

NABORS INDUSTRIES LTD
Form 10-Q
August 01, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2018

Commission File Number: 001-32657

NABORS INDUSTRIES LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of incorporation or organization)

98-0363970
(I.R.S. Employer Identification No.)

Crown House

Second Floor

4 Par-la-Ville Road

Hamilton, HM08

Bermuda

(441) 292-1510

(Address of principal executive office)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The number of common shares, par value \$.001 per share, outstanding as of July 30, 2018 was 357,465,024, excluding 52,800,203 common shares held by our subsidiaries, or 410,265,227 in the aggregate.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2018	December 31, 2017	Six months ended September 30, 2011			
	(In thousands, except per share amounts)		Year over year		Year over year	
	Yen (billions)	% or billion yen	U.S. dollars (millions)	Yen (billions)	% or billion yen	U.S. dollars (millions)
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 593,284	\$ 336,997				
Short-term investments	43,262	28,369				
Accounts receivable, net	780,247	698,477				
Inventory, net	173,063	166,307				
Assets held for sale	35,963	37,052				
Other current assets	156,652	180,134				
Total current assets	1,782,471	1,447,336				
Property, plant and equipment, net	5,709,895	6,109,565				
Goodwill	172,817	173,226				
Deferred income taxes	406,281	419,003				
Other long-term assets	228,824	252,854				
Total assets (1)	\$ 8,300,288	\$ 8,401,984				
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of debt	\$ 243	\$ 181				
Trade accounts payable	379,028	363,416				
Accrued liabilities	492,787	533,044				
Income taxes payable	1,724	22,835				
Total current liabilities	873,782	919,476				
Long-term debt	3,818,613					
Revenues	210.9	6%	2,739	388.1	2%	5,040
Operating income	12.6	8.9	164	14.7	9.0	191

For the first half of fiscal 2011, the segment recorded revenues of 388.1 billion yen, up 2% year over year, despite the impact of a drop in automobile production in Japan after the Great East Japan Earthquake at the beginning of the fiscal year. This increase primarily reflected increased demand in step with a recovery in automobile production in Japan in the second quarter, and strong growth in sales of lithium-ion batteries for smartphones.

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Segment operating income improved 9.0 billion yen to 14.7 billion yen, reflecting mainly the benefits of cost reductions.

For the second quarter of fiscal 2011, segment revenues increased 6%, to 210.9 billion yen. Operating income improved 8.9 billion yen to 12.6 billion yen.

Note: Effective from April 1, 2011, there was a change in segmentation between the Automotive Systems and the Components & Devices segments. Figures for each segment, including figures for the first half of fiscal 2010, reflect the new segmentations.

[Components & Devices]

	Three months ended September 30, 2011			Six months ended September 30, 2011		
	Year over		U.S. dollars (millions)	Year over		U.S. dollars (millions)
	Yen (billions)	change % or billion yen		Yen (billions)	change % or billion yen	
Revenues	189.6	(6%)	2,463	367.4	(7%)	4,772
Operating income	7.6	(8.8)	99	12.6	(22.9)	164

For the first half of fiscal 2011, the segment recorded revenues of 367.4 billion yen, down 7% year over year, as HDD operations posted lower sales due to lower sales prices.

Segment operating income dropped 22.9 billion yen, to 12.6 billion yen, on account of lower HDD earnings resulting from decreased sales.

For the second quarter of fiscal 2011, segment revenues declined 6%, to 189.6 billion yen. Operating income declined 8.8 billion yen to 7.6 billion yen.

- Notes
- 1: Effective from April 1, 2011, there was a change in segmentation between the Automotive Systems and the Components & Devices segments. Figures for each segment, including figures for the first half of fiscal 2010, reflect the new segmentations.
 - 2: HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the six months ended September 30, 2011 include operating results of Hitachi GST for the six months ended June 30, 2011.

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[Digital Media & Consumer Products]

	Three months ended September 30, 2011			Six months ended September 30, 2011		
	Year over		U.S. dollars (millions)	Year over		U.S. dollars (millions)
	Yen (billions)	year change % or billion yen		Yen (billions)	year change % or billion yen	
Revenues	238.2	(5%)	3,094	471.3	(7%)	6,121
Operating income	1.9	(1.9)	25	5.2	(5.7)	68

For the first half of fiscal 2011, the segment recorded revenues of 471.3 billion yen, down 7% year over year. Optical disk drive-related products recorded lower sales year over year, which was the result of parts and components shortages after the Great East Japan Earthquake and the yen's appreciation. Another factor was lower year over year sales of flat-panel TVs due to lower sales prices and other factors. However, commercially packaged air conditioners posted higher sales, mainly in Japan, spurred by demand for upgrading to energy-saving models.

Segment operating income declined 5.7 billion yen to 5.2 billion yen, reflecting decreased earnings from optical disk drive-related products and flat-panel TVs in line with lower sales.

For the second quarter of fiscal 2011, segment revenues declined 5% year over year, to 238.2 billion yen. Operating income declined 1.9 billion yen year over year, to 1.9 billion yen.

Note: The optical disk drive operations are conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the six months ended September 30, 2011 include operating results of HLDS for the six months ended June 30, 2011.

[Financial Services]

	Three months ended September 30, 2011			Six months ended September 30, 2011		
	Year over		U.S. dollars (millions)	Year over		U.S. dollars (millions)
	Yen (billions)	year change % or billion yen		Yen (billions)	year change % or billion yen	
Revenues	88.9	(4%)	1,155	181.4	(3%)	2,356
Operating income	7.2	1.1	94	14.1	2.9	184

For the first half of fiscal 2011, the segment recorded revenues of 181.4 billion yen, down 3% year over year. This overall decline reflected lower revenues in the finance services business in Japan at Hitachi Capital Corporation in the aftermath of the Great East Japan Earthquake as well as the impact of foreign currency fluctuations. However, the overseas business and certain other businesses at Hitachi Capital produced strong performances, mainly in Asia.

Segment operating income improved 2.9 billion yen, to 14.1 billion yen, reflecting higher earnings at Hitachi Capital because of increased revenues from the overseas and new businesses, and reduced financing and credit costs.

For the second quarter of fiscal 2011, segment revenues declined 4% year over year, to 88.9 billion yen. Operating income improved 1.1 billion yen to 7.2 billion yen.

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[Others]

	Three months ended September 30, 2011			Six months ended September 30, 2011		
	Year over		U.S. dollars (millions)	Year over		U.S. dollars (millions)
	Yen (billions)	year change % or billion yen		Yen (billions)	year change % or billion yen	
Revenues	240.8	23%	3,128	467.8	25%	6,076
Operating income	10.5	3.7	137	16.3	3.5	212

For the first half of fiscal 2011, the segment recorded revenues of 467.8 billion yen, up 25% year over year, on healthy growth in sales in third-party logistics solutions, in addition to the effect of Hitachi Transport System, Ltd. making Vantec Corporation a consolidated subsidiary in April 2011.

Segment operating income improved 3.5 billion yen, to 16.3 billion yen. This reflected higher earnings on higher revenues at Hitachi Transport System.

For the second quarter of fiscal 2011, segment revenues increased 23% year over year to 240.8 billion yen. Operating income improved 3.7 billion yen, to 10.5 billion yen.

(3) Revenues by Market

	Three months ended September 30, 2011			Six months ended September 30, 2011		
	Year over year		U.S. dollars (millions)	Year over year		U.S. dollars (millions)
	Yen (billions)	% change		Yen (billions)	% change	
Japan	1,395.2	3%	18,120	2,572.4	2%	33,408
Outside Japan	1,026.7	3%	13,335	2,000.3	1%	25,978
Asia	512.3	(1%)	6,654	1,003.2	(2%)	13,029
North America	198.0	6%	2,572	392.1	3%	5,092
Europe	189.8	8%	2,466	374.4	3%	4,863
Other Areas	126.4	8%	1,642	230.5	9%	2,994

For the first half of fiscal 2011, revenues in Japan were 2,572.4 billion yen, up 2% year over year. The Others Segment posted higher revenues at Hitachi Transport System, Ltd. due to the consolidation of Vantec Corporation and strong sales growth in third-party logistics solutions, and others. However, the Components & Devices, and Electronic Systems & Equipment segments saw revenues decline.

Outside Japan revenues increased 1% year over year, to 2,000.3 billion yen. The consolidation of Vantec at Hitachi Transport System led to higher revenues in the Others Segment, and the Electronic Systems & Equipment and Information & Telecommunication Systems segments posted higher revenues. However, revenues declined in the Digital Media & Consumer Products and Power Systems segments.

As a result, the ratio of overseas revenues to consolidated revenues was 44%, flat year over year.

For the second quarter of fiscal 2011, revenues in Japan rose 3% year over year, to 1,395.2 billion yen. Overseas revenues increased 3%, to 1,026.7 billion yen.

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

Capital investment on a completion basis, excluding leasing assets, increased 29% year over year, to 154.6 billion yen, primarily due to investments for stepping up global business development.

Depreciation, excluding leasing assets, decreased 12% year over year, to 132.2 billion yen, primarily due to strict selection of capital investments.

R&D expenditures increased 2% year over year, to 199.1 billion yen, which corresponded to 4.4% of consolidated revenues. The increase was due mainly to further R&D investment to strengthen the Social Innovation Business.

For the second quarter of fiscal 2011, capital investment on a completion basis, excluding leasing assets, increased 29%, to 94.8 billion yen. Depreciation, excluding leasing assets, decreased 14%, to 65.0 billion yen. R&D expenditures increased 3%, to 105.0 billion yen, and corresponded to 4.3% of consolidated revenues.

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2. Financial Position**(1) Financial Position**

	As of September 30, 2011		
	Yen (billions)	Change from March 31, 2011	U.S. dollars (millions)
Total assets	9,199.1	13.5	119,469
Total liabilities	6,752.5	8.2	87,695
Interest-bearing debt	2,641.1	119.5	34,300
Total Hitachi, Ltd. stockholders' equity	1,450.5	10.6	18,838
Noncontrolling interests	996.0	(5.4)	12,936
Total Hitachi, Ltd. stockholders' equity ratio	15.8%	0.1 point improvement	
D/E ratio (including noncontrolling interests)	1.08 times	0.05 point increase	

Total assets as of September 30, 2011 increased 13.5 billion yen from March 31, 2011, to 9,199.1 billion yen, due mainly to the consolidation of Vantec Corporation by Hitachi Transport System, Ltd. Interest-bearing debt increased 119.5 billion yen, to 2,641.1 billion yen, because of an increase in short-term debt, mainly in the form of commercial paper, to provide additional working capital. Stockholders' equity increased 10.6 billion yen, to 1,450.5 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 15.8%. The debt-to-equity ratio, including noncontrolling interests, was 1.08.

(2) Cash Flows

	Six months ended September 30, 2011		
	Yen (billions)	Year over year change	U.S. dollars (millions)
Cash flows from operating activities	93.1	(284.4)	1,209
Cash flows from investing activities	(221.7)	(116.1)	(2,880)
Free cash flows	(128.6)	(400.5)	(1,671)
Cash flows from financing activities	104.0	297.9	1,351

Operating activities provided net cash of 93.1 billion yen, a 284.4 billion yen decrease year over year. This result is mainly reflecting decrease in net income and an increase in working capital.

Investing activities used net cash of 221.7 billion yen, 116.1 billion yen more than in the corresponding period of the previous fiscal year. This result mainly reflected outflows for the acquisition of BlueArc Corporation and Vantec Corporation.

Free cash flows, the sum of cash flows from operating and investing activities, was negative 128.6 billion yen.

Financing activities provided net cash of 104.0 billion yen, a change of 297.9 billion yen from the net cash used in the corresponding period of the previous fiscal year. This change mainly reflected the increase in short-term debt mainly from the issue of commercial paper.

The net result of the above items was a decrease of 44.1 billion yen in cash and cash equivalents during the six-month period, to 510.6 billion yen.

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3. Outlook for Fiscal 2011

	Year ending March 31, 2012		
	Yen (billions)	Year over year change (% or billions yen)	U.S. dollars (millions)
Revenues	9,500.0	2%	126,667
Operating income	400.0	(44.5)	5,333
Income before income taxes	410.0	(22.2)	5,467
Net Income	280.0	(23.1)	3,733
Net Income attributable to Hitachi, Ltd.	200.0	(38.8)	2,667

Note: All fiscal 2011 outlook figures were converted using 75 yen to the U.S. dollar.

Hitachi has not revised its previous forecasts for fiscal 2011 announced on July 29, 2011 because of considerable uncertainty surrounding trends in the global economy, especially in the U.S., Europe and China, the impact of damage from flooding in Thailand, foreign currency fluctuations, and fluctuations in raw materials prices.

Hitachi is assuming exchange rates of 75 yen to the U.S. dollar and 105 yen to the euro for the third and fourth quarters of fiscal 2011.

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Other

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

None

(2) Application of simple accounting treatment and/or specific accounting treatment in preparing the quarterly consolidated financial statements

Yes

(3) Changes in accounting principles, procedures and presentation methods for preparing quarterly consolidated financial statements.

Yes

Cautionary Statement

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

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

economic conditions, including consumer spending and plant and equipment investment in Hitachi's major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves, 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 in Japan, declines in which may require Hitachi to write down equity securities that it holds;

the potential for significant losses on Hitachi's investments in equity method affiliates;

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increased commoditization of information technology products and digital media-related products and intensifying price competition for such products, particularly in the Components & Devices and the Digital Media & Consumer Products segments;

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;

rapid technological innovation;

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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;

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;

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 restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness and other 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 affiliates have become or may become parties;

the possibility of incurring expenses resulting from any defects in products or services of Hitachi;

the possibility of disruption of Hitachi's operations in Japan by earthquakes, tsunamis or other natural disasters, including the possibility of continuing adverse effects on Hitachi's operations as a result of the earthquake and tsunami that struck northeastern Japan on March 11, 2011;

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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 in Hitachi's periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

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Consolidated Statements of Operations

	Three months ended September 30				Six months ended September 30			
	Yen (millions)		(B)/(A) X100 (%)	U.S. \$ (millions) 2011	Yen (millions)		(D)/(C) X100 (%)	U.S. \$ (millions) 2011
	2010 (A)	2011 (B)			2010 (C)	2011 (D)		
Revenues	2,349,885	2,422,036	103	31,455	4,502,451	4,572,729	102	59,386
Cost of sales	1,739,367	1,809,418	104	23,499	3,333,831	3,435,428	103	44,616
Selling, general and administrative expenses	480,945	494,407	103	6,421	950,572	966,687	102	12,554
Operating income	129,573	118,211	91	1,535	218,048	170,614	78	2,216
Other income	7,674	4,832	63	63	85,011	17,770	21	231
(Interest and dividends)	3,712	4,366	118	57	9,093	11,274	124	146
(Other)	3,962	466	12	6	75,918	6,496	9	84
Other deductions	17,723	31,187	176	405	39,251	55,374	141	719
(Interest charges)	6,121	6,975	114	91	12,427	14,008	113	182
(Other)	11,602	24,212	209	314	26,824	41,366	154	537
Income before income taxes	119,524	91,856	77	1,193	263,808	133,010	50	1,727
Income taxes	32,555	30,398	93	395	59,371	55,287	93	718
Net income	86,969	61,458	71	798	204,437	77,723	38	1,009
Less: Net income attributable to noncontrolling interests	14,978	13,440	90	175	46,388	26,774	58	348
Net income attributable to Hitachi, Ltd.	71,991	48,018	67	624	158,049	50,949	32	662

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Consolidated Balance Sheets

	Yen (millions)			U.S. Dollars (millions)
	As of March 31, 2011 (A)	As of September 30, 2011 (B)	(B)-(A)	As of September 30, 2011
Total Assets	9,185,629	9,199,139	13,510	119,469
Current assets	4,900,029	4,951,497	51,468	64,305
Cash and cash equivalents	554,810	510,643	(44,167)	6,632
Short-term investments	16,598	10,611	(5,987)	138
Trade receivables				
Notes	100,694	101,534	840	1,319
Accounts	1,990,225	1,969,230	(20,995)	25,574
Investments in leases	228,346	221,419	(6,927)	2,876
Current portion of financial assets transferred to consolidated securitization entities	183,559	107,927	(75,632)	1,402
Inventories	1,341,768	1,520,854	179,086	19,751
Other current assets	484,029	509,279	25,250	6,614
Investments and advances	614,145	576,007	(38,138)	7,481
Property, plant and equipment	2,111,270	2,132,117	20,847	27,690
Intangible assets	528,018	594,067	66,049	7,715
Financial assets transferred to consolidated securitization entities	304,160	250,671	(53,489)	3,255
Other assets	728,007	694,780	(33,227)	9,023
Total Liabilities and Equity	9,185,629	9,199,139	13,510	119,469
Current liabilities	4,088,824	4,218,516	129,692	54,786
Short-term debt and current portion of long-term debt	810,806	1,056,419	245,613	13,720
Current portion of non-recourse borrowings of consolidated securitization entities	190,868	136,663	(54,205)	1,775
Trade payables				
Notes	20,430	19,084	(1,346)	248
Accounts	1,236,758	1,245,310	8,552	16,173
Advances received	395,605	382,750	(12,855)	4,971
Other current liabilities	1,434,357	1,378,290	(56,067)	17,900
Noncurrent liabilities	2,655,416	2,533,988	(121,428)	32,909
Long-term debt	1,300,311	1,278,889	(21,422)	16,609
Non-recourse borrowings of consolidated securitization entities	219,566	169,132	(50,434)	2,197
Retirement and severance benefits	891,815	855,393	(36,422)	11,109
Other liabilities	243,724	230,574	(13,150)	2,994
Total equity	2,441,389	2,446,635	5,246	31,774
Total Hitachi, Ltd. stockholders equity	1,439,865	1,450,558	10,693	18,838
Common stock	409,129	409,131	2	5,313
Capital surplus	603,133	602,154	(979)	7,820
Legal reserve and retained earnings	922,036	959,432	37,396	12,460
Accumulated other comprehensive loss	(493,062)	(518,746)	(25,684)	(6,737)
(Foreign currency translation adjustments)	(252,206)	(292,154)	(39,948)	(3,794)
(Pension liability adjustments)	(256,566)	(230,429)	26,137	(2,993)
(Net unrealized holding gain on available-for-sale securities)	16,905	4,981	(11,924)	65
(Cash flow hedges)	(1,195)	(1,144)	51	(15)
Treasury stock	(1,371)	(1,413)	(42)	(18)

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Noncontrolling interests	1,001,524	996,077	(5,447)	12,936
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Consolidated Statements of Cash Flows

	Six months ended September 30		
	2010	2011	2011
	Yen (millions)		U.S. Dollars (millions)
Cash flows from operating activities			
Net income	204,437	77,723	1,009
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	189,850	172,221	2,237
Amortization	56,503	56,841	738
Gain on sale of investments in securities and other	(73,414)	(740)	(10)
Decrease in receivables	209,121	29,398	382
Increase in inventories	(182,760)	(227,670)	(2,957)
Decrease (increase) in payables	(16,091)	32,719	425
Other	(10,114)	(47,364)	(615)
Net cash provided by operating activities	377,532	93,128	1,209
Cash flows from investing activities			
Purchase of property, plant and equipment, net	(99,103)	(124,490)	(1,617)
Purchase of intangible assets, net	(46,436)	(48,531)	(630)
Purchase of tangible assets and software to be leased, net	(129,717)	(116,825)	(1,517)
Proceeds from sale (purchase) of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation, net	38,508	(74,724)	(970)
Collection of investments in leases	151,205	139,704	1,814
Other	(20,097)	3,105	40
Net cash used in investing activities	(105,640)	(221,761)	(2,880)
Cash flows from financing activities			
Increase (decrease) in interest-bearing debt	(177,677)	130,595	1,696
Dividends paid to stockholders	(12)	(13,505)	(175)
Dividends paid to noncontrolling interests	(10,440)	(11,688)	(152)
Other	(5,768)	(1,375)	(18)
Net cash provided by (used in) financing activities	(193,897)	104,027	1,351
Effect of consolidation of securitization entities upon initial adoption of new accounting guidances	12,030		
Effect of exchange rate changes on cash and cash equivalents	(33,792)	(19,561)	(254)
Net increase (decrease) in cash and cash equivalents	56,233	(44,167)	(574)
Cash and cash equivalents at beginning of the period	577,584	554,810	7,205
Cash and cash equivalents at end of the period	633,817	510,643	6,632

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Segment Information**(1) Business Segments**

	Three months ended September 30				Six months ended September 30			
	Yen		(B)/(A)	U.S. \$	Yen		(D)/(C)	U.S. \$
	(millions)	(millions)	X100	(millions)	(millions)	(millions)	X100	(millions)
	2010 (A)	2011 (B)	(%)	2011	2010 (C)	2011 (D)	(%)	2011
Information & Telecommunication Systems	425,840 16%	446,250 16%	105	5,795	774,816 15%	797,046 15%	103	10,351
Power Systems	206,995 8%	206,105 8%	100	2,677	384,813 8%	372,454 7%	97	4,837
Social Infrastructure & Industrial Systems	277,304 10%	283,701 10%	102	3,684	508,910 10%	513,531 10%	101	6,669
Electronic Systems & Equipment	278,771 11%	287,462 10%	103	3,733	529,041 10%	533,590 10%	101	6,930
Construction Machinery	172,375 7%	183,375 7%	106	2,381	334,401 7%	355,890 7%	106	4,622
High Functional Materials & Components	354,962 13%	353,569 13%	100	4,592	700,483 14%	700,644 14%	100	9,099
Automotive Systems	198,523 7%	210,911 8%	106	2,739	382,337 7%	388,109 8%	102	5,040
Components & Devices	202,633 8%	189,658 7%	94	2,463	395,976 8%	367,423 7%	93	4,772
Digital Media & Consumer Products	250,221 9%	238,208 9%	95	3,094	506,914 10%	471,343 9%	93	6,121
Financial Services	92,417 4%	88,935 3%	96	1,155	186,652 4%	181,411 4%	97	2,356
Others	195,352 7%	240,879 9%	123	3,128	375,273 7%	467,833 9%	125	6,076
Subtotal	2,655,393 100%	2,729,053 100%	103	35,442	5,079,616 100%	5,149,274 100%	101	66,874
Eliminations & Corporate items	(305,508)	(307,017)		(3,987)	(577,165)	(576,545)		(7,488)
Revenues Total	2,349,885	2,422,036	103	31,455	4,502,451	4,572,729	102	59,386

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	Three months ended September 30				Six months ended September 30			
	Yen		(B)/(A)	U.S. \$	Yen		(D)/(C)	U.S. \$
	(millions)	(millions)	X100 (%)	(millions)	(millions)	(millions)	X100 (%)	(millions)
	2010 (A)	2011 (B)		2011	2010 (C)	2011 (D)		2011
Information & Telecommunication Systems	34,372 25%	28,945 24%	84	376	34,556 16%	31,047 17%	90	403
Power Systems	9,673 7%	3,830 3%	40	50	14,312 6%	605 0%	4	8
Social Infrastructure & Industrial Systems	8,226 6%	5,353 4%	65	70	10,754 5%	6,322 3%	59	82
Electronic Systems & Equipment	10,890 8%	14,146 12%	130	184	16,281 7%	21,342 12%	131	277
Construction Machinery	11,291 8%	14,804 12%	131	192	18,231 8%	25,841 14%	142	336
High Functional Materials & Components	24,046 18%	14,456 12%	60	188	50,254 23%	33,814 19%	67	439
Automotive Systems	3,672 3%	12,638 10%	344	164	5,625 3%	14,705 8%	261	191
Components & Devices	16,482 12%	7,643 6%	46	99	35,585 16%	12,616 7%	35	164
Digital Media & Consumer Products	3,860 3%	1,913 2%	50	25	10,974 5%	5,201 3%	47	68
Financial Services	6,116 5%	7,270 6%	119	94	11,269 5%	14,172 8%	126	184
Others	6,836 5%	10,561 9%	154	137	12,838 6%	16,353 9%	127	212
Subtotal	135,464 100%	121,559 100%	90	1,579	220,679 100%	182,018 100%	82	2,364
Eliminations & Corporate items	(5,891)	(3,348)		(43)	(2,631)	(11,404)		(148)
Operating income Total	129,573	118,211	91	1,535	218,048	170,614	78	2,216

Notes 1: Revenues by business segment include intersegment transactions.

2: Starting from April 1, 2011, the Company has changed the business segment classification between the Automotive Systems Segment and the Components & Devices Segment. Figures of business segments, including the figures of previous fiscal year, have been restated to reflect the reclassification.

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(2) Revenues by Market

	Three months ended September 30			U.S. \$ (millions)	Six months ended September 30			U.S. \$ (millions)
	Yen (millions)	(B)/(A) X100 (%)	2011		Yen (millions)	(D)/(C) X100 (%)	2011	
	2010 (A)	2011 (B)		2010 (C)	2011 (D)		2011	
Japan	1,350,339 57%	1,395,259 58%	103	18,120	2,523,563 56%	2,572,415 56%	102	33,408
Asia	519,639 22%	512,395 21%	99	6,654	1,022,613 23%	1,003,234 22%	98	13,029
North America	187,535 8%	198,022 8%	106	2,572	380,552 8%	392,103 9%	103	5,092
Europe	175,607 8%	189,889 8%	108	2,466	363,252 8%	374,426 8%	103	4,863
Other Areas	116,765 5%	126,471 5%	108	1,642	212,471 5%	230,551 5%	109	2,994
Outside Japan	999,546 43%	1,026,777 42%	103	13,335	1,978,888 44%	2,000,314 44%	101	25,978
Total	2,349,885 100%	2,422,036 100%	103	31,455	4,502,451 100%	4,572,729 100%	102	59,386

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November 1, 2011

Hitachi, Ltd.

Supplementary Information for the Second Quarter ended September 30, 2011**1. Summary (Consolidated basis)**

	2010		2011		2011		Total (Forecast)*1	
	Three months ended September 30 (A)	Six months ended September 30 (B)	Three months ended September 30 (C)	(C)/(A)	Six months ended September 30 (D)	(D)/(B)	(E)	(E)/FY2010
Revenues*2	2,349.8	4,502.4	2,422.0	103%	4,572.7	102%	9,500.0	102%
Operating income*2	129.5	218.0	118.2	91%	170.6	78%	400.0	90%
Percentage of revenues	5.5	4.8	4.9		3.7		4.2	
Income before income taxes*2	119.5	263.8	91.8	77%	133.0	50%	410.0	95%
Net income*2	86.9	204.4	61.4	71%	77.7	38%	280.0	92%
Net income attributable to Hitachi, Ltd.*2	71.9	158.0	48.0	67%	50.9	32%	200.0	84%
Dividend payout ratio (%)		14.3			26.6			
Average exchange rate (yen / U.S.\$)	86	89	78		80			
Net interest and dividends*2	(2.4)	(3.3)	(2.6)		(2.7)			

*1 Hitachi expects to close the transaction to transfer Hitachi's hard disk drive business to Western Digital Corporation in the quarter ending December 2011. The Hard Disk Drive operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Business forecasts for fiscal 2011, ending March 31, 2012 include the operating results of Hitachi GST for the nine months ending September 30, 2011.

*2 Billions of yen

Assumed exchange rate for 2nd half of fiscal 2011 (yen / U.S.\$):

75

	As of March 31, 2011	As of September 30, 2011
Cash and cash equivalents, Short-term investments (billions of yen)	571.4	521.2
Interest-bearing debt (billions of yen)	2,521.5	2,641.1
D/E Ratio (Including Noncontrolling interests) (times)	1.03	1.08
Number of employees	361,745	372,360
Japan	216,393	221,237
Overseas	145,352	151,123
Number of consolidated subsidiaries (Including Variable interest entities)	913	949
Japan	351	351
Overseas	562	598

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2. Consolidated Revenues by Business Segment*³

(Billions of yen)

	2010				2011			Total (Forecast)		
	Three months ended		Six months ended		Three months ended		Six months ended		(E)	(E)/FY2010
	September 30		September 30		September 30		September 30			
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010		
Information & Telecommunication Systems	425.8	774.8	446.2	105%	797.0	103%	1,700.0	103%		
Power Systems	206.9	384.8	206.1	100%	372.4	97%	810.0	100%		
Social Infrastructure & Industrial Systems	277.3	508.9	283.7	102%	513.5	101%	1,170.0	101%		
Electronic Systems & Equipment	278.7	529.0	287.4	103%	533.5	101%	1,110.0	103%		
Construction Machinery	172.3	334.4	183.3	106%	355.8	106%	830.0	110%		
High Functional Materials & Components	354.9	700.4	353.5	100%	700.6	100%	1,460.0	104%		
Automotive Systems	198.5	382.3	210.9	106%	388.1	102%	810.0	105%		
Components & Devices	202.6	395.9	189.6	94%	367.4	93%	630.0	82%		
Digital Media & Consumer Products	250.2	506.9	238.2	95%	471.3	93%	900.0	95%		
Financial Services	92.4	186.6	88.9	96%	181.4	97%	360.0	97%		
Others	195.3	375.2	240.8	123%	467.8	125%	930.0	121%		
Subtotal	2,655.3	5,079.6	2,729.0	103%	5,149.2	101%	10,710.0	102%		
Eliminations & Corporate items	(305.5)	(577.1)	(307.0)		(576.5)		(1,210.0)			
Total	2,349.8	4,502.4	2,422.0	103%	4,572.7	102%	9,500.0	102%		

*3 Starting from April 1, 2011, the Company has changed the business segment classification between the Automotive Systems Segment and the Components & Devices Segment. Consolidated figures by business segment, including the figures of previous fiscal year, have been restated to reflect the reclassification.

3. Consolidated Operating Income by Business Segment*³

(Billions of yen)

	2010				2011			Total (Forecast)		
	Three months ended		Six months ended		Three months ended		Six months ended		(E)	(E)/FY2010
	September 30		September 30		September 30		September 30			
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010		
Information & Telecommunication Systems	34.3	34.5	28.9	84%	31.0	90%	110.0	112%		
Power Systems	9.6	14.3	3.8	40%	0.6	4%	10.0	45%		
Social Infrastructure & Industrial Systems	8.2	10.7	5.3	65%	6.3	59%	46.0	115%		
Electronic Systems & Equipment	10.8	16.2	14.1	130%	21.3	131%	48.0	129%		
Construction Machinery	11.2	18.2	14.8	131%	25.8	142%	64.0	130%		
High Functional Materials & Components	24.0	50.2	14.4	60%	33.8	67%	74.0	88%		
Automotive Systems	3.6	5.6	12.6	344%	14.7	261%	26.0	141%		
Components & Devices	16.4	35.5	7.6	46%	12.6	35%	29.0	53%		
Digital Media & Consumer Products	3.8	10.9	1.9	50%	5.2	47%	5.0	33%		
Financial Services	6.1	11.2	7.2	119%	14.1	126%	25.0	175%		

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Others	6.8	12.8	10.5	154%	16.3	127%	29.0	100%
Subtotal	135.4	220.6	121.5	90%	182.0	82%	466.0	101%
Eliminations & Corporate items	(5.8)	(2.6)	(3.3)		(11.4)		(66.0)	
Total	129.5	218.0	118.2	91%	170.6	78%	400.0	90%

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4. Consolidated Overseas Revenues by Business Segment^{*3}

(Billions of yen)

	2010				2011		Total (Forecast) (E) (E)/FY2010	
	Three months	Six months	Three months	Six months	September 30	(D)/(B)		
	ended	ended	ended	ended				
	September	September 30	September 30	September 30				
30	September 30	September 30	September 30	(C)	(C)/(A)	(D)	(D)/(B)	
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010
Information & Telecommunication Systems	89.5	183.0	102.0	114%	199.0	109%		
Power Systems	79.7	154.4	74.4	93%	136.1	88%		
Social Infrastructure & Industrial Systems	67.2	123.1	74.0	110%	134.4	109%		
Electronic Systems & Equipment	143.8	281.0	163.6	114%	309.2	110%		
Construction Machinery	129.5	258.9	132.7	102%	269.6	104%		
High Functional Materials & Components	134.5	269.5	131.5	98%	268.9	100%		
Automotive Systems	84.0	166.8	89.2	106%	176.0	106%		
Components & Devices	148.3	290.5	151.0	102%	290.5	100%		
Digital Media & Consumer Products	120.4	244.4	105.7	88%	204.6	84%		
Financial Services	11.5	23.3	12.2	106%	24.6	106%		
Others	25.5	47.7	31.2	123%	65.7	138%		
Subtotal	1,034.4	2,043.1	1,068.2	103%	2,079.0	102%		
Eliminations & Corporate items	(34.8)	(64.2)	(41.4)		(78.7)			
Total	999.5	1,978.8	1,026.7	103%	2,000.3	101%	4,400.0	109%

5. Consolidated Capital Investment by Business Segment (Completion basis, including leasing assets)^{*3}

(Billions of yen)

	2010				2011		Total (Forecast) (E) (E)/FY2010	
	Three months	Six months	Three months	Six months	September 30	(D)/(B)		
	ended	ended	ended	ended				
	September	September 30	September 30	September 30				
30	September 30	September 30	September 30	(C)	(C)/(A)	(D)	(D)/(B)	
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010
Information & Telecommunication Systems	9.9	15.4	11.0	111%	18.0	117%		
Power Systems	2.7	5.6	7.0	255%	9.7	174%		
Social Infrastructure & Industrial Systems	5.5	8.6	7.0	127%	11.5	134%		
Electronic Systems & Equipment	3.2	6.3	5.6	172%	8.3	131%		
Construction Machinery	9.4	15.2	18.9	199%	26.9	177%		
High Functional Materials & Components	15.0	26.4	15.8	106%	27.5	104%		
Automotive Systems	4.5	7.6	9.0	199%	15.2	201%		
Components & Devices	16.0	23.8	13.4	84%	23.0	96%		
Digital Media & Consumer Products	4.2	6.8	4.1	97%	7.6	113%		
Financial Services	73.7	139.3	67.7	92%	130.2	93%		
Others	6.6	11.6	9.2	138%	15.5	133%		
Subtotal	151.3	267.0	169.1	112%	294.0	110%		
Eliminations & Corporate items	(2.0)	(3.5)	(2.9)		(5.7)			
Total	149.2	263.5	166.2	111%	288.3	109%	724.0	130%
Internal use Assets	73.3	120.2	94.8	129%	154.6	129%	405.0	148%
Leasing Assets	75.8	143.2	71.3	94%	133.7	93%	319.0	112%

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6. Consolidated Depreciation by Business Segment^{*3}

(Billions of yen)

	2010		2011		2011		Total (Forecast) (E) (E)/FY2010	
	Three months	Six months	Three months	Six months	September 30	(D)/(B)		
	ended	ended	ended	ended				
	September	September 30	September 30	September 30				
30	September 30	September 30	September 30	(D)	(D)/(B)			
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010
Information & Telecommunication Systems	8.9	17.2	6.4	73%	13.6	79%		
Power Systems	4.4	8.8	3.8	86%	7.9	89%		
Social Infrastructure & Industrial Systems	5.0	10.4	4.8	96%	9.6	92%		
Electronic Systems & Equipment	3.0	6.3	2.7	91%	5.5	86%		
Construction Machinery	8.3	17.0	8.0	97%	16.9	100%		
High Functional Materials & Components	17.1	34.2	15.0	88%	30.6	89%		
Automotive Systems	7.5	15.2	6.0	80%	12.0	79%		
Components & Devices	12.7	25.1	10.5	83%	21.1	84%		
Digital Media & Consumer Products	4.9	9.8	4.2	87%	9.5	97%		
Financial Services	14.9	29.9	14.6	98%	29.4	99%		
Others	6.6	13.5	7.6	114%	14.7	109%		
Subtotal	93.7	188.0	84.2	90%	171.1	91%		
Eliminations & Corporate items	1.0	1.7	0.7	69%	1.0	59%		
Total	94.7	189.8	84.9	90%	172.2	91%	375.0	98%
Internal use Assets	75.2	150.3	65.0	86%	132.2	88%	300.0	99%
Leasing Assets	19.5	39.5	19.9	102%	39.9	101%	75.0	95%

7. Consolidated R&D Expenditure by Business Segment^{*3}

(Billions of yen)

	2010		2011		2011		Total (Forecast) (E) (E)/FY2010	
	Three months	Six months	Three months	Six months	September 30	(D)/(B)		
	ended	ended	ended	ended				
	September	September 30	September 30	September 30				
30	September 30	September 30	September 30	(D)	(D)/(B)			
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010
Information & Telecommunication Systems	20.5	40.3	23.0	112%	41.8	104%		
Power Systems	3.6	7.6	4.0	111%	7.6	101%		
Social Infrastructure & Industrial Systems	5.4	9.8	6.3	117%	11.1	113%		
Electronic Systems & Equipment	11.8	21.7	12.3	105%	23.0	106%		
Construction Machinery	4.2	8.2	3.8	90%	7.7	94%		
High Functional Materials & Components	11.7	23.1	11.5	98%	22.7	99%		
Automotive Systems	12.6	24.5	13.0	103%	25.4	104%		
Components & Devices	18.4	34.7	17.7	96%	34.6	100%		
Digital Media & Consumer Products	6.2	12.2	6.1	98%	11.7	96%		
Financial Services					0.1			
Others	0.9	1.7	0.5	59%	1.1	66%		
Corporate items	6.3	10.6	6.2	98%	11.6	110%		
Total	102.2	194.8	105.0	103%	199.1	102%	420.0	106%
Percentage of revenues (%)	4.4	4.3	4.3		4.4		4.4	

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8. Consolidated Balance Sheets by Financial and Non-Financial Services*4

(Billions of yen)

	As of March 31, 2011			As of September 30, 2011		
	Manufacturing, and Others	Financial Services	Total*5	Manufacturing, and Others	Financial Services	Total*5
Current assets	4,302.1	940.0	4,900.0	4,349.5	925.7	4,951.4
Cash and cash equivalents	533.6	108.8	554.8	488.2	140.7	510.6
Trade receivables	1,770.8	483.4	2,090.9	1,762.9	467.9	2,070.7
Investments in leases	82.6	171.2	228.3	81.1	165.2	221.4
Current portion of financial assets transferred to consolidated securitization entities	58.2	125.3	183.5	4.8	103.0	107.9
Inventories	1,341.8	0.2	1,341.7	1,519.6	0.2	1,520.8
Others	514.9	50.9	500.6	492.5	48.5	519.8
Investments and advances	605.6	43.2	614.1	562.0	53.6	576.0
Property, plant and equipment	1,920.1	193.4	2,111.2	1,945.7	188.5	2,132.1
Financial assets transferred to consolidated securitization entities		304.1	304.1		250.6	250.6
Other assets	849.8	456.7	1,256.0	906.2	431.1	1,288.8
Total Assets	7,677.7	1,937.6	9,185.6	7,763.6	1,849.8	9,199.1
Current liabilities	3,505.8	926.8	4,088.8	3,621.9	922.7	4,218.5
Short-term debt and current portion of long-term debt	605.2	347.4	810.8	788.8	425.7	1,056.4
Current portion of non-recourse borrowings of consolidated securitization entities	21.8	169.0	190.8	4.8	131.7	136.6
Trade payables	1,182.3	224.7	1,257.1	1,182.5	221.7	1,264.3
Others	1,696.4	185.6	1,829.9	1,645.7	143.4	1,761.0
Long-term debt	886.5	484.3	1,300.3	894.0	458.1	1,278.8
Non-recourse borrowings of consolidated securitization entities		219.5	219.5		169.1	169.1
Other noncurrent liabilities	1,075.0	64.8	1,135.5	1,036.1	54.0	1,085.9
Total Liabilities	5,467.4	1,695.5	6,744.2	5,552.2	1,604.1	6,752.5
Total Hitachi, Ltd. stockholders equity	1,308.9	142.8	1,439.8	1,317.1	144.9	1,450.5
Noncontrolling interests	901.3	99.1	1,001.5	894.2	100.7	996.0
Total Equity	2,210.3	242.0	2,441.3	2,211.4	245.7	2,446.6
Total Liabilities and Equity	7,677.7	1,937.6	9,185.6	7,763.6	1,849.8	9,199.1
Interest-bearing debt	1,513.6	1,220.3	2,521.5	1,687.7	1,184.7	2,641.1
D/E ratio (including noncontrolling interests)	0.68	5.04	1.03	0.76	4.82	1.08
Total Hitachi, Ltd. stockholders equity ratio	17.0%	7.4%	15.7%	17.0%	7.8%	15.8%

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- *4 Figures in tables 8, 9 and 10 represent unaudited financial information prepared by the Company for the purpose of this supplementary information.
- *5 Total Figures exclude intra-segment transactions.

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9. Consolidated Statements of Operations by Financial and Non-Financial Services*4

(Billions of yen)

	2010			2011		
	Six months ended September 30			Six months ended September 30		
	Manufacturing, Services and Others		Financial Services	Manufacturing, Services and Others		Financial Services
			Total*5			Total*5
Revenues	4,395.5	186.6	4,502.4	4,456.1	181.4	4,572.7
Operating income	207.4	11.2	218.0	157.4	14.1	170.6
Income before income taxes	253.3	11.0	263.8	120.2	13.5	133.0
Net income attributable to Hitachi, Ltd.	155.2	3.6	158.0	46.9	4.8	50.9

10. Consolidated Statements of Cash Flows by Financial and Non-Financial Services*4

(Billions of yen)

	2010			2011		
	Six months ended September 30			Six months ended September 30		
	Manufacturing, Services and Others		Financial Services	Manufacturing, Services and Others		Financial Services
			Total*5			Total*5
Cash flows from operating activities	298.7	84.5	377.5	69.2	28.7	93.1
Cash flows from investing activities	(171.7)	79.5	(105.6)	(236.3)	26.4	(221.7)
Cash flows from financing activities	(33.0)	(171.4)	(193.8)	140.9	(23.0)	104.0
Effect of consolidation of securitization entities upon initial adoption of new accounting guidances		12.0	12.0			
Effect of exchange rate changes on cash and cash equivalents	(33.6)	(0.1)	(33.7)	(19.3)	(0.2)	(19.5)
Net increase (decrease) in cash and cash equivalents	60.3	4.4	56.2	(45.4)	31.8	(44.1)
Cash and cash equivalents at beginning of the period	549.1	213.3	577.5	533.6	108.8	554.8
Cash and cash equivalents at end of the period	609.5	217.7	633.8	488.2	140.7	510.6

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11. Information & Telecommunication Systems**(1) Revenues and Operating Income*⁶**

(Billions of yen)

	2010				2011			
	Three months ended	Six months ended	Three months ended		Six months ended		Total (Forecast)	
	September 30	September 30	September 30	(C)/(A)	September 30	(D)/(B)	(E)	(E)/FY2010
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010
Revenues	425.8	774.8	446.2	105%	797.0	103%	1,700.0	103%
Software & Services	286.5	520.1	308.8	108%	553.1	106%	1,180.0	105%
Software	38.2	73.8	45.3	119%	83.5	113%		
Services	248.3	446.3	263.4	106%	469.5	105%		
Hardware	139.2	254.4	137.4	99%	243.9	96%	520.0	98%
Storage* ⁷	40.2	86.2	47.0	117%	92.0	107%		
Servers* ⁸	14.9	24.9	13.7	92%	24.0	96%		
PCs* ⁹	9.3	14.9	8.5	91%	14.5	97%		
Telecommunication	35.3	65.2	36.2	103%	61.2	94%		
Others	39.4	62.9	31.7	80%	51.9	83%		
Operating income	34.3	34.5	28.9	84%	31.0	90%	110.0	112%
Software & Services		30.7			30.8	100%	94.0	110%
Hardware		3.8			0.1	3%	16.0	126%

*⁶ Figures for each product exclude intra-segment transactions.*⁷ Figures for Storage include disk array systems, etc.*⁸ Figures for Servers include general-purpose computers, UNIX servers, etc.*⁹ Figures for PCs include PC servers, client PCs (only commercial use), etc.**(2) Storage Solutions**

(Billions of yen)

	2010				2011			
	Three months ended	Six months ended	Three months ended		Six months ended		Total (Forecast)	
	September 30	September 30	September 30	(C)/(A)	September 30	(D)/(B)	(E)	(E)/FY2010
	(A)	(B)	(C)	(C)/(A)	(D)	(D)/(B)	(E)	(E)/FY2010
Revenues	74.0	148.0	84.0	114%	167.0	113%	335.0	104%

12. Hard Disk Drives*^{10*11}

Period recorded for consolidated accounting purposes	2010				2011			
	Three months ended	Six months ended	Three months ended		Six months ended		Three months ended	

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Shipment Period	September 30	September 30	December 31	September 30		September 30		December 31	
	(A) Apr. 2010 to Jun. 2010	(B) Jan. 2010 to Jun. 2010	(C) Jul. 2010 to Sep. 2010	(D) Apr. 2011 to Jun. 2011	(D)/(A)	(E) Jan. 2011 to Jun. 2011	(E)/(B)	(F) (Preliminary) Jul. 2011 to Sep. 2011	(F)/(C)
Revenues									
Billions of yen	138.4	270.7	128.7	116.8	84%	232.2	86%	131.6	102%
Millions of U.S.\$	1,504	2,963	1,498	1,429	95%	2,831	96%	1,689	113%
Operating income									
Billions of yen	17.1	36.8	11.9	6.8	40%	13.5	37%	14.0	118%
Millions of U.S.\$	186	403	138	84	45%	164	41%	180	130%
Shipments (thousand units) ^{*12}	28,200	54,700	28,800	26,900	95%	55,500	101%	31,900	111%
Consumer and Commercial									
2.5-inch	16,600	32,300	16,800	16,800	101%	32,600	101%	20,000	119%
3.5-inch	8,200	16,000	8,400	6,700	81%	15,600	97%	8,100	96%
Servers	1,900	3,400	1,800	2,300	119%	4,200	125%	2,700	148%
Emerging	860	1,650	790	490	57%	1,460	89%	360	45%
External HDD	660	1,460	960	670	103%	1,610	110%	780	81%

*10 The Hard Disk Drive operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the six months ended September 30, 2011 include the operating results of Hitachi GST for the six months ended June 30, 2011.

*11 Hitachi GST's operating currency is U.S. dollar. Yen figures include yen / dollar conversion fluctuation.

*12 Shipment less than 100,000 units have been rounded, with the exception of Emerging and External HDD, where shipment less than 10,000 units have been rounded.

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