

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for Fiscal 2016

Tokyo, May 12, 2017 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for fiscal 2016, ended March 31, 2017.

Note: All figures were converted at the rate of 112 yen to the U.S. dollar, as of March 31, 2017.

Summary

	Years ended March 31			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2016(A)	2017(B)		2017
1. Revenues	10,034.3	9,162.2	91	81,806
2. Adjusted operating income	634.8	587.3	93	5,244
3. EBIT (Earnings before interest and taxes)	531.0	475.1	89	4,243
4. Income from continuing operations, before income taxes	517.0	469.0	91	4,188
5. Net income	294.7	338.0	115	3,018
6. Net income attributable to Hitachi, Ltd. stockholders	172.1	231.2	134	2,065
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	35.65	47.90	134	0.43
Diluted	35.62	47.88	134	0.43

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

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

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

4. The figures are for 864 consolidated subsidiaries and 388 equity-method associates and joint ventures.

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

1. Qualitative Information Concerning Consolidated Business Results

(1) Summary of Fiscal 2016 Consolidated Business Results

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,162.2	(9%)	81,806
Adjusted operating income	587.3	(47.5)	5,244
EBIT	475.1	(55.8)	4,243
Income from continuing operations, before income taxes	469.0	(47.9)	4,188
Income from continuing operations	343.9	(7.8)	3,071
Loss from discontinued operations	(5.9)	+51.1	(53)
Net income	338.0	+43.2	3,018
Net income attributable to Hitachi, Ltd. stockholders	231.2	+59.1	2,065

During fiscal 2016, the year ended March 31, 2017, in the U.S., consumer spending due to improving employment and housing investment remained firm, and capital expenditure recovered in the second half of the fiscal year. While the foreign exchange market remained unsettled in Europe, partly due to the result of Brexit referendum, the European economy grew at a moderate pace with the help of consumer spending. In China, the economy continued steady growth due to the supports by infrastructure investments made by the government. Meanwhile, in emerging markets, economies continued to experience difficult circumstances as their growth stagnated amid turmoil in the foreign exchange market, despite a slight recovery in crude oil and resources prices. In Japan, consumer spending and capital investment were sluggish during the first half amid the ongoing appreciation of the yen. However, in the second half, a rally in consumer spending and the end of the strong yen put the Japanese economy on track to recovery.

For fiscal 2016, the Hitachi's consolidated revenues decreased 9% year over year, to 9,162.2 billion yen. As a result of business reorganization, revenues decreased in the Others segment, where Hitachi Transport System, Ltd. was converted to an equity-method associate in May 2016, in the Financial Services segment, where Hitachi Capital Corporation was converted to an equity-method associate in October 2016, and in the Smart Life & Ecofriendly Systems segment, where the air-conditioning business was reorganized in October 2015. Apart from this, the Information & Telecommunication Systems segment and the High Functional Materials & Components segment suffered revenue slides because a decrease in yen-based revenues of overseas subsidiaries due to the negative impact of foreign currency translation.

Adjusted operating income decreased 47.5 billion yen year over year, to 587.3 billion yen. The decrease was due to the reorganization for Hitachi Transport System, Hitachi Capital and the air-conditioning business and foreign currency translation, while the Information & Telecommunication Systems segment and the Electronic Systems and Equipment segment achieved income growth.

EBIT also decreased 55.8 billion yen year over year, to 475.1 billion yen due mainly to a fall in adjusted operating income and the posting of an impairment loss in connection with the uranium enrichment business at the equity-method associate in the power and energy business.

Income from continuing operations, before income taxes, decreased 47.9 billion yen year over year to 469.0 billion yen. After deducting income taxes of 125.1 billion yen, which decreased 40.0 billion yen year over year, Hitachi posted income from continuing operations of 343.9 billion yen, down 7.8 billion yen year over year. Loss from discontinued operations decreased 51.1 billion yen year over year to 5.9 billion yen. Net income increased 43.2 billion yen year over year to 338.0 billion yen. After deducting net income attributable to non-controlling interests of 106.7 billion yen, Hitachi posted net income attributable to Hitachi, Ltd. stockholders of 231.2 billion yen, an increase of 59.1 billion yen year over year.

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

Results by segment were as follows:

[Information & Telecommunication Systems]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,982.8	(6%)	17,704
Adjusted operating income	152.9	+11.6	1,365
EBIT	76.4	(32.6)	683

Segment revenues were 1,982.8 billion yen, a decrease of 6% year over year, mainly reflecting the negative impact of foreign currency translation for overseas subsidiaries and decreased revenues from ATMs for overseas markets.

Adjusted operating income was 152.9 billion yen, an increase of 11.6 billion yen year over year, due to the effect of business structural reform centered on the telecommunications & network business and improvement in profitability of the social infrastructure-related information systems.

EBIT decreased 32.6 billion yen, year over year to 76.4 billion yen, due to the recognition of business structural reform expenses, despite the increase in adjusted operating income.

[Social Infrastructure & Industrial Systems]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	2,331.9	0%	20,821
Adjusted operating income	77.0	(4.3)	688
EBIT	(19.9)	(49.1)	(179)

Segment revenues were 2,331.9 billion yen, almost unchanged from the previous year, reflecting revenue growth in the railway systems business due to the acquisition of the businesses of AnsaldoBreda S.p.A (excluding a part of its operations) and Ansaldo STS S.p.A., as well as increase in revenues for the U.K. This was despite a decreases in revenues in the elevators and escalators business due to the negative impact of foreign currency translation, and in the power and energy business because of the absence of a large project posted for the previous fiscal year.

Adjusted operating income was 77.0 billion yen, a decrease of 4.3 billion yen year over year, due mainly to the decrease in revenues in the elevators and escalators business because of the negative impact of foreign currency translation, despite the improvement of the profitability of industrial products business.

EBIT decreased 49.1 billion yen year over year to 19.9 billion yen in the red, mainly reflecting an impairment loss regarding the uranium enrichment business of an equity-method associate posted in the power and energy business.

[Electronic Systems & Equipment]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,170.3	+4%	10,450
Adjusted operating income	81.5	+14.5	729
EBIT	66.7	+2.4	596

Segment revenues were 1,170.3 billion yen, up 4% year over year, due mainly to increased revenues at Hitachi Koki Co., Ltd. because of the acquisition of Germany-based Metabo AG, despite a decrease in revenues at Hitachi Kokusai Electric Inc. owing to lower sales of telecommunication equipment and video surveillance systems in Japan.

Adjusted operating income was 81.5 billion yen, an increase of 14.5 billion yen year over year, mainly reflecting higher earnings at Hitachi High-Technologies Corporation due to firm sales of semiconductor production equipment and increased revenues at Hitachi Koki despite a decrease in earnings at Hitachi Kokusai Electric owing to lower revenues.

EBIT increased 2.4 billion yen year over year to 66.7 billion yen. This increase was due mainly to the increase in adjusted operating income, despite the recognition of business structural reform expenses.

[Construction Machinery]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	753.9	(1%)	6,732
Adjusted operating income	26.3	+3.6	235
EBIT	22.7	(3.1)	203

Segment revenues decreased 1% year over year to 753.9 billion yen, due mainly to the large negative impact of foreign currency translation, despite the recovery of demand for hydraulic excavators in China and India.

Adjusted operating income was 26.3 billion yen, an increase of 3.6 billion yen year over year. This increase was due mainly to the effect of business structural reforms, although revenues decrease due to foreign currency translation.

EBIT was 22.7 billion yen, a decrease of 3.1 billion yen year over year. This reflected the absence of a gain on the sale of shares of UniCarriers Holdings Corporation recorded for the previous fiscal year, although adjusted operating income increased and business structural reforms expenses decreased year over year.

[High Functional Materials & Components]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,464.6	(6%)	13,078
Adjusted operating income	119.9	(5.9)	1,071
EBIT	123.3	(30.2)	1,101

Segment revenues decreased 6% year over year to 1,464.6 billion yen. This result mainly reflected a fall in revenues at Hitachi Metals, Ltd. due to declining demand associated with the slower economies in China and emerging countries in Asia, in addition to the negative impact of foreign currency translation.

Adjusted operating income decreased 5.9 billion yen year over year to 119.9 billion yen as a result of the lower revenues.

EBIT was 123.3 billion yen, down 30.2 billion yen year over year, due mainly to the decrease in adjusted operating income and the absence of gains on the sale of equity interest in Hitachi Tool Engineering, Ltd. posted by Hitachi Metals in the previous fiscal year.

[Automotive Systems]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	992.2	(1%)	8,860
Adjusted operating income	56.3	(5.5)	503
EBIT	65.8	+11.8	588

Segment revenues were 992.2 billion yen, down 1% year over year, due mainly to negative impact of foreign currency translation, despite sales growth particularly in North America and China, where demand for automobiles was firm.

Adjusted operating income was 56.3 billion yen, down 5.5 billion yen year over year, affected by foreign currency translation, despite an improvement in capacity utilization.

EBIT was 65.8 billion yen, up 11.8 yen year over year as a result of posting a gain on sale of fixed assets.

[Smart Life & Ecofriendly Systems]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	557.3	(18%)	4,976
Adjusted operating income	22.4	(1.3)	201
EBIT	31.8	(10.1)	284

Segment revenues decreased 18% year over year to 557.3 billion yen, mainly reflecting the reorganization of the air-conditioning business.

Adjusted operating income was 22.4 billion yen, down 1.3 billion yen year over year, due mainly to the reorganization of the air-conditioning business.

EBIT decreased 10.1 billion yen year over year to 31.8 billion yen, due to the decrease in adjusted operating income and the absence of gain from reorganization of the air-conditioning business, posted in the previous fiscal year.

[Others]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	653.7	(48%)	5,837
Adjusted operating income	22.4	(30.0)	200
EBIT	20.6	(19.9)	184

Segment revenues decreased 48% year over year to 653.7 billion yen, mainly reflecting the conversion of Hitachi Transport System to an equity-method associate.

Adjusted operating income was 22.4 billion yen, a decrease of 30.0 billion yen year over year, reflecting the decreased revenues.

EBIT was 20.6 billion yen, a decrease of 19.9 billion yen year over year, due mainly to the decline in adjusted operating income.

Note: From FY 2016, the "Others (Logistics and Other Services)" has been renamed to the "Others."

[Financial Services]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	179.2	(51%)	1,600
Adjusted operating income	21.3	(23.8)	191
EBIT	22.8	(23.8)	204

As Hitachi Capital was converted to an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment. Accordingly, only the result for the first half of fiscal 2016 was recorded in this segment.

(3) Outlook for Fiscal 2017

	Year ending March 31, 2018		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,050.0	(1%)	80,804
Adjusted operating income	630.0	+42.6	5,625
EBIT	580.0	+104.8	5,179
Income from continuing operations, before income taxes	570.0	+100.9	5,089
Net income	405.0	+66.9	3,616
Net income attributable to Hitachi, Ltd. stockholders	300.0	+68.7	2,679

The future business environment surrounding Hitachi is increasingly uncertain. In the U.S., the economy is expected to see its consumer spending and housing investment, among other indicators, remain bullish. The Chinese economy will see continued steady growth supported by a fiscal policy, although it is anticipated that investment will shrink, particularly in the manufacturing sector. In Japan, the government economic package will help boost investment, and capital investment and consumer spending will be steady. However, Europe will continue to experience unsettled political circumstances with elections scheduled in some countries. In the Middle East, East Asia and elsewhere, geopolitical risks are on the rise.

Reflecting these business environments, Hitachi forecasts the results shown above for fiscal 2017, the year ending March 31, 2018.

Projections for fiscal 2017 assume exchange rates of 110 yen to the U.S. dollar and 115 yen to the euro.

Hitachi will accelerate the global expansion of its Social Innovation Business through collaborative creation with customers, continue its business structural reforms and carry out efforts to solidify its business foundations by reviewing its business portfolio in a bid to secure continued growth.

2. Financial Position

(1) Financial Position

	As of March 31, 2017		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	9,663.9	(2,887.0)	86,285
Total liabilities	5,566.9	(2,858.5)	49,705
Interest-bearing debt	1,176.6	(2,427.8)	10,505
Total Hitachi, Ltd. stockholders' equity	2,967.0	+232.0	26,492
Non-controlling interests	1,129.9	(260.5)	10,088
Total Hitachi, Ltd. stockholders' equity ratio	30.7%	8.9 points increase	—
D/E ratio (including non-controlling interests)	0.29 times	0.58 points decrease	—

[Manufacturing, Services and Others]

	As of March 31, 2017		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	9,663.9	(254.0)	86,285
Total liabilities	5,566.9	(566.6)	49,705
Interest-bearing debt	1,176.6	(338.4)	10,505
Total Hitachi, Ltd. stockholders' equity	2,967.0	+426.2	26,492
Non-controlling interests	1,129.9	(113.5)	10,088
Cash Conversion Cycle	72.2 days	0.6 days increase	—
Total Hitachi, Ltd. stockholders' equity ratio	30.7%	5.1 points increase	—
D/E ratio (including non-controlling interests)	0.29 times	0.11 points decrease	—

After Hitachi Capital was converted to an equity-method associate as of October 3, 2016, there is no balance of total assets, etc. in the Financial Services as of March 31, 2017. Accordingly, the consolidated financial position is equal to the financial position for Manufacturing, Services and Others as of March 31, 2017.

Total assets in Manufacturing, Services and Others as of March 31, 2017 decreased 254.0 billion yen from March 31, 2016, to 9,663.9 billion yen, due mainly to reorganization for Hitachi Transport System and Hitachi Koki and actions for the contraction of inventories and the collection of trade receivables. Interest-bearing debt in Manufacturing, Services and Others decreased 338.4 billion yen from March 31, 2016, to 1,176.6 billion yen. As of March 31, 2017, total Hitachi, Ltd. stockholders' equity in Manufacturing, Services and Others increased 426.2 billion yen from March 31, 2016, to 2,967.0 billion yen, mainly due to the posting of net income attributable to Hitachi, Ltd. stockholders. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Manufacturing, Services and Others increased to 30.7% and the debt-to-equity ratio, including non-controlling interests, was 0.29 times. The Cash Conversion Cycle in Manufacturing, Services and Others increased 0.6 days from March 31, 2016 to 72.2 days.

[Financial Services]

	As of March 31, 2017		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	—	(3,091.4)	—
Total liabilities	—	(2,744.4)	—
Interest-bearing debt	—	(2,339.5)	—
Total Hitachi, Ltd. stockholders' equity	—	(201.3)	—
Non-controlling interests	—	(145.7)	—

As Hitachi Capital was converted to an equity-method associate as of October 3, 2016, there is no balance of total assets, etc. in the Financial Services as of March 31, 2017.

Accordingly, consolidated total assets decreased 2,887.0 billion yen from March 31, 2016, to 9,663.9 billion yen, interest-bearing debt decreased 2,427.8 billion yen from March 31, 2016, to 1,176.6 billion yen, and total Hitachi, Ltd. stockholders' equity increased 232.0 billion yen from March 31, 2016, to 2,967.0 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio increased by 8.9 points from March 31, 2016, to 30.7%, and the D/E ratio (including non-controlling interests) decreased 0.58 points from March 31, 2016, to 0.29 times.

(2) Cash Flows

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	629.5	(182.6)	5,621
Cash flows from investing activities	(337.9)	+392.8	(3,017)
Free cash flows	291.6	+210.2	2,604
Cash flows from financing activities	(209.5)	(183.0)	(1,871)

Cash Flows [Manufacturing, Services and Others]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	638.7	(204.4)	5,703
Cash flows from investing activities	(153.2)	+365.5	(1,368)
Free cash flows	485.5	+161.1	4,335
Cash flows from financing activities	(367.1)	(104.4)	(3,279)

For fiscal 2016, operating activities in Manufacturing, Services and Others provided net cash of 638.7 billion yen, 204.4 billion yen less than in the previous fiscal year. Investing activities in Manufacturing, Services and Others used net cash of 153.2 billion yen, 365.5 billion yen less than the previous fiscal year. This decrease mainly reflected a gain on the sales of part of shares in Hitachi Transport System and Hitachi Capital and on the sale of shares in Hitachi Koki as well as the absence of expenses for the acquisition of AnsaldoBreda (excluding part of its operations) and Ansaldo STS, which was conducted in the previous fiscal year. Free cash flows in Manufacturing, Services and Others were positive 485.5 billion yen, an increase of 161.1 billion yen year over year. Financing activities in Manufacturing, Services and Others used net cash of 367.1 billion yen, 104.4 billion yen more than in the previous fiscal year, as a result of promoting the repayment of debts.

[Financial Services]

	Year ended March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	2.2	+9.6	20
Cash flows from investing activities	(274.6)	(55.8)	(2,452)
Free cash flows	(272.4)	(46.1)	(2,432)
Cash flows from financing activities	117.5	(147.9)	1,049

As Hitachi Capital was converted to an equity-method associate on October 3, 2016, there is no company which belongs to Financial Services. Accordingly, only the cash flows for the first half of fiscal 2016, and the decrease in cash and cash equivalents owned by Hitachi Capital as of the date were recorded in Financial Services.

As a result, on a consolidated basis, operating activities for the fiscal year provided net cash of 629.5 billion yen, 182.6 billion yen less than in the previous fiscal year. Investing activities used net cash of 337.9 billion yen, 392.8 billion yen less than in the previous fiscal year. Free cash flows of 291.6 billion yen were generated, an increase of 210.2 billion yen compared with the previous fiscal year. Financing activities used net cash of 209.5 billion yen, an increase of 183.0 billion yen compared with the previous fiscal year.

The net result was an increase of 65.9 billion yen in cash and cash equivalents to 765.2 billion yen as of March 31, 2017.

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, 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 in other materials published by Hitachi.

3. Basic Stance on Accounting Standard Selection

Hitachi, Ltd. applied International Financial Reporting Standards (IFRS), starting with the consolidated financial statements in its annual securities report for fiscal 2014, the year ended March 31, 2015. IFRS was applied in response to globalization, with the primary goal of building a uniform standard for evaluating operating results, standardizing operations, and improving management efficiency of the Hitachi Group.

Consolidated Statement of Profit or Loss

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2017
	2016 (A)	2017 (B)		
Revenues	10,034,305	9,162,264	91	81,806
Cost of sales	(7,459,073)	(6,782,677)	91	(60,560)
Gross profit	2,575,232	2,379,587	92	21,246
Selling, general and administrative expenses	(1,940,363)	(1,792,278)	92	(16,002)
Adjusted operating income	634,869	587,309	93	5,244
Other income	57,539	100,742	175	899
Other expenses	(141,881)	(146,568)	103	(1,309)
Financial income	10,615	7,091	67	63
Financial expenses	(30,295)	(26,206)	87	(234)
Share of profits (losses) of investments accounted for using the equity method	156	(47,186)	—	(421)
EBIT (Earnings before interest and taxes)	531,003	475,182	89	4,243
Interest income	12,028	12,923	107	115
Interest charges	(25,991)	(19,014)	73	(170)
Income from continuing operations, before income taxes	517,040	469,091	91	4,188
Income taxes	(165,206)	(125,112)	76	(1,117)
Income from continuing operations	351,834	343,979	98	3,071
Loss from discontinued operations	(57,081)	(5,950)	10	(53)
Net income	294,753	338,029	115	3,018
Net income attributable to:				
Hitachi, Ltd. stockholders	172,155	231,261	134	2,065
Non-controlling interests	122,598	106,768	87	953

Consolidated Statement of Comprehensive Income

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2017
	2016 (A)	2017 (B)		
Net income	294,753	338,029	115	3,018
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(50,323)	59,934	—	535
Remeasurements of defined benefit plans	(140,844)	46,086	—	411
Share of OCI of investments accounted for using the equity method	(4,275)	(1,887)	44	(17)
Total items not to be reclassified into net income	(195,442)	104,133	—	930
Items that can be reclassified into net income				
Foreign currency translation adjustments	(190,099)	(64,761)	34	(578)
Net changes in cash flow hedges	32,785	21,303	65	190
Share of OCI of investments accounted for using the equity method	(26,239)	1,166	—	10
Total items that can be reclassified into net income	(183,553)	(42,292)	23	(378)
Other comprehensive income (OCI)	(378,995)	61,841	—	552
Comprehensive income(loss)	(84,242)	399,870	—	3,570
Comprehensive income(loss) attributable to:				
Hitachi, Ltd. stockholders	(127,557)	299,397	—	2,673
Non-controlling interests	43,315	100,473	232	897

Consolidated Statement of Financial Position

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2016 (A)	As of March 31, 2017 (B)		As of March 31, 2017
Total Assets	12,551,005	9,663,917	(2,887,088)	86,285
Current assets	5,872,555	5,002,606	(869,949)	44,666
Cash and cash equivalents	699,315	765,242	65,927	6,833
Trade receivables	2,992,770	2,433,149	(559,621)	21,725
Lease receivables	338,758	42,365	(296,393)	378
Inventories	1,299,855	1,225,907	(73,948)	10,946
Other current assets	541,857	535,943	(5,914)	4,785
Non-current assets	6,678,450	4,661,311	(2,017,139)	41,619
Investments accounted for using the equity method	676,960	691,251	14,291	6,172
Investments in securities and other financial assets	1,329,974	719,704	(610,270)	6,426
Lease receivables	727,485	38,646	(688,839)	345
Property, plant and equipment	2,500,226	1,998,411	(501,815)	17,843
Intangible assets	1,070,403	919,201	(151,202)	8,207
Other non-current assets	373,402	294,098	(79,304)	2,626
Total Liabilities and Equity	12,551,005	9,663,917	(2,887,088)	86,285
Total Liabilities	8,425,435	5,566,922	(2,858,513)	49,705
Current liabilities	4,994,216	3,720,859	(1,273,357)	33,222
Short-term debt	871,417	196,357	(675,060)	1,753
Current portion of long-term debt	651,518	190,233	(461,285)	1,699
Other financial liabilities	280,048	274,270	(5,778)	2,449
Trade payables	1,451,918	1,402,233	(49,685)	12,520
Other current liabilities	1,739,315	1,657,766	(81,549)	14,801
Non-current liabilities	3,431,219	1,846,063	(1,585,156)	16,483
Long-term debt	2,081,520	790,013	(1,291,507)	7,054
Other financial liabilities	115,155	53,422	(61,733)	477
Retirement and severance benefits	783,670	635,684	(147,986)	5,676
Other non-current liabilities	450,874	366,944	(83,930)	3,276
Total Equity	4,125,570	4,096,995	(28,575)	36,580
Hitachi, Ltd. stockholders' equity	2,735,078	2,967,085	232,007	26,492
Common stock	458,790	458,790	0	4,096
Capital surplus	586,790	577,573	(9,217)	5,157
Retained earnings	1,609,761	1,793,570	183,809	16,014
Accumulated other comprehensive income	83,543	141,068	57,525	1,260
(Foreign currency translation adjustments)	118,635	78,987	(39,648)	705
(Remeasurements of defined benefit plans)	(42,337)	(847)	41,490	(8)
(Net changes in financial assets measured at fair value through OCI)	147,852	192,110	44,258	1,715
(Net changes in cash flow hedges)	(140,607)	(129,182)	11,425	(1,153)
Treasury stock, at cost	(3,806)	(3,916)	(110)	(35)
Non-controlling interests	1,390,492	1,129,910	(260,582)	10,088

Consolidated Statement of Changes in Equity

Yen (millions)

	Yen (millions)							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2015	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342
Reclassified into retained earnings	-	-	18,030	(18,030)	-	-	-	-
Net income	-	-	172,155	-	-	172,155	122,598	294,753
Other comprehensive loss	-	-	-	(299,712)	-	(299,712)	(79,283)	(378,995)
Cash dividends	-	-	(57,941)	-	-	(57,941)	(39,502)	(97,443)
Changes in treasury stock	-	(4)	-	-	(264)	(268)	-	(268)
Equity transactions and other	-	(21,622)	-	185	-	(21,437)	32,618	11,181
Total changes in equity	-	(21,626)	132,244	(317,557)	(264)	(207,203)	36,431	(170,772)
As of March 31, 2016	458,790	586,790	1,609,761	83,543	(3,806)	2,735,078	1,390,492	4,125,570
Reclassified into retained earnings	-	-	10,486	(10,486)	-	-	-	-
Net income	-	-	231,261	-	-	231,261	106,768	338,029
Other comprehensive income(loss)	-	-	-	68,136	-	68,136	(6,295)	61,841
Cash dividends	-	-	(57,938)	-	-	(57,938)	(38,283)	(96,221)
Changes in treasury stock	-	(15)	-	-	(110)	(125)	-	(125)
Equity transactions and other	-	(9,202)	-	(125)	-	(9,327)	(322,772)	(332,099)
Total changes in equity	-	(9,217)	183,809	57,525	(110)	232,007	(260,582)	(28,575)
As of March 31, 2017	458,790	577,573	1,793,570	141,068	(3,916)	2,967,085	1,129,910	4,096,995

U.S. Dollars (millions)

	U.S. Dollars (millions)							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2016	4,096	5,239	14,373	746	(34)	24,420	12,415	36,835
Reclassified into retained earnings	-	-	94	(94)	-	-	-	-
Net income	-	-	2,065	-	-	2,065	953	3,018
Other comprehensive income(loss)	-	-	-	608	-	608	(56)	552
Cash dividends	-	-	(517)	-	-	(517)	(342)	(859)
Changes in treasury stock	-	(0)	-	-	(1)	(1)	-	(1)
Equity transactions and other	-	(82)	-	(1)	-	(83)	(2,882)	(2,965)
Total changes in equity	-	(82)	1,641	514	(1)	2,071	(2,327)	(255)
As of March 31, 2017	4,096	5,157	16,014	1,260	(35)	26,492	10,088	36,580

Consolidated Statement of Cash Flows

	Years ended March 31		
	Yen (millions)		U.S. Dollars (millions)
	2016	2017	2017
Cash flows from operating activities			
Net income	294,753	338,029	3,018
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	507,790	415,183	3,707
Change in receivables	(53,092)	(196,824)	(1,757)
Change in inventories	44,342	(22,731)	(203)
Change in payables	(1,602)	111,589	996
Other	20,035	(15,664)	(140)
Net cash provided by (used in) operating activities	812,226	629,582	5,621
Cash flows from investing activities			
Purchase of property, plant and equipment	(369,494)	(316,116)	(2,822)
Purchase of intangible assets	(116,438)	(101,034)	(902)
Purchase of leased assets	(539,420)	(292,943)	(2,616)
Proceeds from sale of property, plant and equipment, and intangible assets	22,632	52,208	466
Proceeds from sale of leased assets	23,834	14,539	130
Collection of lease receivables	326,497	180,726	1,614
Proceeds from sale (purchase) of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method), net	(58,756)	71,653	640
Other	(19,654)	53,012	473
Net cash provided by (used in) investing activities	(730,799)	(337,955)	(3,017)
Free cash flows	81,427	291,627	2,604
Cash flows from financing activities			
Change in interest-bearing debt	110,821	(118,314)	(1,056)
Dividends paid to stockholders	(57,907)	(57,935)	(517)
Dividends paid to non-controlling interests	(41,671)	(36,508)	(326)
Other	(37,710)	3,221	29
Net cash provided by (used in) financing activities	(26,467)	(209,536)	(1,871)
Effect of exchange rate changes on cash and cash equivalents	(57,348)	(16,164)	(144)
Change in cash and cash equivalents	(2,388)	65,927	589
Cash and cash equivalents at beginning of year	701,703	699,315	6,244
Cash and cash equivalents at end of year	699,315	765,242	6,833

Segment Information

(1) Business Segments

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2017
	2016 (A)	2017 (B)		
Information & Telecommunication Systems	2,109,321 19%	1,982,821 20%	94	17,704
Social Infrastructure & Industrial Systems	2,333,144 21%	2,331,931 23%	100	20,821
Electronic Systems & Equipment	1,127,608 10%	1,170,375 12%	104	10,450
Construction Machinery	758,331 7%	753,947 7%	99	6,732
High Functional Materials & Components	1,564,052 14%	1,464,687 14%	94	13,078
Automotive Systems	1,001,192 9%	992,284 10%	99	8,860
Smart Life & Ecofriendly Systems	681,018 6%	557,315 6%	82	4,976
Others	1,252,762 11%	653,794 6%	52	5,837
Financial Services	365,353 3%	179,212 2%	49	1,600
Subtotal	11,192,781 100%	10,086,366 100%	90	90,057
Corporate items & Eliminations	(1,158,476)	(924,102)	—	(8,251)
Revenues Total	10,034,305	9,162,264	91	81,806
Information & Telecommunication Systems	141,312 23%	152,926 26%	108	1,365
Social Infrastructure & Industrial Systems	81,397 13%	77,034 13%	95	688
Electronic Systems & Equipment	67,060 11%	81,597 14%	122	729
Construction Machinery	22,637 4%	26,325 4%	116	235
High Functional Materials & Components	125,939 20%	119,954 21%	95	1,071
Automotive Systems	61,921 10%	56,362 10%	91	503
Smart Life & Ecofriendly Systems	23,833 4%	22,473 4%	94	201
Others	52,522 8%	22,425 4%	43	200
Financial Services	45,228 7%	21,336 4%	47	191
Subtotal	621,849 100%	580,432 100%	93	5,182
Corporate items & Eliminations	13,020	6,877	—	61
Adjusted operating income Total	634,869	587,309	93	5,244
Information & Telecommunication Systems	109,141 19%	76,458 19%	70	683
Social Infrastructure & Industrial Systems	29,108 5%	(19,993) (5%)	—	(179)
Electronic Systems & Equipment	64,370 11%	66,772 16%	104	596
Construction Machinery	25,847 5%	22,735 5%	88	203
High Functional Materials & Components	153,553 27%	123,342 30%	80	1,101
Automotive Systems	53,947 10%	65,830 16%	122	588
Smart Life & Ecofriendly Systems	41,967 8%	31,840 8%	76	284
Others	40,609 7%	20,630 5%	51	184
Financial Services	46,665 8%	22,841 6%	49	204
Subtotal	565,207 100%	410,455 100%	73	3,665
Corporate items & Eliminations	(34,204)	64,727	—	578
EBIT Total	531,003	475,182	89	4,243

Notes: Revenues by business segment include intersegment transactions.

(2) Revenues by Market

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2017
	2016 (A)	2017 (B)		
Japan	5,231,530 52%	4,757,685 52%	91	42,479
Asia	2,112,334 21%	1,860,716 20%	88	16,614
North America	1,280,326 13%	1,144,029 12%	89	10,215
Europe	951,105 9%	972,661 11%	102	8,684
Other Areas	459,010 5%	427,173 5%	93	3,814
Overseas Revenues Subtotal	4,802,775 48%	4,404,579 48%	92	39,327
Total Revenues	10,034,305 100%	9,162,264 100%	91	81,806

Notes

(1) Notes Regarding Going Concern

Not applicable.

(2) Subsequent Events

On April 25, 2017, Hitachi, Ltd. ("the Company") and Accudyne Industries ("Accudyne") have entered into an agreement that the Company acquire Accudyne's subsidiaries and certain related assets that manufacture and sell air compressors under the "Sullair" brand.

Please refer to the News Release "Hitachi Enters into Agreement to Acquire Air Compressor Manufacturer" announced on April 25, 2017 for detailed information.

On April 26, 2017, the Company executed a basic agreement with HKE Holdings G.K. ("HKE"), which is indirectly held and operated by a related investment fund whose equity interests are wholly owned by Kohlberg Kravis Roberts & Co. L.P. and with HVJ Holdings Inc. ("HVJ"), in which is invested by funds which are managed, operated, provided with information and the like by Japan Industrial Partners, Inc. regarding (i) a tender offer scheduled to be conducted by HKE for the common shares of Hitachi Kokusai Electric Inc. ("Hitachi Kokusai"), which is a consolidated subsidiary of the Company and a share consolidation of the share of Hitachi Kokusai, and the acquisition of treasury shares by Hitachi Kokusai, through which Hitachi Kokusai becomes a wholly-owned subsidiary of HKE, (ii) an absorption-type company split of the thin-film process solutions business of Hitachi Kokusai, whereby HKE will be the company succeeding in absorption-type split, to be conducted by HKE and Hitachi Kokusai after Hitachi Kokusai becomes a wholly-owned subsidiary of HKE, and (iii) the transfer by HKE of 20% of the share of Hitachi Kokusai to the Company and 20% of the share of Hitachi Kokusai to HVJ that is scheduled to take place after the absorption-type company split, and other transactions that are incidental or related to those transactions.

Please refer to the News Release "Notification of Execution of Basic Agreement pertaining to Tender Offer for Shares of Subsidiary" announced on April 26, 2017 for detailed information.

(3) Other Notes

On February 1, 2014 (hereinafter the "effective date of company split"), the Company and Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") integrated their thermal power generation systems businesses into MHI's consolidated subsidiary, MITSUBISHI HITACHI POWER SYSTEMS, LTD. (hereinafter "MHPS"), through a spin-off in the form of an absorption-type company-split. As part of this business integration, assets and liabilities associated with boiler construction projects for Medupi and Kusile Power Stations for which the Company's consolidated subsidiaries in the Republic of South Africa, Hitachi Power Africa Proprietary Limited (hereinafter "HPA") and other companies received orders in 2007, as well as their contractual status in relation to customers, and rights and obligations thereof were transferred from HPA to MHI's consolidated subsidiary, Mitsubishi Hitachi Power Systems Africa Proprietary Limited (hereinafter "MHPS Africa") (hereinafter, the "Transfer of South African Business").

Under the agreement executed between the Company and MHI regarding the Transfer of South African Business, the Company and HPA shall be liable for contingent liabilities resulting from events that occurred before the effective date of company split as well as claims that had already been made as of the said date, while MHPS and MHPS Africa shall be held responsible for the execution of business on

and after the effective date of company split. Given these conditions, it has been agreed upon to determine the final transfer price upon agreement on future construction schedule as of the effective date of company split and confirmation of estimated project cash flows based on such schedule between the parties, and settle the difference with the provisional price.

The said transfer price adjustment for the Transfer of South African Business is still under discussion between the Company and MHI and not yet agreed upon at the moment. On March 31, 2016, MHI requested the Company to pay ZAR 48,200 million (approximately JPY 379.0 billion when ZAR 1 = JPY 7.87) to MHPS Africa as a portion of transfer price adjustment, etc. The Company replied to MHI on April 6, 2016 that the details of the demand letter lacked legal grounds under any agreement and thus the Company cannot accept it.

On January 31, 2017, MHI extended the amount above and requested the Company to pay ZAR 89,700 million (approximately JPY 763.4 billion when ZAR 1 = JPY 8.51). While the Company cannot accept the request since it lacks legal grounds under any agreement as well as the request of March 2016 does, the Company intends to continue further discussion with MHI upon the agreement executed between the Company and MHI regarding the Transfer of South African Business and past discussion between the Company and MHI.

The Company has recorded provisions based on reasonable estimates for the aforementioned agreement related to the South African Business. The actual amount of payment resulting from the transfer price adjustment may be different from the accrued amount.

Per share information

	Years ended March 31		
	2016	2017	2017
	(Yen)	(Yen)	(U.S.Dollars)
Hitachi, Ltd. stockholders' equity per share	566.48	614.56	5.49
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders			
Basic	47.48	49.13	0.44
Diluted	47.44	49.12	0.44
Earnings per share from discontinued operations, attributable to Hitachi, Ltd. stockholders			
Basic	(11.82)	(1.23)	(0.01)
Diluted	(11.82)	(1.23)	(0.01)
Earnings per share attributable to Hitachi, Ltd. stockholders			
Basic	35.65	47.90	0.43
Diluted	35.62	47.88	0.43

The reconciliations of the numbers and the amounts used in the basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders computations are as follows:

	Years ended March 31		
	2016	2017	2017
	(Number of shares)	(Number of shares)	
Weighted average number of shares on which basic earnings per share is calculated	4,828,366,279	4,828,127,659	
Effect of dilutive securities			
Stock options	-	1,530,325	
Number of shares on which diluted earnings per share is calculated	4,828,366,279	4,829,657,984	
	(Millions of yen)	(Millions of yen)	(Millions of U.S. dollars)
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders			
Basic	229,236	237,211	2,118
Effect of dilutive securities:			
Other	(185)	(0)	(0)
Diluted	229,051	237,211	2,118
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders			
Basic	(57,081)	(5,950)	(53)
Effect of dilutive securities:			
Other	-	-	-
Diluted	(57,081)	(5,950)	(53)
Net income attributable to Hitachi, Ltd. stockholders			
Basic	172,155	231,261	2,065
Effect of dilutive securities:			
Other	(185)	(0)	(0)
Diluted	171,970	231,261	2,065

Supplementary Information for Consolidated Financial Results for Fiscal 2016

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

(1) Summarized Consolidated Statement of Financial Position by Manufacturing, Services and Others and Financial Services

(Billions of yen)

	As of March 31, 2016			As of March 31, 2017		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Total Assets	9,917.9	3,091.4	12,551.0	9,663.9	—	9,663.9
Current assets	4,995.6	1,256.8	5,872.5	5,002.6	—	5,002.6
Cash and cash equivalents	660.9	157.0	699.3	765.2	—	765.2
Trade receivables	2,472.0	710.7	2,992.7	2,433.1	—	2,433.1
Lease receivables	45.6	311.9	338.7	42.3	—	42.3
Inventories	1,291.5	3.7	1,299.8	1,225.9	—	1,225.9
Other current assets	525.3	73.3	541.8	535.9	—	535.9
Non-current assets	4,922.3	1,834.6	6,678.4	4,661.3	—	4,661.3
Investments accounted for using the equity method	676.3	20.4	676.9	691.2	—	691.2
Investments in securities and other financial assets	681.6	675.9	1,329.9	719.7	—	719.7
Lease receivables	38.2	729.8	727.4	38.6	—	38.6
Property, plant and equipment	2,193.6	307.5	2,500.2	1,998.4	—	1,998.4
Intangible assets	1,007.7	62.6	1,070.4	919.2	—	919.2
Other non-current assets	324.6	38.1	373.4	294.0	—	294.0
Total Liabilities and Equity	9,917.9	3,091.4	12,551.0	9,663.9	—	9,663.9
Total Liabilities	6,133.5	2,744.4	8,425.4	5,566.9	—	5,566.9
Current liabilities	4,095.5	1,323.2	4,994.2	3,720.8	—	3,720.8
Short-term debt	529.8	497.6	871.4	196.3	—	196.3
Current portion of long-term debt	234.9	485.6	651.5	190.2	—	190.2
Other financial liabilities	265.5	40.1	280.0	274.2	—	274.2
Trade payables	1,379.0	228.9	1,451.9	1,402.2	—	1,402.2
Other current liabilities	1,686.1	70.8	1,739.3	1,657.7	—	1,657.7
Non-current liabilities	2,038.0	1,421.1	3,431.2	1,846.0	—	1,846.0
Long-term debt	750.3	1,356.2	2,081.5	790.0	—	790.0
Other financial liabilities	85.0	28.7	115.1	53.4	—	53.4
Retirement and severance benefits	774.1	9.5	783.6	635.6	—	635.6
Other non-current liabilities	428.5	26.6	450.8	366.9	—	366.9
Total Equity	3,784.3	347.0	4,125.5	4,096.9	—	4,096.9
Hitachi, Ltd. stockholders' equity	2,540.8	201.3	2,735.0	2,967.0	—	2,967.0
Non-controlling interests	1,243.5	145.7	1,390.4	1,129.9	—	1,129.9
Interest-bearing debt	1,515.0	2,339.5	3,604.4	1,176.6	—	1,176.6
Total Hitachi, Ltd. stockholders' equity ratio	25.6%	6.5%	21.8%	30.7%	—	30.7%
D/E ratio (including non-controlling interests) (times)	0.40	6.74	0.87	0.29	—	0.29

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

(Billions of yen)

	Year ended March 31, 2016			Year ended March 31, 2017		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Revenues	9,833.9	365.3	10,034.3	9,053.3	179.2	9,162.2
Adjusted operating income	586.8	45.2	634.8	566.8	21.3	587.3
EBIT	490.2	46.6	531.0	458.1	22.8	475.1
Income from continuing operations, before income taxes	476.9	46.6	517.0	452.4	22.8	469.0
Net income attributable to Hitachi, Ltd. stockholders	152.1	19.7	172.1	227.8	9.7	231.2

(3) Summarized Consolidated Statement of Cash Flows by Manufacturing, Services and Others and Financial Services

(Billions of yen)

	Year ended March 31, 2016			Year ended March 31, 2017		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Cash flows from operating activities	843.1	(7.4)	812.2	638.7	2.2	629.5
Cash flows from investing activities	(518.7)	(218.8)	(730.7)	(153.2)	(274.6)	(337.9)
Free cash flows	324.4	(226.2)	81.4	485.5	(272.4)	291.6
Cash flows from financing activities	(262.7)	265.4	(26.4)	(367.1)	117.5	(209.5)
Effect of exchange rate changes on cash and cash equivalents	(55.5)	(1.8)	(57.3)	(14.0)	(2.1)	(16.1)
Change in cash and cash equivalents	6.1	37.3	(2.3)	104.3	(157.0)	65.9
Cash and cash equivalents at beginning of year	654.7	119.7	701.7	660.9	157.0	699.3
Cash and cash equivalents at end of year	660.9	157.0	699.3	765.2	-	765.2

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

2. Total figures exclude inter-segment transactions.

3. As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to Financial Services. Accordingly, there is no balance of total assets, total liabilities and total equity in summarized consolidated statement of financial position for Financial Services as of March 31, 2017.

In addition, only the result for the first half of fiscal 2016 was recorded in summarized consolidated statement of profit or loss for Financial Services and only the cash flows for the first half of fiscal 2016 and the decrease in cash and cash equivalents owned by Hitachi Capital as of the date were recorded in summarized consolidated statement of cash flows for Financial Services.

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