

# Financial Highlights **2005**

Year ended March 31, 2005

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## Notes

1. Financial statements and financial data are presented in accordance with accounting principles generally accepted in the United States of America. However, certain financial figures in this document have been derived from financial statements and financial data prepared in accordance with financial reporting principles and practices generally accepted in Japan.
2. Hitachi's fiscal year ends March 31.
3. Not all data have been audited.
4. In accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," the Company recognized the effect on deferred tax assets and liabilities of a change in income tax rates in Japan, which resulted in a decrease in net income (loss) by ¥54,363 million and ¥27,053 million for the years ended March 31, 1999 and 1998.
5. The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 2000. Figures for the fiscal years ended March 31, 1996 to 1999 have also been restated using the same method.
6. On April 1, 2000, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, figures for the fiscal years ended March 31, 1996 to 2000 have been restated.
7. The merger of Hitachi Leasing, Ltd. (an affiliated company whose investment had been carried on the equity method) with Hitachi Credit Corporation, a Hitachi subsidiary, effective on October 1, 2000, is assumed to have taken place on April 1, 2000. As a result, Hitachi Leasing, Ltd. and its subsidiaries are consolidated as subsidiaries for the fiscal year ended March 31, 2001.
8. On April 1, 2000, the Company adopted SFAS No. 87, "Employers' Accounting for Pensions."
9. In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income (loss) is presented as total revenues less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Under accounting principles generally accepted in the United States of America, restructuring charges, net gain or loss on sale and disposal of rental assets and other property, impairment losses, special termination benefits and the losses resulting from the adoption of EITF Issue No. 03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities," are included as part of operating income (loss). The restructuring charges mainly represent special termination benefits incurred with the reorganization of the business structures, and as the result of the Company and its subsidiaries reviewing and reshaping the business portfolio. See note 2 on page 2.

## Contents

Eleven-Year Summary . . . . .	2
Analysis of Operating Results . . . . .	4
Consolidated Balance Sheets . . . . .	10
Consolidated Statements of Operations . . . . .	14
Consolidated Statements of Cash Flows . . . . .	16
Segment Information . . . . .	18
Stock Information . . . . .	22
Corporate Data . . . . .	24