	March 31, 2015	March 31, 2014
Deferred tax assets, net at beginning of year	99,283	133,223
Recognized in profit or loss	22,206	(14,935)
Recognized in OCI	(17,356)	(42,272)
Acquisitions, divestitures and others	(19,543)	23,267
Discontinued operation	618	0
Deferred tax assets, net at end of year	85,208	99,283

Significant components of the deferred tax assets and liabilities are as follows:

Millions of yen

	Consolidated statements of financial position			Consolidated statements of profit or loss	
	March 31, 2015	March 31, 2014	April 1, 2013	2015	2014
Deferred tax assets					
Retirement and severance benefits	77,606	55,904	59,855	10,842	12,971
Accrued expenses	89,305	71,154	61,774	15,745	4,754
Depreciation of property, plant and equipment	17,426	22,511	16,551	(1,356)	12,005
Net operating loss carryforwards	18,333	21,294	31,465	(7,356)	(11,915)
Other	169,981	151,794	201,637	34,907	(59,886)
Total deferred tax assets	372,651	322,657	371,282	52,782	(42,071)
Deferred tax liabilities					
Deferred profit on sale of properties	(11,089)	(13,176)	(15,622)	(748)	839
Investments in securities	(85,483)	(87,325)	(67,229)	8,716	9,335
Tax purpose reserves regulated by Japanese tax laws	(51,829)	(8,830)	(5,712)	(45,254)	(128)
Intangible assets	(47,768)	(31,253)	(30,147)	4,331	3,187
Other	(91,274)	(82,790)	(119,349)	2,379	13,903
Total deferred tax liabilities	(287,443)	(223,374)	(238,059)	(30,576)	27,136
Net deferred tax assets	85,208	99,283	133,223	22,206	(14,935)

Net deferred tax assets are included in the following accounts in the consolidated statements of financial position.

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Other non-current assets	175,492	211,881	226,056
Other non-current liabilities	(90,284)	(112,598)	(92,833)
Total	85,208	99,283	133,223

Deferred tax liabilities are not recognized for excess amounts over the tax basis of investments in subsidiaries and investments accounted for using the equity method that are considered to be reinvested indefinitely, for such differences will unlikely reverse in the foreseeable future. The temporary differences related to undistributed earnings of subsidiaries for which deferred tax liabilities are not recognized are ¥744,549 million and ¥551,318 million, respectively, as of March 31, 2015 and 2014.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in specific tax jurisdictions during the periods in which these deductible differences become deductible. Although realization is not assured, the Company carries out an assessment of the scheduled reversals of deferred tax liabilities and projected future taxable income, including the execution of certain available tax strategies if needed. Based on these factors, the Company believes it is more likely than not it will realize the benefits of these deductible differences as of March 31, 2015.

Deductible temporary differences and net operating loss carryforwards for unrecognized deferred tax assets are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Deductible temporary differences	2,296,620	2,512,403	2,747,178
Net operating loss carryforwards	833,673	690,361	656,109
Total	3,130,293	3,202,764	3,403,287

Net operating loss carryforwards for unrecognized deferred tax assets will expire as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Within 5 years	414,539	346,148	436,081
After 5 years but not more than 10 years	283,466	266,081	133,237
More than 10 years	135,668	78,132	86,791
Total	833,673	690,361	656,109

Notes to Consolidated Financial Statements

(14) Trade Payables

The components of trade payables are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Accounts payable	1,404,974	1,331,903	1,225,282
Notes payable	21,549	15,281	15,754
Total	1,426,523	1,347,184	1,241,036

(15) Provisions

Changes in the balance and components of provisions for the year ended March 31, 2015 are as follows:

Millions of yen

	Asset retirement obligations	Restructuring provisions	Product warranty provisions	Other provisions
March 31, 2014	20,188	2,410	44,858	80,642
Additions	617	25,999	9,490	125,661
Utilized	(180)	(27,767)	(13,645)	(64,447)
Acquisitions and divestitures	606	-	225	215
Currency translation effects, and others	599	112	3,149	6,319
March 31, 2015	21,830	754	44,077	148,390
Current	504	691	31,116	139,850
Non-current	21,326	63	12,961	8,540

Other provisions include provisions made for expenses including competition law and others. As information required by IAS 37 could adversely affect the outcome of litigations and other disputes, the details of these provisions are not disclosed.

Asset Retirement Obligations

The Company and its subsidiaries recognize asset retirement obligations principally based on the estimated future expenditures using historical experience when the Company and its subsidiaries have a legal or contractual obligation associated with the retirement of tangible fixed assets used in normal operations, such as lease dilapidations of factory facilities and premises.

Restructuring Provisions

Restructuring provision is recognized when the Company and its subsidiaries have a detailed formal plan for the restructuring of the business or a part of business and have raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. The provision is recognized based on the estimated amount of direct expenditures attributable to restructuring.

Product Warranty Provisions

The Company and its subsidiaries provide warranties for certain products and services. Product warranty provisions are recognized by estimating future expenditures based principally on historical experience of warranty claims.

(16) Employee Benefits

(a) Retirement and Severance Benefits

The Company and certain subsidiaries have defined benefit pension plans and severance lump-sum payment plans, as well as defined contribution pension plans to provide retirement and severance benefits to substantially all employees.

The principal defined benefit pension plan is a corporate pension plan based on the Japanese Defined Benefit Corporate Pension Plan Act (the Act). Additionally, certain corporate pension plans adopt cash balance plans. Benefits under cash balance plans are calculated per each plan participant with a notional account balance, based on the contribution credits per salary level and interest credits based on market interest rate trends.

Pursuant to the Act, the Company has an obligation to make contributions to the Hitachi Corporate Pension Fund (the Fund) that manages the corporate pension plans. The directors of the Fund are responsible for faithfully executing operations in compliance with laws and regulations, and any orders issued by the Minister of Health, Labor and Welfare, and the director-generals of Regional Bureaus of Health and Welfare based on laws and regulations, as well as the rules of the Fund and the resolution of the Board of Representatives. The Fund prohibits the directors from acts that constitute conflicts of interests in the management and operation of the funds contributed for benefit payments (the contributions). If breached, the board members are jointly and severally held responsible.

The Fund is legally independent from the Company. The Board of Representatives comprises an equal number of representatives selected by the company and certain subsidiaries and representatives from the employee side. The proceedings of a Board of Representatives are decided by a majority vote of the members attending. In case of a tied vote, the chairman has the power to decide, except for exceptionally significant matters.

The actual management of the contributions is conducted by trustees in accordance with rules approved by the Board of Representatives. The Fund is responsible for managing the contributions to safely and efficiently manage the contributions by establishing the basic management policy of the contributions and preparing the management guidance in line with the policy submitted to the trustees.

The Company has future obligations to make contributions as defined by the Fund. The amount of contribution is periodically reviewed to the extent allowed by law.

The severance lump-sum payment plans provide a lump-sum payment at the time of retirement, and the benefit is calculated based on factors such as the salary level at retirement and the years of service. The Company and certain subsidiaries have an obligation to pay benefits directly to beneficiaries.

Defined contribution plans require a fixed amount of contribution over a participation period, and plan participants themselves are responsible for the management of plan assets. Benefits are paid by the trustee, and the Company and certain subsidiaries' responsibility is limited to making contributions.

Notes to Consolidated Financial Statements

Changes in the present value of defined benefit obligations and the fair value of plan assets for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	March 31, 2015	March 31, 2014
Defined benefit obligations		
At beginning of year	2,258,736	2,345,349
Service cost	80,663	84,901
Interest cost	27,525	26,577
Plan amendments	2,282	(519)
Actuarial losses	104,800	24,861
Benefits paid	(123,396)	(132,406)
Acquisitions and divestitures	25,320	(96,567)
Transfer to defined contribution pension plan	(1,782)	(3,337)
Settlements/curtailments	(4,198)	(3,388)
Currency translation effect	14,223	13,265
At end of year	2,384,173	2,258,736
Fair value of plan assets		
At beginning of year	1,504,738	1,418,655
Interest income	20,267	18,925
Return on plan assets (excluding interest income)	128,607	103,302
Employers' contributions	120,082	110,784
Employees' contributions	304	268
Benefits paid	(88,373)	(99,291)
Acquisitions and divestitures	5,072	(56,633)
Transfer to defined contribution pension plan	(881)	(335)
Settlements/curtailments	(1,135)	(2,965)
Currency translation effect	14,520	12,028
At end of year	1,703,201	1,504,738
Effect of asset ceiling	4,385	4,091
Net liability amount recognized in the consolidated statements of financial position	685,357	758,089

The components of actuarial gain or loss are as follows:

Millions of yen

	March 31, 2015	March 31, 2014
Arising from changes in financial assumptions	(85,260)	(18,841)
Arising from changes in demographic assumptions	(5,136)	(2,341)
Other	(14,404)	(3,679)

The Company and certain subsidiaries remeasure the defined benefit obligations and plan assets at the end of the fiscal year. The discount rates used in actuarial calculation of defined benefit obligations are as follows:

Percentage

	March 31, 2015	March 31, 2014
Discount rate	1.0	1.2

If, at March 31, 2015, the discount rate rose by 0.5%, the defined benefit obligations would decrease by ¥137,236 million, and if the discount rate decreased by 0.5%, the defined benefit obligations would increase by ¥159,287 million.

The sensitivity analysis is based on an assumption that all other variables other than the one analyzed are held constant; in reality, changes in other assumptions may impact the outcome of the analysis.

The Fund's plan asset management is based on the safe and efficient management of the contributions, diversified investments and determination of the investment ratio that should be sustained over the long term. The Fund seeks to maintain current value of assets sufficient for future obligations. A target rate of return is established to ensure a stable long term rate of return on assets. A diversified investment strategy is carried out while a target asset allocation is established to achieve the target rate of return. The target asset allocation is based on the expected rate of return by each class of asset, the standard deviation of the rate of return and the correlation coefficient among the assets. It is currently approximately 25% in equity, 50% in public and corporate bonds, and 25% in hedge funds, private equity funds, life insurance general accounts and other assets. If market values fluctuate exceeding certain levels, the investment ratio is adjusted to the target allocation ratio in order to control risks.

In selecting trustees or asset management companies, the Fund takes into account appropriate quantitative and qualitative evaluations. The Fund also presents its management policies to the trustees or asset management companies, and periodically receives asset management reports.

The fair values of plan assets invested as of March 31, 2015 and 2014, and April 1, 2013 are as follows:

Millions of yen

	March 31, 2015		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity	27,963	290	28,253
Government bonds and municipal debt securities	148,177	10,249	158,426
Corporate bonds and other debt securities	-	65,480	65,480
Hedge funds	-	44,085	44,085
Securitization products	-	58,412	58,412
Cash and cash equivalents	23,159	138	23,297
Life insurance general accounts	-	146,504	146,504
Commingled funds	-	1,128,294	1,128,294
Other	29,407	21,043	50,450
Total	228,706	1,474,495	1,703,201

Millions of yen

	March 31, 2014		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity	37,209	473	37,682
Government bonds and municipal debt securities	199,940	12,190	212,130
Corporate bonds and other debt securities	-	70,577	70,577
Hedge funds	-	42,777	42,777
Securitization products	-	55,078	55,078
Cash and cash equivalents	25,357	59	25,416
Life insurance general accounts	-	134,503	134,503
Commingled funds	-	889,528	889,528
Other	20,658	16,389	37,047
Total	283,164	1,221,574	1,504,738

Millions of yen

	April 1, 2013		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity	33,990	6,012	40,002
Government bonds and municipal debt securities	185,063	17,760	202,823
Corporate bonds and other debt securities	-	64,485	64,485
Hedge funds	-	41,946	41,946
Securitization products	-	43,613	43,613
Cash and cash equivalents	36,739	93	36,832
Life insurance general accounts	-	125,187	125,187
Commingled funds	-	825,745	825,745
Other	22,472	15,550	38,022
Total	278,264	1,140,391	1,418,655

As of March 31, 2015, investments in equity were allocated to approximately 40% in stocks listed in Japan and 60% in stocks listed in foreign markets. As of March 31, 2014, investments in equity were approximately 25% in stocks listed in Japan and 75% in stocks listed in foreign markets.

As of March 31, 2015, Japanese government bonds made up approximately 50% of the government bonds and municipal debt securities, the majority of which were Japanese national bonds. As of March 31, 2014, Japanese government bonds made up approximately 65% of the government bonds and municipal debt securities, the majority of which were Japanese national bonds. Foreign public bonds, as of March 31, 2015, took approximately 50%, the majority of which were foreign national bonds, and as of March 31, 2014, foreign public bonds took approximately 35%, the majority of which were foreign national bonds.

As of March 31, 2015, investments in corporate bonds and other debt securities were allocated to nearly 100% in foreign corporate bonds and debt instruments. As of March 31, 2014, investments in corporate bonds and other debt securities were allocated to approximately 15% in Japanese and 85% in foreign corporate bonds and debt instruments.

Hedge funds invested in are primarily in relative value strategy funds, event driven funds, equity long or short funds, and macroeconomic and Commodity Trading Advisor (CTA) funds.

Commingled funds represent pooled institutional investments. As of March 31, 2015, commingled funds were allocated to 30% in listed stocks, 40% in government bonds, 5% in corporate bonds and other debt securities, 10% in cash and cash equivalents and 15% in other assets. As of March 31, 2014, they were allocated to 35% in listed stocks, 45% in government bonds, 10% in corporate bonds and other debt securities and 10% in other assets.

Funding by the Fund is conducted by taking into account various factors such as funded status, the limit of tax deductions, and actuarial calculations. For the purpose of maintaining balanced finance into the future, the bylaws of the Fund require recalculation of the contribution amounts at the end of fiscal year every five years. Basic assumptions (expected interest rates, mortality rates, withdrawal rate, etc.) are reviewed to recalculate the appropriate level of contribution.

The amount of contributions expected to be paid by the Company and its subsidiaries to the plan assets for the year ending March 31, 2016 is ¥98,970 million.

The weighted average duration (expected average maturity) of defined benefit obligations as of March 31, 2015 and 2014 were 13.3 years and 13.4 years, respectively.

Contributions made to defined contribution plans and expensed in profit or loss in the years ended March 31, 2015 and 2014 were ¥25,997 million and ¥24,890 million, respectively.

(b) Employee Benefit Expenses

The aggregated amounts of employee benefit expenses including salary recognized in the consolidated statements of profit or loss for the years ended March 31, 2015 and 2014 were ¥2,514,095 million and ¥2,507,173 million, respectively.

(17) Equity

(a) Common Stock

Number of shares

	March 31, 2015	March 31, 2014	April 1, 2013
Total number of authorized shares	10,000,000,000	10,000,000,000	10,000,000,000

	Issued shares outstanding (Number of shares)	Capital amount (Millions of yen)
April 1, 2013	4,833,463,387	458,790
March 31, 2014	4,833,463,387	458,790
March 31, 2015	4,833,463,387	458,790

Shares issued by the Company are non-par value common stock. The issued shares above include treasury stock. The changes in treasury stock for the years ended March 31, 2015 and 2014 are as follows:

	Treasury stock	
	(Number of shares)	(Millions of yen)
April 1, 2013	2,899,151	1,565
Acquisition of treasury stock	5,599,271	4,431
Sales of treasury stock	(4,090,998)	(2,850)
March 31, 2014	4,407,424	3,146
Acquisition of treasury stock	515,108	421
Sales of treasury stock	(35,694)	(25)
March 31, 2015	4,886,838	3,542

The number of shares of the Company held by the Company’s associates as of March 31, 2015 was 167,000 shares, as of March 31, 2014 and April 1, 2013 were 172,000 shares.

(b) Surplus

(i) Capital Surplus

The Japanese Company Law (JCL) mandates that at least half of paid-in capital be appropriated as common stock and the rest be appropriated as legal reserve within capital surplus.

The changes in capital surplus include the effect of changes in the Company’s ownership interest in its consolidated subsidiaries. For the years ended March 31, 2015 and 2014, the major changes in capital surplus related to changes in non-controlling interests relating the purchase of Kokusai Electric Korea Co., Ltd. by Hitachi Kokusai Electric Inc. and the purchase of Hitachi Vehicle Energy, Ltd. by the Company respectively. The purpose of both purchases was to convert the respective subsidiaries into wholly owned subsidiaries.

(ii) Retained Earnings

The JCL requires that ten percent of retained earnings appropriated for dividends be retained until the total amount of earned reserves included in capital reserve and retained earnings reaches a quarter of the nominal value of common stock. Earned reserves may be available for dividends by resolution at the shareholders’ meeting.

Notes to Consolidated Financial Statements

(18) Accumulated Other Comprehensive Income (AOCI) and Other Comprehensive Income (OCI)

Components of AOCI, net of related tax effects, presented in the consolidated statements of changes in equity, and changes in each component for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Foreign currency translation adjustments		
Balance at beginning of year	105,211	-
OCI, net of reclassification	147,258	104,975
Net transfer from non-controlling interests	1,005	236
Balance at end of year	253,474	105,211
Remeasurements of defined benefit plans		
Balance at beginning of year	59,737	-
OCI	26,447	59,737
Net transfer from non-controlling interests	48	-
Reclassified into retained earnings	(96)	-
Balance at end of year	86,136	59,737
Net changes in financial assets measured at FVTOCI		
Balance at beginning of year	194,994	99,772
OCI	55,921	100,082
Net transfer from (to) non-controlling interests	1	(433)
Reclassified into retained earnings	(37,501)	(4,427)
Balance at end of year	213,415	194,994
Net changes in cash flow hedges		
Balance at beginning of year	(42,395)	(29,205)
OCI, net of reclassification	(109,530)	(13,299)
Net transfer from non-controlling interests	-	109
Balance at end of year	(151,925)	(42,395)
Total AOCI		
Balance at beginning of year	317,547	70,567
OCI, net of reclassification	120,096	251,495
Net transfer from (to) non-controlling interests	1,054	(88)
Reclassified into retained earnings	(37,597)	(4,427)
Balance at end of year	401,100	317,547

Notes to Consolidated Financial Statements

The following shows a reconciliation of OCI, including non-controlling interests, to profit or loss items and deferred income tax effect per components of OCI during the years ended March 31, 2015 and 2014.

Millions of yen

	2015		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Foreign currency translation adjustments	189,844	-	189,844
Remeasurements of defined benefit plans	23,784	3,255	27,039
Net changes in financial assets measured at fair value FVTOCI	80,124	(22,167)	57,957
Net changes in cash flow hedges	(18,540)	1,955	(16,585)
Share of OCI of investments accounted for using the equity method	(91,128)	22,287	(68,841)
Total	184,084	5,330	189,414
Reconciliation of OCI to profit or loss:			
Foreign currency translation adjustments	(1,225)	-	(1,225)
Net changes in cash flow hedges	134	(399)	(265)
Share of OCI of investments accounted for using the equity method	(130)	-	(130)
Total	(1,221)	(399)	(1,620)
OCI, net of reclassification adjustments:			
Foreign currency translation adjustments	188,619	-	188,619
Remeasurements of defined benefit plans	23,784	3,255	27,039
Net changes in financial assets measured at FVTOCI	80,124	(22,167)	57,957
Net in changes in cash flow hedges	(18,406)	1,556	(16,850)
Share of OCI of investments accounted for using the equity method	(91,258)	22,287	(68,971)
Total	182,863	4,931	187,794
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Foreign currency translation adjustments			60,328
Remeasurements of defined benefit plans			5,984
Net changes in financial assets measured at FVTOCI			2,277
Net changes in cash flow hedges			(891)
Total			67,698
OCI, net of reclassification adjustments, attributable to Hitachi, Ltd. stockholders:			
Foreign currency translation adjustments			128,291
Remeasurements of defined benefit plans			21,055
Net changes in financial assets measured at FVTOCI			55,680
Net changes in cash flow hedges			(15,959)
Share of OCI of investments accounted for using the equity method			(68,971)
Total			120,096

Notes to Consolidated Financial Statements

Millions of yen

	2014		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Foreign currency translation adjustments	127,740	-	127,740
Remeasurements of defined benefit plans	78,516	(14,310)	64,206
Net changes in financial assets measured at FVTOCI	128,702	(25,970)	102,732
Net changes in cash flow hedges	(13,006)	(3,722)	(16,728)
Share of OCI of investments accounted for using the equity method	28,429	(221)	28,208
Total	350,381	(44,223)	306,158
Reconciliation of OCI to profit or loss:			
Foreign currency translation adjustments	(5,626)	-	(5,626)
Net changes in cash flow hedges	(5,016)	1,730	(3,286)
Share of OCI of investments accounted for using the equity method	(1,835)	-	(1,835)
Total	(12,477)	1,730	(10,747)
OCI, net of reclassification adjustments:			
Foreign currency translation adjustments	122,114	-	122,114
Remeasurements of defined benefit plans	78,516	(14,310)	64,206
Net changes in financial assets measured at FVTOCI	128,702	(25,970)	102,732
Net changes in cash flow hedges	(18,022)	(1,992)	(20,014)
Share of OCI of investments accounted for using the equity method	26,594	(221)	26,373
Total	337,904	(42,493)	295,411
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Foreign currency translation adjustments			36,006
Remeasurements of defined benefit plans			4,543
Net changes in financial assets measured at FVTOCI			2,856
Net changes in cash flow hedges			511
Total			43,916
OCI, net of reclassification adjustments, attributable to Hitachi, Ltd. stockholders:			
Foreign currency translation adjustments			86,108
Remeasurements of defined benefit plans			59,663
Net changes in financial assets measured at FVTOCI			99,876
Net changes in cash flow hedges			(20,525)
Share of OCI of investments accounted for using the equity method			26,373
Total			251,495

(19) Dividends

Dividends paid on common stock for the years ended March 31, 2015 and 2014 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on October 29, 2014	28,973	Retained earnings	6.0	September 30, 2014	November 26, 2014
The Board of Directors on May 12, 2014	26,559	Retained earnings	5.5	March 31, 2014	June 2, 2014
The Board of Directors on October 29, 2013	24,151	Retained earnings	5.0	September 30, 2013	November 26, 2013
The Board of Directors on May 10, 2013	24,152	Retained earnings	5.0	March 31, 2013	May 28, 2013

The dividend on common stock whose record date falls in the year ended March 31, 2015 and the effective date falls in the next fiscal year are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 14, 2015	28,971	Retained earnings	6.0	March 31, 2015	June 1, 2015

(20) Other Income and Expenses

The main components of other income and expenses for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Net loss on sales and disposal of fixed assets	(16,820)	(7,062)
Impairment losses	(42,109)	(43,116)
Net gain (loss) on business reorganization and others	(55,016)	198,032
Restructuring charges	(26,680)	(26,649)
Expenses related to competition law and others	(25,897)	(76,858)

Impairment losses are mainly recognized on property, plant and equipment, investment properties and intangible assets. Net gain (loss) on business reorganization and others include gains and losses related to obtaining and losing control of investees and gains and losses related to obtaining and losing significant influence over investees. Expenses related to competition law and others include losses related to paying a fine in relation to competition law violations and settlements with customers.

Net gain (loss) on business reorganization and others for the year ended March 31, 2014 includes a gain of ¥143,041 million from business integration with Mitsubishi Heavy Industries in the field of thermal power generation system.

(21) Financial Income and Expenses

Main components of financial income and expenses for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Dividends received	7,727	7,856
Net gain (loss) on FVTPL financial instruments	(475)	19,123
Exchange gain (loss)	(2,604)	6,467

Dividends received for the years ended March 31, 2015 and 2014 are from FVTOCI financial assets.

(22) Discontinued Operations

The Company classified the part of thermal power generation system business which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for business integration in the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd. but was operated by the Company and certain subsidiaries as a discontinued operations in the consolidated statements of profit or loss for the year ended March 31, 2015 as the projects are completed. The results of operations for the year ended March 31, 2014 are also reclassified as discontinued operations.

Profit or loss and cash flows from the discontinued operations for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Profit or loss from discontinued operations		
Revenues	29,460	45,343
Cost of sales and expenses	(83,569)	(52,295)
Loss from discontinued operations, before taxes	(54,109)	(6,952)
Income taxes	608	(3)
Loss from discontinued operations	(53,501)	(6,955)

Millions of yen

	2015	2014
Cash flows from discontinued operations		
Cash flows from operating activities	(25,016)	(28,017)
Cash flows from investing activities	1,565	(1,180)
Cash flows from financing activities	24,614	27,876

(23) Earnings Per Share (EPS) Information

The computations of net income attributable to Hitachi, Ltd. stockholders used to derive basic and diluted EPS are as follows:

Number of shares

	2015	2014
Weighted average number of shares on which basic EPS is calculated	4,828,815,878	4,829,823,720
Effect of dilutive securities	-	-
Number of shares on which diluted EPS is calculated	4,828,815,878	4,829,823,720

Millions of yen

	2015	2014
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	270,983	420,832
Effect of dilutive securities		
Other	(191)	(137)
Diluted	270,792	420,695
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(53,501)	(6,955)
Effect of dilutive securities		
Other	-	-
Diluted	(53,501)	(6,955)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	217,482	413,877
Effect of dilutive securities		
Other	(191)	(137)
Diluted	217,291	413,740

Yen

	2015	2014
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	56.12	87.13
Diluted	56.08	87.10
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(11.08)	(1.44)
Diluted	(11.08)	(1.44)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	45.04	85.69
Diluted	45.00	85.66

(24) Supplementary Cash Flow Information

Non-cash investing and financing activities for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Finance lease assets acquired and obligations incurred	6,502	6,012

(25) Financial Instruments and Related Disclosures

(a) Capital Management

The Company manages its capital under the policy of maintaining appropriate level of assets, liabilities and capital for current and future business operations, as well as optimizing the efficiency of capital utilization throughout the business operations.

The Company uses the total Hitachi, Ltd. stockholders' equity ratio as an important indicator in capital management. The target is set in the mid-term management plan and is regularly monitored. The total Hitachi, Ltd. stockholders' equity ratio as of March 31, 2015 and 2014 and April 1, 2013 were 23.7%, 24.0% and 21.1%, respectively.

The Company is not subject to any capital requirements except for the general rules such as the Japanese Company Law.

(b) Financial Risks

The Company is engaged in business activities world-wide, and constantly exposed to various risks such as market risks (mainly currency exchange risk and interest rate risk), credit risk and liquidity risk. The Company implements risk management policies to avoid or mitigate these financial risks.

(i) Currency Exchange Risk

The Company and its subsidiaries hold assets and liabilities exposed to currency exchange risk. In order to hedge this risk, the management uses forward exchange contracts or cross currency swaps.

For trade receivables and payables denominated in foreign currencies, the Company and its subsidiaries measure the net future cash flows per currency on a monthly basis, and enter into forward exchange contracts using a constant ratio with the purpose of fixing the future cash flows arising from receivables and payables and forecasted transactions denominated in foreign currencies. The terms of forward exchange contracts are largely within one year. If necessary, the Company and its subsidiaries establish a risk control policy and a risk management approach specific to each transaction by reviewing the business characteristics, the structure of income and expenditure, and conditions of the contract. The Company and its subsidiaries hedge the risk exposure arising from specific transactions based on the risk control policy and the risk management approach.

To fix cash flows from long-term debt denominated in foreign currencies, the Company and its subsidiaries enter into cross currency swap agreements with the same maturities as the underlying debt. The hedging relationship between the forward exchange contracts or cross currency swaps and the underling hedged items is highly effective in offsetting the impact from changes in foreign currency exchange rates.

The sensitivity analysis for currency exchange rates shown below indicates the impact on income from continuing operations, before income taxes, in the Company's consolidated statements of profit or loss, if the Japanese yen depreciated by 1% on the foreign-currency denominated financial instruments held by the Company and its subsidiaries as of March 31, 2015 and 2014, while all other variables are held constant.

Millions of yen

	Currency	2015	2014
Impact on income from continuing operations, before income taxes	US Dollar	1,303	1,057
	Euro	416	462

(ii) Interest Rate Risk

The Company and its subsidiaries are exposed to interest rate risk related principally to long-term debt obligations. In order to minimize this risk, the Company and its subsidiaries enter into interest rate swap agreements to control fluctuation risk of cash flows. The interest rate swaps entered into are receive-variable, pay-fixed interest rate swaps. Under the interest rate swaps, the Company and its subsidiaries receive variable interest rate payments on long-term debt associated with medium-term notes (MTN) and make fixed interest rate payments, thereby creating fixed interest rate long-term debt.

Certain financing subsidiaries raise funds by issuing long-term debt with a fixed interest rate and lending it at variable interest rates, creating interest rate risk. In order to minimize this risk, interest rate swaps are used to convert, in effect, the fixed rate to a variable rate to manage fluctuations in fair value resulting from interest rate risk. Under the interest rate swaps, certain financing subsidiaries receive fixed interest rate payments associated with long-term debt, including MTN, and make variable interest rate payments, thereby creating variable-rate long-term debt. The hedging relationship between the interest rate swaps and the underlying hedged items is highly effective in offsetting the impact from changes in cash flows and fair value resulting from interest rate risk.

The sensitivity analysis for interest rate shown below indicates the impact on income from continuing operations, before income taxes, in the consolidated statements of profit or loss, if interest rates increased by 1% on the financial instruments (floating-interest financial assets and liabilities measured at amortized cost, FVTPL financial assets and liabilities and derivatives) held by the Company and its subsidiaries as of March 31, 2015 and 2014, while all other variables are held constant.

Millions of yen

	2015	2014
Impact on income from continuing operations, before income taxes	(5,510)	(6,335)

(iii) Credit Risk

Trade receivables, lease receivables and other receivables resulting from operating activities of the Company and its subsidiaries are exposed to credit risk of the customers. Investments in debt securities held for managing cash surplus and equity instruments held for strategic purposes are exposed to credit risk of the issuers. Derivative transactions entered into in order to lower market risks are exposed to credit risk of the counter party financial institutions.

For credit risk of customers, the Company conducts periodic credit checks as appropriate for the products sold and the customers' financial conditions and credit ratings. A credit limit is set according to the credit risk. For cash surplus, investment is restricted to low risk debt securities, and derivative transactions are entered into with financial institutions with high credit rating only.

No significant concentration of credit risk is present in a particular region or a customer, as the Company and its subsidiaries are engaged in diverse industries worldwide.

The maximum exposure to the credit risk equals the financial assets' carrying amount after impairment in the consolidated statements of financial position, if collateral held is not included. The maximum exposure to the credit risk from guarantee obligations is disclosed in note 29.

The Company considers that trade receivables, lease receivables and other receivables neither past due nor impaired as of the end of each fiscal year are all collectible.

The following table presents the aging of trade receivables, lease receivables and other receivables past due but not impaired as of March 31, 2015 and 2014.

Millions of yen

	March 31, 2015	March 31, 2014
Past due within 30 days	52,885	33,396
Past due between 31 and 90 days	28,261	19,868
Past due between 91 days and 1 year	18,019	15,479
Past due over 1 year	5,750	7,709
Total	104,915	76,452

When trade receivables, lease receivables and other receivables are impaired, the Company reduces the receivable balance through the use of an allowance account, instead of directly reducing the carrying amount. The changes in the balance of allowance for doubtful receivables are as follows:

Millions of yen

	Trade receivables	Lease receivables	Other financial assets measured at amortized cost	Total
At April 1, 2013	31,170	9,103	8,000	48,273
Impairment loss provision	6,305	2,034	445	8,784
Amounts written off	(5,228)	(996)	(6,350)	(12,574)
Other*	(1,051)	1,789	(118)	620
At March 31, 2014	31,196	11,930	1,977	45,103
Impairment loss provision	8,742	2,300	492	11,534
Amounts written off	(6,269)	(686)	(538)	(7,493)
Other*	1,544	(404)	325	1,465
At March 31, 2015	35,213	13,140	2,256	50,609

*Other includes the impact from business acquisitions and divestitures and currency translation effect.

As of March 31, 2015 and 2014 and April 1, 2013, the total balances of trade receivables, lease receivables and other receivables individually determined to be impaired were ¥93,590 million, ¥102,965 million and ¥119,185 million, respectively, and the allowance for doubtful receivables corresponding to such receivables was recorded in the amounts of ¥34,674 million, ¥30,086 million and ¥34,116 million, respectively.

(iv) Liquidity Risk

Trade payables and financial liabilities, such as long-term debts, held by the Company and its subsidiaries are exposed to liquidity risk. With respect to this risk, the Company and its subsidiaries try to optimize capital efficiency through efficient management of working capital, and maintain cash control through a centralized cash management system. They are also able to raise funds, as necessary, from capital markets through the issuance of debt and equity securities, and from commercial banks through borrowings and commitment lines. The total unused commitment lines as of March 31, 2015 are disclosed in note 29.

Hitachi Capital Corporation and its subsidiaries provide loan guarantees for customers. In case of a default, they will be held liable for the loan. The maximum exposure of these guarantees is the balance of the loan guarantees. The balance of loan guarantees as of March 31, 2015 is disclosed in note 29.

The following tables present the maturities of non-derivative financial liabilities. Trade payables are not included in the tables since the carrying amounts agree with the contractual cash flows and they all mature in less than one year.

Millions of yen

	March 31, 2015				
	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Short-term debt	977,701	980,088	980,088	-	-
Long-term debt					
Lease payables	50,311	54,646	12,073	35,040	7,533
Bonds	797,510	838,022	175,742	449,691	212,589
Long-term debt	1,731,834	1,768,225	316,889	1,135,302	316,034

Millions of yen

	March 31, 2014				
	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Short-term debt	775,516	776,589	776,589	-	-
Long-term debt					
Lease payables	46,367	53,870	11,931	32,933	9,006
Bonds	640,460	656,994	137,719	388,442	130,833
Long-term debt	1,571,642	1,605,633	396,225	962,617	246,791

The weighted average interest rate for short-term debt is 0.4%, and the weighted average interest rate for long-term debt is 1.3% with maturities ranging from 2015 to 2030. The details on each bond issued are provided below.

Issuer	Name of bond	Issued	Millions of yen March 31, 2015	Millions of yen March 31, 2014	Security	Interest rates (%)	Mature in
The Company	Unsecured debenture #14	2005	50,000	50,000	Unsecured	1.6	2015
The Company	Unsecured debenture #15	2013	10,000	10,000	Unsecured	0.3	2018
The Company	Unsecured debenture #16	2013	30,000	30,000	Unsecured	0.8	2023
The Company	Unsecured debenture #17	2013	20,000	20,000	Unsecured	1.4	2028
Subsidiaries	Unsecured debentures	2006 - 2015	683,020	525,971	Unsecured	0.1 - 3.0	2015 - 2026
Subsidiary	Unsecured convertible debenture	2007	4,490	4,489	Unsecured	-	2019
Total			797,510	640,460			

The following table shows the maturities of the main types of derivatives, expressed in gross amounts, even for net settlement derivatives.

Millions of yen

		March 31, 2015			
		Within 1 year	After 1 year but not more than 5 years	More than 5 years	Total
Forward exchange contracts	In	5,357	325	296	5,978
	Out	4,726	64,249	713	69,688
Cross currency swaps	In	2,283	6,724	163	9,170
	Out	12,296	17,424	-	29,720
Interest rate swaps	In	164	61	-	225
	Out	286	2,607	2,044	4,937

Millions of yen

		March 31, 2014			
		Within 1 year	After 1 year but not more than 5 years	More than 5 years	Total
Forward exchange contracts	In	2,452	3,874	-	6,326
	Out	3,725	42,974	-	46,699
Cross currency swaps	In	59	752	-	811
	Out	3,525	19,260	55	22,840
Interest rate swaps	In	189	1,001	-	1,190
	Out	334	1,351	306	1,991

(c) Fair Value of Financial Instruments

(i) Fair Value Measurements

The following methods and assumptions are used to measure the fair value of financial assets and liabilities.

Cash and cash equivalents, Short-term loans receivable, Short-term debt, Other payables and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Trade receivables

Fair value is measured by the present value of future cash flows discounted by risk-free rates after considering early settlements, cancellation and the balance of doubtful accounts, for each type of receivable, class of receivable based on collection records and term of collection.

Lease receivables

Fair value is based on the present value of lease payments receivable based on years to maturity, using discount rates that reflect the time to maturity and credit risk.

Investments in securities and other financial assets

Investment securities with quoted market prices are estimated using the quoted share prices. In the absence of an active market for investment securities, quoted prices for similar investment securities, quoted prices associated with transactions that are not distressed for identical or similar investment securities or other relevant information including market interest rate curves, referenced credit spreads or default rates, are used to determine fair value. If significant inputs of fair value measurement are unobservable, the Company uses price information provided by financial institutions to evaluate such investments. The information provided is corroborated by the income approach using its own valuation model, or the market approach using comparisons with prices of similar securities.

The fair value of long-term loans receivable is estimated based on the present value of future cash flows using the interest rate applicable to an additional loan of the same type.

Derivative assets are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company mainly uses the income approach or the market approach to corroborate relevant information provided by financial institutions.

Fair values of subordinated interests and beneficiary interests in trust that are retained in transactions of transferring financial assets are estimated by discounting future cash flows based on economic assumptions including expected rate of credit loss and discount rate since significant inputs for estimation of the fair value are unobservable.

Long-term debt
The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using the market interest rates applicable to the same contractual terms.

Other financial liabilities
Derivative liabilities are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company uses mainly the income approach or the market approach to corroborate relevant information provided by financial institutions.

Contract guarantee deposits are financial liabilities received from some customers and other parties as a credit enhancement to trade and lease receivables, and normally returned after the underlying assets are fully collected. The fair value of contract guarantee deposits is measured by discounting the sum of the principals over the time to the contractual return dates, using the risk-free discount rate.

(ii) Financial Instruments Measured at Amortized Cost
The carrying amounts and estimated fair values of the financial instruments measured at amortized cost are as follows.
The fair value estimated for financial assets and liabilities measured at amortized cost is classified in Level 2 of the fair value hierarchy.

Millions of yen

	March 31, 2015		March 31, 2014		April 1, 2013	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
Assets						
Trade receivables[1]	3,556,315	3,574,933	3,127,154	3,136,918	2,677,493	2,696,547
Lease receivables	1,017,973	1,050,232	932,268	957,091	691,875	704,119
Investments in securities and other financial assets[2]						
Debt securities	85,725	85,758	91,919	91,948	89,006	89,807
Long-term loans receivable	85,481	87,379	53,294	54,254	56,767	58,176
Liabilities						
Long-term debt[3]						
Lease obligations	50,311	50,035	46,367	46,127	30,996	30,983
Bonds	797,510	805,668	640,460	646,350	533,269	539,942
Long-term debt	1,731,834	1,747,654	1,571,642	1,585,081	1,145,853	1,152,476
Other financial liabilities						
Contract guarantee deposits	36,882	35,567	31,556	30,862	24,896	24,426

[1] Trade receivables included in Trade receivables and Investments in securities and other financial assets in the consolidated statements of financial position.

[2] Investments in securities and other financial assets included in Other current assets and Investments in securities and other financial assets in the consolidated statements of financial position.
[3] Long-term debt included in Current portion of long-term debt and Long-term debt in the consolidated statements of financial position.

(iii) Financial Instruments Measured at Fair Value in Consolidated Statements of Financial Position

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three levels of the fair value hierarchy based on the measurement inputs' observability and materiality as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2: Valuations measured by direct or indirect observable inputs other than Level 1
Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input with the lowest level in the fair value measurement as a whole.

Transfers between levels are deemed at the beginning of each quarter period.

The following tables present the assets and liabilities that are measured at fair value on a recurring basis.

March 31, 2015 Millions of yen

Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets[1]				
Equity securities	2,624	-	1,799	4,423
Debt securities	12,665	7,807	57,299	77,771
Derivatives	-	15,478	-	15,478
FVTOCI financial assets:				
Investments in securities and other financial assets[1]				
Equity securities	392,977	1,413	110,833	505,223
Total financial assets at fair value	408,266	24,698	169,931	602,895
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	104,730	-	104,730
Total financial liabilities at fair value	-	104,730	-	104,730

March 31, 2014

Millions of yen

Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets[1]				
Equity securities	7,870	-	1,601	9,471
Debt securities	10,773	7,278	82,006	100,057
Derivatives	-	8,417	-	8,417
FVTOCI financial assets:				
Investments in securities and other financial assets[1]				
Equity securities	396,011	1,155	106,524	503,690
Total financial assets at fair value	414,654	16,850	190,131	621,635
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	71,545	-	71,545
Total financial liabilities at fair value	-	71,545	-	71,545

April 1, 2013

Millions of yen

Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets[1]				
Equity securities	68,062	-	11,837	79,899
Debt securities	3,521	5,083	107,378	115,982
Derivatives	-	12,841	-	12,841
FVTOCI financial assets:				
Investments in securities and other financial assets[1]				
Equity securities	220,156	795	106,052	327,003
Total financial assets at fair value	291,739	18,719	225,267	535,725
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	61,002	-	61,002
Total financial liabilities at fair value	-	61,002	-	61,002

[1] Investments in securities and other financial assets included in Other current assets and Investments in securities and other financial assets in the consolidated statements of financial position.

The following tables present the changes in Level 3 instruments measured on a recurring basis for the years ended March 31, 2015 and 2014.

2015 Millions of yen

Level 3 financial assets	Equity securities	Debt securities	Total
Balance at beginning of year	108,125	82,006	190,131
Gain (loss) in profit or loss [1]	303	(1,202)	(899)
Gain in OCI [2]	2,544	-	2,544
Purchases	2,470	2,014	4,484
Sales and redemption	(1,281)	(25,947)	(27,228)
Acquisitions and divestitures	215	(37)	178
Other	256	465	721
Balance at end of year	112,632	57,299	169,931
Unrealized gain relating to financial assets still held at end of year [4]	3,501	13	3,514

2014 Millions of yen

Level 3 financial assets	Equity securities	Debt securities	Total
Balance at beginning of year	117,889	107,378	225,267
Gain (loss) in profit or loss [1]	3,696	(977)	2,719
Gain in OCI [2]	60	-	60
Purchases	2,358	2,665	5,023
Sales and redemption	(9,778)	(26,798)	(36,576)
Acquisitions and divestitures	(1,082)	(4,076)	(5,158)
Transfer from Level 3 [3]	(5,350)	-	(5,350)
Other	332	3,814	4,146
Balance at end of year	108,125	82,006	190,131
Unrealized gain relating to financial assets still held at end of year [4]	629	401	1,030

[1] Gain (loss) in profit or loss related to FVTPL financial assets are included in Financial income and Financial expenses in the consolidated statements of profit or loss.
[2] Gain in OCI related to FVTOCI financial assets are included in Net changes from financial assets measured at fair value through OCI in the consolidated statements of comprehensive income.
[3] Transfer from Level 3 for the year ended March 31, 2014 is the result of an investee being listed on the stock market.
[4] Unrealized gain related to financial assets still held at the end of year are included in Financial income and Financial expenses in the consolidated statements of profit or loss, and Net changes from financial assets measured at fair value through OCI in the consolidated statements of comprehensive income.

Valuation techniques and unobservable inputs used for measuring financial instruments categorized as Level 3 on a recurring basis as of March 31, 2015 and 2014 and April 1, 2013 are as follows:

March 31, 2015 — Millions of yen

Level 3 financial instruments	Fair value	Valuation technique	Unobservable inputs	Range
Subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets	43,391	DCF	Discount rate	0.14-0.88%
			Expected rate of credit loss of the entire transferred financial assets	0.15-0.36%

March 31, 2014 — Millions of yen

Level 3 financial instruments	Fair value	Valuation technique	Unobservable inputs	Range
Subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets	68,122	DCF	Discount rate	0.18-1.01%
			Expected rate of credit loss of the entire transferred financial assets	0.15-0.36%

April 1, 2013 — Millions of yen

Level 3 financial instruments	Fair value	Valuation technique	Unobservable inputs	Range
Subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets	84,688	DCF	Discount rate	0.26-0.67%
			Expected rate of credit loss of the entire transferred financial assets	0.15-0.36%

The impact on the fair value is not material if different amounts are used as unobservable inputs in estimating the fair value of subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets. Similarly, the effect of changing unobservable inputs to reasonably possible alternative assumptions is not material.

Fair values are measured by the Finance Department of the Company and its subsidiaries, in accordance with the Company's policies and procedures. Valuation models are determined so that they reflect each financial instrument's nature, characteristics and risks most appropriately. The Finance Department continually examines changes in important inputs that could affect the fair value. In case the fair value of a financial instrument was significantly impaired, the Department administrators review and approve the impairment loss.

Equity instruments held with the objective of maintaining and strengthening business relations with the issuers are classified as FVTOCI financial assets. The following is a list of principal equity instruments designated as FVTOCI and their fair values.

Millions of yen

March 31, 2015	
Principal FVTOCI financial assets	Fair value
Renesas Electronics Corporation	114,059
Western Digital Corporation	68,354
Central Japan Railway Company	19,570
JECC Corporation	19,011
Yungtay Engineering Co., Ltd.	13,336
World Trade Center Building, Inc.	11,443
Nitto Denko Corporation	8,136
Honda Motor Co., Ltd.	7,923
East Japan Railway Company	7,851
Nippon Steel Kowa Real Estate Co., Ltd.	5,900

Millions of yen

March 31, 2014	
Principal FVTOCI financial assets	Fair value
Renesas Electronics Corporation	100,520
Western Digital Corporation	59,063
JECC Corporation	18,509
Yungtay Engineering Co., Ltd.	14,064
Central Japan Railway Company	10,854
World Trade Center Building, Inc.	10,560
Honda Motor Co., Ltd.	7,360
East Japan Railway Company	6,195
Digital Globe, Inc.	5,971
Nippon Steel Kowa Real Estate Co., Ltd.	5,900

Millions of yen

April 1, 2013	
Principal FVTOCI financial assets	Fair value
Western Digital Corporation	59,122
JECC Corporation	17,505
World Trade Center Building, Inc.	10,560
Yungtay Engineering Co., Ltd.	9,023
Central Japan Railway Company	8,928
Digital Globe, Inc.	8,196
Honda Motor Co., Ltd.	7,191
East Japan Railway Company	6,288
Nippon Steel Kowa Real Estate Co., Ltd	5,900
Nitto Denko Corporation	5,644

See note 21 for dividends received from investment securities classified as FVTOCI financial assets.

Accumulated gains and losses on valuation of FVTOCI financial assets are reclassified into retained earnings when derecognized during the fiscal year. The net gains reclassified, net of taxes, for the years ended March 31, 2015 and 2014 were ¥37,501 million and ¥4,427 million, respectively. These financial assets were derecognized upon disposal of shares after reviewing particular business relations, or reclassified as investments in subsidiaries or investments accounted for using the equity method.

The information on FVTOCI financial assets that were derecognized for the years ended March 31, 2015 and 2014 is as follows:

Millions of yen

	2015	2014
Fair value at the time of derecognition	84,830	13,432
Accumulated gains at the time of derecognition	57,321	7,176

(d) Derivatives and Hedging Activities

(i) Fair Value Hedge

Changes in the fair value of recognized assets and liabilities, and of derivatives designated as a fair value hedge of these assets and liabilities are recognized in profit or loss for the period in which the changes occur. Derivatives designated as a fair value hedge include forward exchange contracts associated with operating transactions, cross currency swaps agreements and interest rate swaps associated with financing transactions.

(ii) Cash Flow Hedge

Foreign Currency Risk

Changes in the fair value of forward exchange contracts designated as an effective cash flow hedge of forecasted transactions are recognized in OCI. AOCI is subsequently reclassified into profit or loss when the hedged items affect profit for the period.

Interest Rate Risk

Changes in the fair value of interest rate swaps designated as a hedge of the variability of cash flows associated with long-term debt are recognized in OCI. AOCI is subsequently reclassified to interest charges over the period in which the interest on the debt affects profit or loss.

As of March 31, 2015, the period in which the cash flows from the hedged items are expected to occur and in which they are expected to affect profit or loss is between April 2015 and April 2022.

The fair values of the main types of derivatives designated as hedging instruments are as follows:

Millions of yen

	March 31, 2015		March 31, 2014		April 1, 2013	
	Asset	Liability	Asset	Liability	Asset	Liability
Fair value hedge						
Forward exchange contracts	2,899	2,803	1,152	5,852	1,638	11,034
Cross currency swaps	2,562	6,300	600	6,459	776	6,303
Interest rate swaps	171	492	545	340	677	730
Total	5,632	9,595	2,297	12,651	3,091	18,067
Cash flow hedge						
Forward exchange contracts	2,115	59,368	3,694	40,491	5,546	24,373
Cross currency swaps	6,594	23,347	205	15,439	3,253	5,353
Interest rate swaps	54	4,356	645	1,604	2	2,185
Total	8,763	87,071	4,544	57,534	8,801	31,911

The fair values of derivative assets and liabilities not applying hedge accounting as of March 31, 2015 and 2014, and April 1, 2013 were ¥978 million, ¥1,484 million and ¥597 million for derivative assets, and ¥7,679 million, ¥1,343 million and ¥11,006 million for derivative liabilities, respectively.

The contract amounts and notional amounts of the main types of derivatives are as follows:

Millions of yen

	March 31, 2015	March 31, 2014
Forward exchange contracts		
To sell foreign currencies	458,334	322,104
To buy foreign currencies	154,300	118,421
Cross currency swaps		
To sell foreign currencies	41,013	45,612
To buy foreign currencies	379,398	255,963
Interest rate swaps	644,529	421,259
Option contracts	5,768	1,235

The following table, “Effective portion of derivatives designated as hedging instruments and related hedged items” shows the effects of derivative instruments for fair value hedges in the consolidated statements of profit or loss for the year ended March 31, 2015.

Effective Portion of Derivatives Designated as Hedging Instruments and Related Hedged Items

Hedging instruments — Millions of yen

Derivatives	Recognized in profit or loss	Amount recognized
Forward exchange contracts	Financial expenses	(7,928)
Cross currency swaps	Financial expenses	2,047
Total		(5,881)

Hedged items — Millions of yen

Recognized in statement of financial position	Recognized in profit or loss	Amount recognized
Trade receivables and trade payables	Financial expenses	8,076
Long-term debt	Financial expenses	(2,009)
Total		6,067

The amounts recognized in the consolidated statements of profit or loss and consolidated statements of comprehensive income for the year ended March 31, 2015, related to cash flow hedges are detailed in the following tables:
"Gain (loss) recognized in OCI, Effective portion of derivatives designated as hedging instruments,"
"Gain (loss) reclassified from OCI into profit or loss, Effective portion of derivatives designated as hedging instruments," and
"Gain (loss) on derivatives designated as cash flow hedging instruments, ineffective portion."

Gain (Loss) Recognized in OCI, Effective Portion of Derivatives Designated as Hedging Instruments

Derivatives	Millions of yen
Forward exchange contracts	(16,591)
Cross currency swaps	(5,904)
Interest rate swaps	(1,784)
Option contracts	(482)
Total	(24,761)

Notes to Consolidated Financial Statements

Gain (Loss) Reclassified from OCI into Profit or Loss, Effective Portion of Derivatives Designated as Hedging Instruments

Derivatives	Recognized in profit or loss	Millions of yen
Forward exchange contracts	Financial expenses	(3,639)
Cross currency swaps	Financial expenses	4,385
Interest rate swaps	Cost of sales and Interest charges	(1,947)
Option contracts	Financial expenses	482
Total		(719)

Gain (Loss) on Derivatives Designated as Cash Flow Hedging Instruments, Ineffective Portion

Derivatives	Recognized in profit or loss	Millions of yen
Forward exchange contracts	Financial expenses	(8,121)
Cross currency swaps	Financial expenses	250
Interest rate swaps	Cost of sales and Interest charges	(10)
Total		(7,881)

The following table, “Effective portion of derivatives designated as hedging instruments and related hedged items” shows the effects of derivative instruments for fair value hedges on the consolidated statements of profit or loss for the year ended March 31, 2014.

Effective Portion of Derivatives Designated as Hedging Instruments and Related Hedged Items

Hedging instruments — Millions of yen

Derivatives	Recognized in profit or loss	Amount recognized
Forward exchange contracts	Financial income	(18,779)
Cross currency swaps	Financial income	(1,051)
Total		(19,830)

Hedged items — Millions of yen

Recognized in statement of financial position	Recognized in profit or loss	Amount recognized
Trade receivables and trade payables	Financial income	22,828
Long-term debt	Financial income	1,139
Total		23,967

The amounts recognized in the consolidated statements of profit or loss and consolidated statements of comprehensive income for the year ended March 31, 2014, related to cash flow hedges are detailed in the following tables:
“Gain (loss) recognized in OCI, Effective portion of derivatives designated as hedging instruments,”
“Gain (loss) reclassified from OCI into profit or loss, Effective portion of derivatives designated as hedging instruments,” and
“Gain (loss) on derivatives designated as cash flow hedging instruments, ineffective portion.”

Notes to Consolidated Financial Statements

Gain (Loss) Recognized in OCI, Effective Portion of Derivatives Designated as Hedging Instruments

Derivatives	Millions of yen
Forward exchange contracts	(20,098)
Cross currency swaps	(17,031)
Interest rate swaps	2,935
Option contracts	(1,311)
Total	(35,505)

Gain (Loss) Reclassified from OCI into Profit or Loss, Effective Portion of Derivatives Designated as Hedging Instruments

Derivatives	Recognized in profit or loss	Millions of yen
Forward exchange contracts	Financial income	1,750
Cross currency swaps	Financial income	3,898
Interest rate swaps	Cost of sales and Interest charges	(1,257)
Option contracts	Financial income	1,311
Total		5,702

Gain (Loss) on Derivatives Designated as Cash Flow Hedging Instruments, Ineffective Portion

Derivatives	Recognized in profit or loss	Millions of yen
Forward exchange contracts	Financial income	4,000
Cross currency swaps	Financial income	(326)
Interest rate swaps	Cost of sales and Interest charges	36
Total		3,710

(e) Securitization of Financial Assets

For the purpose of providing diversified and stable financing, the Company and certain subsidiaries securitize certain financial assets, such as lease and trade receivables, through structured entities formed by third parties. These structured entities procure funds by issuing commercial paper and other borrowings. These securitization transactions are similar to those used by many financial institutions.

Basically, investors in these structured entities only have recourse to the assets owned by the entity, and not to other assets held by the Company and its subsidiaries. The Company and certain subsidiaries do not provide non-contractual support to structured entities and do not have implicit support arrangements with any of them. The majority of their involvement with these structured entities related to securitization activities are financing of an entity, providing limited credit enhancements, servicing the assets and receiving fees for services provided.

(i) Consolidated Structured Entities for Securitization Purposes

The assets and liabilities held by the consolidated structured entities for securitization purposes as of March 31, 2015 and 2014 and April 1, 2013 are as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Cash and cash equivalents	12,530	12,330	7,036
Trade receivables	13,537	15,133	17,889
Lease receivables	39,929	37,079	5,476
Total current assets	65,996	64,542	30,401
Trade receivables	103,753	116,412	127,968
Lease receivables	84,403	69,406	3,411
Total non-current assets	188,156	185,818	131,379
Short-term debt	-	-	5,172
Current portion of long-term debt	53,608	49,895	21,227
Total current liabilities	53,608	49,895	26,399
Long-term debt	151,564	148,931	102,898
Total non-current liabilities	151,564	148,931	102,898

Substantially, all of the assets held by the consolidated structured entities for securitization purposes can only be used to settle obligations of these entities.

(ii) Risks Associated with the Company's Interests in Unconsolidated Structured Entities for Securitization Purposes

The Company and certain subsidiaries use structured entities sponsored by financial institutions to securitize certain financial assets, such as lease and trade receivables. These financial institutions operate those structured entities as a part of their ordinary business. The amount of assets transferred by the Company and certain subsidiaries is considerably small compared to the total assets of the structured entities sponsored by these financial institutions that purchase a large amount of assets from entities other than the Company and certain subsidiaries. The Company and certain subsidiaries have little relevance to the evaluation of exposures to the risks these structured entities hold.

With respect to securitization of certain assets, certain subsidiaries structure trusts upon investors' requests and sell interests in the trusts to the investors and hold limited interests of these trusts.

In some cases, the Company and certain subsidiaries retain subordinated interests in the financial assets transferred to structured entities, mainly to secure liquidity and provide limited credit enhancement, and/or investors have recourse with a scope that is considerably limited. As of March 31, 2015 and 2014 and April 1, 2013, the amounts of the maximum exposures to losses associated with the Company's interests in the unconsolidated structured entities for securitization were ¥105,202 million, ¥124,255 million, and ¥115,784 million, respectively, and these amounts are included in the balances of the subordinated interests and the obligations to purchase assets or the carrying amounts of the transferred assets that are not derecognized in their entirety.

(iii) Transfers of Financial Assets by Securitization

・**Transfers of Financial Assets Derecognized in their Entirety**

The Company and certain subsidiaries transferred lease and trade receivables to unconsolidated structured entities and other entities. During the years ended March 31, 2015 and 2014, net losses from the transfers of lease and trade receivables that were derecognized in their entirety were ¥371 million and ¥269 million, respectively.

The Company and certain subsidiaries retain servicing responsibilities for financial assets derecognized in their entirety, but did not record a servicing asset or liability because the amounts of the cost to service the receivables and the servicing income are not material.

As of March 31, 2015 and 2014, the maximum exposures to losses from continuing involvement with the financial assets derecognized in their entirety, which is the sum of subordinated interests and the obligations to purchase assets under limited conditions, are included in the maximum exposures to losses described in "Risks associated with the Company's interests in unconsolidated structured entities for securitization purposes."

・**Transfers of Financial Assets not Derecognized in their Entirety**

The Company and certain subsidiaries do not derecognize financial assets when they retain substantially all credit risks and economic value related to the transferred financial assets through holding subordinated interests.

As of March 31, 2015 and 2014, the carrying amounts of the financial assets that continue to be recognized in their entirety and the related liabilities are as follows:

Millions of yen

	March 31, 2015	March 31, 2014
Trade receivables	96,896	123,363
Lease receivables	24,468	18,327
Total current assets	121,364	141,690
Lease receivables	58,174	46,479
Total non-current assets	58,174	46,479
Carrying amount of transferred financial assets	179,538	188,169
Short-term debt	109,046	127,404
Current portion of long-term debt	26,117	20,368
Total current liabilities	135,163	147,772
Long-term debt	48,889	41,657
Total non-current liabilities	48,889	41,657
Carrying amount of related liabilities	184,052	189,429

As of March 31, 2015 and 2014, the fair values of the financial assets whose transferee has a recourse right only to the transferred financial assets and the fair values of the related liabilities and their net positions are summarized as follows:

Millions of yen

	March 31, 2015	March 31, 2014
Fair value of financial assets	179,758	186,021
Cash and cash equivalents related to collection of transferred financial assets	27,244	19,046
Fair value of related liabilities	180,742	185,245
Net position	26,260	19,822

Substantially, all of the financial assets transferred to investors can only be used to settle the obligations of the investor.

(26) Pledged Assets

As a general contractual term for long-term and short-term debt, banks may demand collateral and guarantees for present and future obligations, and retain rights to offset the liabilities with bank deposits when repayment is overdue or any breach of contract occurs.

Per trustee agreements of secured bonds and particular secured or unsecured loan agreements, trustees or lenders generally have the right to pre-approve profit distributions including dividend payments and new stock issues, as well as the right to demand additional collateral or mortgage.

The Company and its subsidiaries pledged a portion of their assets as collateral primarily for bank loans as follows:

Millions of yen

	March 31, 2015	March 31, 2014	April 1, 2013
Trade receivables	10,168	8,324	7,704
Inventories	14,849	10,300	12,817
Other current assets	1,628	-	-
Investments in securities and other financial assets	877	555	535
Land	2,167	2,521	2,054
Buildings and structures	6,124	8,465	5,452
Machinery and other property, plant and equipment	30,600	27,294	25,739
Total	66,413	57,459	54,301

Notes to Consolidated Financial Statements

(27) Principal Subsidiaries

The Company’s consolidated financial statements include the following subsidiaries listed below.

Reporting segment	Name of subsidiary	Business location	Ownership percentage of voting rights (%)
Information & Telecommunication Systems	Hitachi Information & Telecommunication Engineering, Ltd.	Yokohama, Kanagawa	100.0
Information & Telecommunication Systems	Hitachi-Omron Terminal Solutions, Corp.	Shinagawa-ku, Tokyo	55.0
Information & Telecommunication Systems	Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	100.0
Information & Telecommunication Systems	Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	100.0
Information & Telecommunication Systems	Hitachi Computer Products (America), Inc.	Oklahoma, U.S.A.	100.0
Information & Telecommunication Systems	Hitachi Computer Products (Europe) S.A.S.	Ardon, France	100.0
Information & Telecommunication Systems	Hitachi Consulting Corporation	Texas, U.S.A.	100.0
Information & Telecommunication Systems	Hitachi Data Systems Corporation	California, U.S.A.	100.0
Information & Telecommunication Systems	Hitachi Financial Equipment System (Shen Zhen) Co., Ltd.	Shenzhen, China	100.0
Information & Telecommunication Systems	Hitachi Information & Telecommunication Systems Global Holding Corporation	California, U.S.A.	100.0
Power Systems	Hitachi-GE Nuclear Energy, Ltd.	Hitachi, Ibaraki	80.0
Power Systems	Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki	100.0
Power Systems	Horizon Nuclear Power Limited	Gloucester, U.K.	100.0
Social Infrastructure & Industrial Systems	Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
Social Infrastructure & Industrial Systems	Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
Social Infrastructure & Industrial Systems	Hitachi Industry & Control Solutions, Ltd.	Hitachi, Ibaraki	100.0
Social Infrastructure & Industrial Systems	Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo	100.0
Social Infrastructure & Industrial Systems	Hitachi Elevator (China) Co., Ltd.	Guangzhou, China	70.0
Social Infrastructure & Industrial Systems	Hitachi Rail Europe Ltd.	London, United Kingdom,	100.0

Reporting segment	Name of subsidiary	Business location	Ownership percentage of voting rights (%)
Electronic Systems & Equipment	Hitachi High-Technologies Corporation	Minato-ku, Tokyo	51.8
Electronic Systems & Equipment	Hitachi Koki Co., Ltd.	Minato-ku, Tokyo	51.2
Electronic Systems & Equipment	Hitachi Kokusai Electric Inc.	Chiyoda-ku, Tokyo	52.3
Electronic Systems & Equipment	Hitachi Medical Corporation	Chiyoda-ku, Tokyo	100.0
Construction Machinery	Hitachi Construction Machinery Co., Ltd.	Bunkyo-ku, Tokyo	51.5
High Functional Materials & Components	Hitachi Chemical Company, Ltd.	Chiyoda-ku, Tokyo	51.4
High Functional Materials & Components	Hitachi Metals, Ltd.	Minato-ku, Tokyo	54.0
Automotive Systems	Clarion, Co., Ltd.	Saitama, Saitama	64.0
Automotive Systems	Hitachi Automotive Systems, Ltd.	Hitachinaka, Ibaraki	100.0
Automotive Systems	Hitachi Automotive Systems Americas, Inc.	Kentucky, U.S.A.	100.0
Smart Life & Ecofriendly Systems	Hitachi Appliances, Inc.	Minato-ku, Tokyo	100.0
Smart Life & Ecofriendly Systems	Hitachi Consumer Marketing, Inc.	Minato-ku, Tokyo	100.0
Smart Life & Ecofriendly Systems	Hitachi Consumer Products (Thailand), Ltd.	Prachinburi, Thailand	80.1
Others (Logistics and Other services)	Hitachi-LG Data Storage, Inc.	Minato-ku, Tokyo	51.0
Others (Logistics and Other services)	Hitachi Life, Ltd.	Hitachi, Ibaraki	100.0
Others (Logistics and Other services)	Hitachi Transport System, Ltd.	Koto-ku, Tokyo	59.0
Others (Logistics and Other services)	Hitachi Urban Investment, Ltd.	Chiyoda-ku, Tokyo	100.0
Others (Logistics and Other services)	Hitachi America, Ltd.	New York, U.S.A.	100.0
Others (Logistics and Other services)	Hitachi Asia Ltd.	Singapore	100.0
Others (Logistics and Other services)	Hitachi (China), Ltd.	Beijing, China	100.0
Others (Logistics and Other services)	Hitachi Europe Ltd.	Maidenhead, U.K.	100.0
Others (Logistics and Other services)	Hitachi India Pvt. Ltd.	New Delhi, India	100.0
Financial Services	Hitachi Capital Corporation	Minato-ku, Tokyo	60.6
-	Other 966 companies	-	-

Notes to Consolidated Financial Statements

(28) Related Party Transactions

(a) Related Party Transactions

The Company's and its subsidiaries' receivable and payable balances with associates and joint ventures are as follows:

Millions of yen

With associates	March 31, 2015	March 31, 2014
Trade receivables	80,244	59,789
Short-term loans receivable [1]	14,541	21,235
Long-term loans receivable [2]	12,195	12,055
Deposits [3]	6,713	10,903
Trade payables	38,194	21,278
Advances received	15,964	3,615
Other payables [4]	7,994	16,363

Millions of yen

With joint ventures	March 31, 2015	March 31, 2014
Trade receivables	69,612	51,195
Other receivables [1]	17,424	22,875
Trade payables	10,226	12,763

[1] Included in Other current assets in the consolidated statements of financial position.
[2] Included in Investments in securities and other financial assets in the consolidated statements of financial position.
[3] Included in Short-term debt in the consolidated statements of financial position.
[4] Included in Other financial liabilities (current) in the consolidated statements of financial position.

The Company's and its subsidiaries' revenues and purchases transactions with associates and joint ventures are as follows:

Millions of yen

With associates	2015	2014
Revenues	242,637	169,108
Purchases	94,372	52,237

Millions of yen

With joint ventures	2015	2014
Revenues	87,842	85,605
Purchases	33,791	43,111

(b) Compensation for Directors and Executive Officers of the Company

Millions of yen

	2015	2014
Monthly salary, year-end allowance and performance-linked compensation	2,468	2,250

(29) Commitments and Contingencies

(a) Loan Commitments

(i) Loan Commitments to Associates and Others

The Company and Hitachi Capital Corporation provide loan commitments to associates and others. The outstanding balance of loan commitments as of March 31, 2015 is as follows:

	Millions of yen March 31, 2015
Total commitments available	110,427
Less amount utilized	48,906
Balance available	61,521

Since some loan commitments require credit approval before execution, the amount of total commitments available may not be necessarily utilized in full.

(ii) Commitments with Financial Institutions

The Company and certain subsidiaries have line of credit arrangements with banks in order to secure efficient financing for business operations. The total unused line of credit as of March 31, 2015 amounted to ¥524,705 million, primarily belonging to the Company. The Company has commitment line agreements with a number of banks and pays commitment fees as consideration. These commitment agreements generally provide a one year term with renewal at the end of the term. The unused line of credit under these arrangements as of March 31, 2015 amounted to ¥200,000 million. The Company also maintains other commitment line agreements with several financial institutions, with terms of 3 years and 2 months ending in July 2016. The unused line of credit under these arrangements as of March 31, 2015 amounted to ¥200,000 million.

(b) Commitments for Acquisition of Assets

As of March 31, 2015, outstanding commitments made to purchase property, plant and equipment were ¥57,947 million.

(c) Guarantee Obligations

The Company and certain subsidiaries provide debt guarantees to their associates, joint ventures and third parties. As of March 31, 2015, the balance of the guarantee obligations was ¥135,242 million. It consisted of guarantees to associates of ¥41,095 million, to joint ventures of ¥66,088 million and to third parties of ¥28,059 million. The balance to associates included a guarantee obligation of ¥30,504 million related to the partial collection of trade receivables transferred due to the integration of the thermal power generation systems business.

Hitachi Capital Corporation and its subsidiaries provide guarantees to financial institutions for extending loans to customers making purchases with loans. As of March 31, 2015, the balance of loan guarantee obligations was ¥182,556 million. In providing these guarantees, they obtain collateral appropriate for the amount of the guarantees, and therefore, the Company considers the risk of default to be low. The Company accrued ¥5,649 million as a liability for these guarantees.

(d) Litigation

In December 2006, the Company and a subsidiary in Europe received requests for information from the European Commission in respect of alleged antitrust violations relating to liquid crystal displays.

In November 2007, a subsidiary in the U.S.A. received a grand jury subpoena in connection with the investigation conducted by the Antitrust Division of the U.S. Department of Justice in respect of alleged antitrust violations relating to cathode ray tubes. In addition, in November 2007, two subsidiaries in Asia and in Europe received requests for information from the European Commission. Furthermore, in November 2007, a subsidiary in Canada received requests for information from the Canadian Competition Bureau.

In June 2009, a subsidiary in Japan received a grand jury subpoena in connection with the investigation conducted by the Antitrust Division of the U.S. Department of Justice and received requests for information from the European Commission in respect of alleged antitrust violations relating to optical disk drives. In November 2011, the subsidiary in Japan paid a fine in relation to the investigation from the Antitrust Division of the U.S. Department of Justice. In July 2012, the subsidiary in Japan received a statement of objections from the European Commission in respect of alleged antitrust violations. Two subsidiaries in Japan and in Korea accrued an amount, which was considered to be a reasonable estimate in respect of these claims.

In July 2011, a subsidiary and a former associate in Japan received a statement of objections from the European Commission in respect of alleged antitrust violations relating to high-voltage power cables. In April 2014, the European Commission ordered these companies to pay fines for infringement of EU antitrust rules. The subsidiary in Japan paid the fine in June 2014.

In July 2011, a subsidiary in the U.S.A. was investigated by and received a grand jury subpoena from the Antitrust Division of the U.S. Department of Justice, the Company and a subsidiary in Europe received requests for information from the European Commission, and a subsidiary in Canada received requests for information from the Canadian Competition Bureau, all in respect of alleged antitrust violations relating to automotive equipment. In November 2013, a subsidiary in Japan, which had been also primarily responsible for responding to the investigation from the Antitrust Division of the U.S. Department of Justice, paid a fine. The Company made provision for estimated loss on a reasonable basis.

In June 2014, a subsidiary in Japan was investigated by the Japan Fair Trade Commission in respect of alleged antitrust violations relating to capacitors. The subsidiaries in Europe, the U.S.A., and others are being investigated by competition authorities in each country or region, all in respect of alleged antitrust violations relating to capacitors. The subsidiary in Japan made provision for estimated loss on a reasonable basis.

The Company, its subsidiaries and associates have cooperated with the competent authorities. Depending upon the outcome of these matters, fines or surcharge payments, the amount of which is uncertain, may be imposed on them. Also, in connection with pending and settled antitrust violations, civil disputes, including class action lawsuits, involving the Company and some of these companies have arisen in a number of countries, including in the U.S.A. and Canada. An amount, which was considered to be a reasonable estimate in respect of these claims, was accrued for the potential losses in relation to certain of these civil disputes.

In August 2012, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of EUR 1,058 million (¥137,955 million), additional costs and interest allegedly incurred by the delay in the construction process of a power plant against, jointly and severally, the Company, the subsidiary in Europe, a consortium including the Company and the subsidiary in Europe, and two other companies. In addition, in October 2013, the subsidiary in Europe received an additional complaint requesting compensation for consequential losses of EUR 239 million (¥31,210 million). Although the Company, the subsidiary in Europe and the consortium will vigorously defend themselves against this lawsuit, there can be no assurance that they will not be held liable for any amounts claimed.

In December 2013, the Company, a subsidiary in Europe and a consortium consisting of the Company and the subsidiary in Europe, jointly and severally received a request from a customer in Europe to refer a dispute to arbitration seeking compensation for EUR 606 million (¥79,077 million) including consequential losses allegedly incurred by the delay in the construction process of a power plant. As of December 31, 2014, the amount of a request for compensation from the customer was changed to EUR 637 million (¥83,036 million). Although the Company, the subsidiary in Europe, and the consortium consisting of the Company and the subsidiary in Europe, will vigorously defend themselves against this claim, there can be no assurance that they will not be held liable for any amounts claimed.

In November 2014, the Company received a compensation claim from a customer in Japan for the consequential loss allegedly incurred by the delay in an operation system development. In March 2015, the dispute was settled, and the Company recognized a loss in the amount of the settlement.

The Company and its subsidiaries execute a number of business reorganizations, including mergers, acquisitions and divestitures. Contracts for these reorganizations include clauses for transaction price adjustments subsequent to the reorganizations. The Company had reasonably estimated a loss for the price adjustments in some business reorganizations and accrued liabilities.

Depending upon the outcome of the above legal proceedings, there may be an adverse effect on the consolidated financial position or results of operations. Currently the Company is unable to estimate the adverse effect, if any, of many of these proceedings. Accordingly, except as otherwise stated, no accrual for potential loss has been made. The actual amount of fines, surcharge payments or any other payments resulting from these legal proceedings may be different from the accrued amounts.

In addition to the above, the Company and its subsidiaries are subject to legal proceedings and claims which have arisen in the ordinary course of business and have not been finally adjudicated. These actions when ultimately concluded and determined will not, in the opinion of management, have a material adverse effect on the consolidated financial position or results of operations of the Company and subsidiaries.

(30) First-time Adoption of IFRS

The accompanying consolidated financial statements are the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies applied in preparing the first IFRS financial statements are described in note 3.

On the transition to IFRS, the Company's opening consolidated statements of financial position was prepared in accordance with IFRS 1 as of April 1, 2013, the transition date to IFRS, with required adjustments made to the consolidated balance sheet as of April 1, 2013 which had been prepared in accordance with US GAAP. The effects of applying IFRS 1 are adjusted in retained earnings or AOCI at the transition date. The Company has applied the following transition elections, and the effects of transition to IFRS are presented below.

(a) IFRS 1 Exemptions

IFRS 1 requires the retrospective application of IFRS for companies adopting IFRS for the first time, however certain exemptions are available. The Company has applied the following exemptions permitted by IFRS 1.

- **Business Combinations**
  The Company has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations which occurred prior to March 30, 2010. Therefore, the carrying amounts of goodwill from acquisitions prior to March 30, 2010 are based on US GAAP.

- **Foreign Currency Translation Adjustments**
  Cumulative foreign currency translation adjustments are deemed to be zero as of the transition date.

- **Designation of Financial Instruments Recognized prior to Transition Date**
  The Company has elected to use facts and circumstances that existed as of the transition date in applying the classification standard under IFRS 9 (issued in November 2009, amended in October 2010).

(b) IFRS 1 Mandatory Exceptions

IFRS 1 prohibits retrospective application of IFRS with respect to "accounting estimates," "derecognition of financial assets and liabilities," and "hedge accounting." The Company has accordingly applied the relevant IFRSs to these transactions prospectively from the transition date.

Notes to Consolidated Financial Statements

(c) Reconciliation of IFRS and US GAAP and Related Notes

(i) Reconciliation of Equity as of the Transition Date (April 1, 2013)

Millions of yen

	US GAAP	Effect of transition	IFRS	
Assets				Assets
Current assets				Current assets
Cash and cash equivalents	527,632	(4,275)	523,357	Cash and cash equivalents
Short-term investments	10,444	(10,444)	-	
Note receivables	110,316	(110,316)	-	
Trade receivables	2,311,460	(11,037)	2,300,423	Trade receivables
Investments in leases	270,899	10,814	281,713	Lease receivables
Current portion of financial assets transferred to consolidated securitization entities	23,365	(23,365)	-	
Inventories	1,437,399	(57,827)	1,379,572	Inventories
Prepaid expenses and other current assets	498,623	(134,601)	364,022	Other current assets
Total current assets	5,190,138	(341,051)	4,849,087	Total current assets
				Non-current assets
Investments and advances including affiliated companies	781,984	(781,984)	-	
	-	246,956	246,956	Investments accounted for using the equity method
	-	1,042,516	1,042,516	Investments in securities and other financial assets
	-	410,162	410,162	Lease receivables
Property, plant and equipment				
Land	518,313	(518,313)	-	
Buildings	1,942,634	(1,942,634)	-	
Machinery and equipment	5,207,010	(5,207,010)	-	
Construction in progress	115,340	(115,340)	-	
Less accumulated depreciation	(5,503,333)	5,503,333	-	
Net property, plant and equipment	2,279,964	(2,279,964)	-	
	-	2,196,176	2,196,176	Property, plant and equipment
Intangible assets				
Goodwill	290,387	(290,387)	-	
Other intangible assets	415,009	(415,009)	-	
Total intangible assets	705,396	(705,396)	-	
	-	685,166	685,166	Intangible assets
Non-current portion of financial assets transferred to consolidated securitization entities	131,379	(131,379)	-	
Other assets	720,369	(373,425)	346,944	Other non-current assets
	-	4,927,920	4,927,920	Total non-current assets
Total assets	9,809,230	(32,223)	9,777,007	Total assets

Millions of yen

	US GAAP	Effect of transition	IFRS	
Liabilities				Liabilities
Current liabilities				Current liabilities
Short-term debt	673,850	11,466	685,316	Short-term debt
Current portion of long-term debt	260,185	26,245	286,430	Current portion of long-term debt
Current portion of non-recourse borrowings of consolidated securitization entities	26,399	(26,399)	-	
	-	285,168	285,168	Other financial liabilities
Note payables	15,462	(15,462)	-	
Trade payables	1,219,402	21,634	1,241,036	Trade payables
Accrued expenses	924,591	(195,510)	729,081	Accrued expenses
Income taxes	56,278	(56,278)	-	
Advances received	359,795	(40)	359,755	Advances received
Other current liabilities	428,179	(127,638)	300,541	Other current liabilities
Total current liabilities	3,964,141	(76,814)	3,887,327	Total current liabilities
				Non-current liabilities
Long-term debt	1,306,747	116,941	1,423,688	Long-term debt
	-	63,699	63,699	Other financial liabilities
Non-current portion of non-recourse borrowings of consolidated securitization entities	102,898	(102,898)	-	
Retirement and severance benefits	913,211	24,642	937,853	Retirement and severance benefits
Other liabilities	342,946	(36,073)	306,873	Other non-current liabilities
	-	2,732,113	2,732,113	Total non-current liabilities
Total liabilities	6,629,943	(10,503)	6,619,440	Total liabilities
Equity				Equity
Hitachi, Ltd. stockholders' equity				Hitachi, Ltd. stockholders' equity
Common stock	458,790	-	458,790	Common stock
Capital surplus	622,946	-	622,946	Capital surplus
Retained earnings	1,370,723	(462,753)	907,970	Retained earnings
Accumulate other comprehensive loss	(368,334)	438,901	70,567	Accumulate other comprehensive income
Treasury stock, at cost	(1,565)	-	(1,565)	Treasury stock, at cost
Total Hitachi, Ltd. stockholders' equity	2,082,560	(23,852)	2,058,708	Total Hitachi, Ltd. stockholders' equity
Noncontrolling interests	1,096,727	2,132	1,098,859	Non-controlling interests
Total equity	3,179,287	(21,720)	3,157,567	Total equity
Total liabilities and equity	9,809,230	(32,223)	9,777,007	Total liabilities and equity

(ii) Reconciliation of Equity as of March 31, 2014

Millions of yen

	US GAAP	Effect of transition	IFRS	
Assets				Assets
Current assets				Current assets
Cash and cash equivalents	558,217	2,440	560,657	Cash and cash equivalents
Short-term investments	9,172	(9,172)	-	
Note receivables	143,675	(143,675)	-	
Trade receivables	2,654,260	(80,874)	2,573,386	Trade receivables
Investments in leases	262,953	58,485	321,438	Lease receivables
Current portion of financial assets transferred to consolidated securitization entities	52,212	(52,212)	-	
Inventories	1,407,055	(68,054)	1,339,001	Inventories
Prepaid expenses and other current assets	616,326	(148,725)	467,601	Other current assets
Total current assets	5,703,870	(441,787)	5,262,083	Total current assets
				Non-current assets
Investments and advances including affiliated companies	1,220,800	(1,220,800)	-	
	-	599,490	599,490	Investments accounted for using the equity method
	-	1,291,000	1,291,000	Investments in securities and other financial assets
	-	610,830	610,830	Lease receivables
Property, plant and equipment				
Land	492,383	(492,383)	-	
Buildings	1,900,779	(1,900,779)	-	
Machinery and equipment	4,901,505	(4,901,505)	-	
Construction in progress	94,972	(94,972)	-	
Less accumulated depreciation	(5,047,548)	5,047,548	-	
Net property, plant and equipment	2,342,091	(2,342,091)	-	
	-	2,258,933	2,258,933	Property, plant and equipment
Intangible assets				
Goodwill	339,148	(339,148)	-	
Other intangible assets	422,333	(422,333)	-	
Total intangible assets	761,481	(761,481)	-	
	-	732,238	732,238	Intangible assets
Non-current portion of financial assets transferred to consolidated securitization entities	185,818	(185,818)	-	
Other assets	802,839	(459,222)	343,617	Other non-current assets
	-	5,836,108	5,836,108	Total non-current assets
Total assets	11,016,899	81,292	11,098,191	Total assets

Notes to Consolidated Financial Statements

Millions of yen

	US GAAP	Effect of transition	IFRS	
Liabilities				Liabilities
Current liabilities				Current liabilities
Short-term debt	647,269	128,247	775,516	Short-term debt
Current portion of long-term debt	464,234	77,215	541,449	Current portion of long-term debt
Current portion of non-recourse borrowings of consolidated securitization entities	49,895	(49,895)	-	
	-	269,501	269,501	Other financial liabilities
Note payables	18,926	(18,926)	-	
Trade payables	1,331,288	15,896	1,347,184	Trade payables
Accrued expenses	937,401	(227,730)	709,671	Accrued expenses
Income taxes	72,839	(72,839)	-	
Advances received	298,483	(2,218)	296,265	Advances received
Other current liabilities	470,430	(109,572)	360,858	Other current liabilities
Total current liabilities	4,290,765	9,679	4,300,444	Total current liabilities
				Non-current liabilities
Long-term debt	1,512,720	204,300	1,717,020	Long-term debt
	-	99,742	99,742	Other financial liabilities
Non-current portion of non-recourse borrowings of consolidated securitization entities	148,931	(148,931)	-	
Retirement and severance benefits	749,913	29,963	779,876	Retirement and severance benefits
Other liabilities	462,106	(129,828)	332,278	Other non-current liabilities
	-	2,928,916	2,928,916	Total non-current liabilities
Total liabilities	7,164,435	64,925	7,229,360	Total liabilities
Equity				Equity
Hitachi, Ltd. stockholders' equity				Hitachi, Ltd. stockholders' equity
Common stock	458,790	-	458,790	Common stock
Capital surplus	617,468	28	617,496	Capital surplus
Retained earnings	1,587,394	(309,424)	1,277,970	Retained earnings
Accumulate other comprehensive loss	(9,265)	326,812	317,547	Accumulate other comprehensive income
Treasury stock, at cost	(3,146)	-	(3,146)	Treasury stock, at cost
Total Hitachi, Ltd. stockholders' equity	2,651,241	17,416	2,668,657	Total Hitachi, Ltd. stockholders' equity
Noncontrolling interests	1,201,223	(1,049)	1,200,174	Non-controlling interests
Total equity	3,852,464	16,367	3,868,831	Total equity
Total liabilities and equity	11,016,899	81,292	11,098,191	Total liabilities and equity

Notes to Consolidated Financial Statements

(iii) Reconciliation of Profit or Loss and Comprehensive Income for the Year Ended March 31, 2014
Consolidated Statements of Profit or Loss

Millions of yen

	US GAAP	Effect of transition	IFRS	
Revenues	9,616,202	50,244	9,666,446	Revenues
Cost of sales	(7,083,363)	(90,384)	(7,173,747)	Cost of sales
Gross profit	2,532,839	(40,140)	2,492,699	Gross profit
Selling, general and administrative expenses	(2,000,028)	112,127	(1,887,901)	Selling, general and administrative expenses
Operating profit	532,811	(532,811)	-	
	-	208,531	208,531	Other income
	-	(164,537)	(164,537)	Other expenses
Dividend income	8,154	(8,154)	-	
Equity in net earnings of affiliated companies	8,686	(8,686)	-	
Other income	183,110	(183,110)	-	
	-	33,446	33,446	Financial income
	-	(1,931)	(1,931)	Financial expenses
Loss on sale of stock of an affiliated company	(5,915)	5,915	-	
Expenses related to competition law and others	(76,858)	76,858	-	
Impairment losses for long-lived assets	(33,796)	33,796	-	
Restructuring charges	(28,284)	28,284	-	
Other deductions	(7,755)	7,755	-	
	-	10,923	10,923	Share of profits of investments accounted for using the equity method
	-	691,230	691,230	EBIT
Interest income	14,136	45	14,181	Interest income
Interest charges	(26,107)	(806)	(26,913)	Interest charges
Income before income taxes	568,182	110,316	678,498	Income from continuing operations, before income taxes
Income taxes	(204,152)	57,612	(146,540)	Income taxes
	-	531,958	531,958	Income from continuing operations
	-	(6,955)	(6,955)	Loss from discontinued operations
Net income	364,030	160,973	525,003	Net income
Net income attributable to Hitachi, Ltd. stockholders	264,975	148,902	413,877	Net income attributable to Hitachi, Ltd. stockholders
Net income attributable to noncontrolling interests	99,055	12,071	111,126	Net income attributable to non-controlling interests
			Yen	Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders
	-	87.13	87.13	Basic
	-	87.10	87.10	Diluted
Net income attributable to Hitachi, Ltd. stockholders per share			Yen	Earnings per share attributable to Hitachi, Ltd. stockholders
Basic	54.86	30.83	85.69	Basic
Diluted	54.85	30.81	85.66	Diluted

“Effect of transition” in the table includes the effect of discontinued operation.

Notes to Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Millions of yen

	US GAAP	Effect of transition	IFRS	
Net income	364,030	160,973	525,003	Net income
Other comprehensive income arising during the year				Other comprehensive income (OCI)
				Items not to be reclassified into net income
Net unrealized holding gain on available-for-sale securities	127,312	(24,580)	102,732	Net changes in financial assets measured at fair value through OCI
Pension liability adjustments	129,499	(65,293)	64,206	Remeasurements of defined benefit plans
	-	280	280	Share of OCI of investments accounted for using the equity method
	-	167,218	167,218	Total items not to be reclassified into net income
				Items that can be reclassified into net income
Foreign currency translation adjustments	159,638	(37,524)	122,114	Foreign currency translation adjustments
Cash flow hedges	(11,301)	(8,713)	(20,014)	Net changes in Cash flow hedges
	-	26,093	26,093	Share of OCI of investments accounted for using the equity method
	-	128,193	128,193	Total items that can be reclassified into net income
Total other comprehensive income arising during the year	405,148	(109,737)	295,411	Other comprehensive income (OCI)
Comprehensive income	769,178	51,236	820,414	Comprehensive income
Comprehensive income attributable to Hitachi, Ltd. stockholders	625,387	39,985	665,372	Comprehensive income attributable to Hitachi, Ltd. stockholders
Comprehensive income attributable to noncontrolling interests	143,791	11,251	155,042	Comprehensive income attributable to non-controlling interests

(iv) Notes to Reconciliations of Equity and Profit or Loss

- **Equity Instruments**
IFRS requires all equity instruments to be measured at fair value whether they have active market or not. The Company made an irrevocable election account for substantially all equity instruments as FVTOCI financial assets and accordingly changes in the fair value of equity instruments are recognized in OCI. Subsequent gain or loss from disposal of these financial assets is also recognized in OCI.

Under US GAAP, equity instruments with no active market are measured at cost. Impairment loss is recognized for financial assets with other-than-temporary declines in fair value for the excess of the cost over fair value. Subsequent gains or losses from disposal of such financial assets are recognized in profit or loss.

As of March 31, 2014 and April 1, 2013, adjustments made to investments in securities and other financial assets were ¥58,335 million and ¥58,191 million, respectively, and the net of tax adjustments after deferred tax liabilities in the amount of ¥20,859 million and ¥21,976 million, respectively, were mainly included in OCI. Financial income in the consolidated statements of profit or loss for the year ended March 31, 2014 decreased by ¥28,040 million.

- **Employee Benefits**
IFRS requires actuarial differences from remeasurement of defined benefit corporate pension plans and severance pay plans and changes in fair value of plan assets (excluding interest income) related to defined benefit corporate pension plans and severance pay plan to be recognized in OCI. Prior service costs arising from plan amendments are recognized immediately in profit or loss. Current service costs are recognized as incurred in profit or loss, and the net interest cost, measured by multiplying the net defined benefit obligation or asset by the discount rate, is recognized in profit or loss.

US GAAP requires actuarial differences and prior service costs to be deferred in AOCI, and subsequently amortized into profit or loss. Current service cost, interest cost and expected return on plan assets are recognized in profit or loss.

Cost of sales and Selling general and administrative expenses in the consolidated statements of profit or loss for the year ended March 31, 2014 decreased by ¥31,838 million and ¥24,839 million, respectively.

The amount of actuarial differences in AOCI under US GAAP as of the transition date has been reclassified into retained earnings.

- **Income Taxes**
Under IFRS, with respect to unrealized gains and losses from intercompany transactions, the difference between the carrying amount of asset sold and the selling price is recognized as a future deductible temporary difference, based on the asset and liability approach, and after considering its realizability, a deferred tax asset is recognized by the effective tax rate of the buyer.

Under US GAAP, the tax expense of the seller is deferred based on the deferral method.

IFRS requires subsequent changes to deferred tax assets and liabilities recognized on items previously recognized in OCI to be recognized in OCI.

US GAAP requires subsequent changes, such as changes in tax rates and changes in realizability of deferred tax assets, to be recognized in profit or loss, even for items previously recognized in OCI.

With respect to temporary differences on investments accounted for using the equity method, IFRS requires the recognition of deferred tax liabilities using the tax rates expected to apply at the time of reversal of the respective temporary differences, such as the rate applicable for dividends or the rate for disposals.

US GAAP requires the recognition of deferred tax liabilities using the tax rate applicable based on an assumption that temporary difference will be reversed by disposal, even if the Company intends to hold the investments on an ongoing basis.

Transition adjustments related to income taxes at March 31, 2014 and April 1, 2013 are included in retained earnings.

・ **Scope of Consolidation**

Under IFRS, entities controlled by the parent company are consolidated. Control exists when a parent company has the power to direct financial and operational policies of an entity with an objective of receiving benefits from the entity's results of operation.

Under US GAAP, entities are consolidated when apparent parent control over an entity, evidenced by voting rights, is present. All variable interest entities for which the Company or any of its consolidated entities is the primary beneficiary are consolidated as well.

・ **Derecognition of Investments Accounted for Using the Equity Method**

For the year ended March 31, 2014, an investee of the Company had increased its capital through a third party allotment, thereby decreasing the Company's proportionate ownership interest in the investee. The Company treated this as a disposal of an associate as the investee no longer met the requirements for the equity method accounting.

Where an investment is no longer accounted for using the equity method and the investor still holds some shares of the investment, IFRS requires the remaining portion to be measured at fair value. The difference between the selling amount and the fair value of the remaining portion and the carrying amount of the investment at the time of derecognition of investments under equity method is recognized in profit or loss.

Under US GAAP, the difference between the selling amount and the carrying amount of the shares sold is recognized in profit or loss when derecognized as equity method. If the investor still holds some shares of the investment, the predecessor basis is carried over to the carrying amount of the remaining interests.

As a result of the above, Other income in the consolidated statements of profit or loss for the year ended March 31, 2014 increased by ¥41,467 million.

・ **Government Grants**

IFRS requires government grants received on acquisition of assets to be recognized either as reducing the carrying amount of the asset by the government grants received or as deferred revenues.

US GAAP has no specific requirement on recognition of government grants received on acquisition of assets, and therefore government grants are not reflected in the carrying amount of the asset.

・ **Transition Effect on Retained Earnings**

Millions of yen

	March 31, 2014	April 1, 2013
Employee benefits	(417,631)	(491,426)
Foreign currency translation adjustments	(79,795)	(91,314)
Income taxes	192,904	155,633
Derecognition of investments accounted for using the equity method	41,467	-
Government grants	(32,037)	(38,204)
Other	(14,332)	2,558
Total	(309,424)	(462,753)

Reconciling items below result from changes in presentation in the consolidated statements of financial position and have no impact on the consolidated statements of profit or loss and retained earnings.

Under US GAAP, deferred tax assets and liabilities are presented separately according to their current or non-current attributes in assets and liabilities. IFRS requires deferred tax assets and liabilities to be presented as non-current items, and all current deferred tax assets and liabilities have been reclassified as non-current assets and liabilities, accordingly.

Accounts receivable, accrued expenses, other non-current liabilities and other accounts are partially reclassified based on the IFRS definition and recognition criteria.

(v) Notes to Reconciliations of Consolidated Statements of Cash Flows

The differences between consolidated statements of cash flows based on IFRS and US GAAP are mainly caused by the difference in closing dates of some subsidiaries and receivables transferred that did not meet the requirements of derecognition of financial assets.

(31) Approval of Consolidated Financial Statements

The consolidated financial statements were approved on June 25, 2015 by Toshiaki Higashihara, President and COO of the Company.

Report of Independent Auditors

To the Stockholders and Board of Directors of
Hitachi, Ltd.

We have audited the accompanying consolidated financial statements of Hitachi, Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended and notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements 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 to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi, Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

/s/ Ernst & Young ShinNihon LLC

June 25, 2015
Tokyo, Japan

(Translation)

Following is an English translation of the Internal Control Report filed under the Financial Instruments and Exchange Act of Japan. We have made the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

[Cover]

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2015
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & COO
[Name and title of CFO]	Toyoaki Nakamura, Executive Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

Mr. Toshiaki Higashihara, President & COO, and Mr. Toyoaki Nakamura, Executive Vice President and Executive Officer, are responsible for establishing and maintaining internal control over financial reporting of Hitachi, Ltd. (the "Company") and have established and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedure

We assessed the effectiveness of our internal control over financial reporting on the record date as of March 31, 2015. We made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal control which may have a material effect on the entire financial reporting on a consolidated basis ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of our internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries, equity-method associates and joint ventures, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of our financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries, equity-method associates and joint ventures. We did not include a part of consolidated subsidiaries, equity-method associates and joint ventures which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total revenues (after elimination of intercompany transactions) for the previous fiscal year, and those business units whose combined amount of revenues reaches approximately 80% of total revenues on a consolidated basis were selected as "significant business units." In addition, some of our equity-method associates and joint ventures which have a significant effect to our consolidated financial statements were selected as "significant business units." At the selected significant business units, we included, in the scope of assessment, those business processes leading to revenues, accounts receivables and inventories and those business processes relating to greater likelihood of material misstatements and significant account involving estimates or forecasts as significant accounts that may have a material impact on our business objectives. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Related to Results of Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2015.

4. Supplementary Matters

None.

5. Special Notes

None.

TRANSLATION

Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting under the Financial Instruments and Exchange Act and an audit of internal control over financial reporting conducted under the attestation standards established by the American Institute of Certified Public Accountants.
In an audit of internal control over financial reporting under the Financial Instruments and Exchange Act, the auditors express an opinion on management's report on internal control over financial reporting, and do not express an opinion on the Company's internal control over financial reporting taken as a whole.

Independent Auditors' Report
(filed under the Financial Instruments and Exchange Act of Japan)

June 25, 2015

Mr. Toshiaki Higashihara, President & COO
Hitachi, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner,
Certified Public Accountant: Koichi Tsuji

Designated and Engagement Partner,
Certified Public Accountant: Takahiro Saga

Designated and Engagement Partner,
Certified Public Accountant: Takuya Tanaka

[Audit of Financial Statements]

Pursuant to the Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated statement of financial position as at March 31, 2015 of Hitachi, Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, including notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provision of Article 93 of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements 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 to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected 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. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient an appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as at March 31, 2015, and the results of their operations and their cash flows for the year then ended in conformity with International Financial Reporting Standards.

[Audit of Internal Control]

Pursuant to the Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company and its consolidated subsidiaries as of March 31, 2015.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in conformity with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit as independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of the Company and its consolidated subsidiaries as of March 31, 2015 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

(The above represents a translation, for convenience only, of the original report issued in the Japanese language.)

(Translation)

Following is an English translation of the Confirmation Letter filed under the Financial Instruments and Exchange Act of Japan.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2015
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & COO
[Name and title of CFO]	Toyoaki Nakamura, Executive Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

   Mr. Toshiaki Higashihara, President & COO, and Mr. Toyoaki Nakamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Annual Securities Report for the 146th fiscal year (from April 1, 2014 to March 31, 2015) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

   None.