

**Hitachi, Ltd.**  
**Unconsolidated Financial Statements**  
**for the Half Year ended September 30, 2006**  
**(118yen = U.S.\$1)**

**October 31, 2006**

	<b>Yen</b> <b>(millions)</b>	<b>2006(A)</b>	<b>2005(B)</b>	<b>(A)/(B)X100</b>	<b>U.S. Dollars</b> <b>(millions)</b>	<b>2006</b>
<b><u>Income Statements</u></b>						
<u>Revenues</u>		1,229,485	1,210,717	102%		10,419
Cost of sales		1,009,574	969,798	104%		8,556
<u>Gross Profit</u>		219,910	240,918	91%		1,864
S.G.A. expenses		285,126	260,211	110%		2,416
<u>Operating income (loss)</u>		(65,215)	(19,293)	—		(553)
Other income		41,208	50,535	82%		349
Other deductions		27,008	22,297	121%		229
<u>Ordinary income (loss)</u>		(51,015)	8,944	—		(432)
Extraordinary gain		19,264	8,503	227%		163
Extraordinary loss		77,609	4,288	—		658
<u>Income (loss) before income taxes</u>		(109,361)	13,159	—		(927)
Current income taxes		(8,801)	(8,669)	102%		(75)
Deferred income taxes		(34,321)	1,805	—		(291)
<u>Net income (loss)</u>		(66,238)	20,024	—		(561)
Basic EPS (yen and dollars)		(19.87)	6.01	—		(0.17)
<b><u>Balance Sheets</u></b>						
Current assets		1,900,569	1,850,334	103%		16,107
(Quick assets)		1,427,073	1,457,868	98%		12,094
(Inventories)		336,691	285,697	118%		2,853
(Deferred tax assets)		136,804	106,769	128%		1,159
Fixed assets		1,973,701	1,983,935	99%		16,726
(Investments)		1,382,795	1,393,633	99%		11,719
(Deferred tax assets)		76,006	70,454	108%		644
(Others)		514,899	519,847	99%		4,364
<u>Total assets</u>		3,874,271	3,834,270	101%		32,833
Current liabilities		1,824,643	1,720,326	106%		15,463
Fixed liabilities		729,385	708,713	103%		6,181
(Debentures)		290,000	290,000	100%		2,458
(Long-term loans)		264,138	224,188	118%		2,238
(Others)		175,247	194,525	90%		1,485
<u>Total liabilities</u>		2,554,028	2,429,039	105%		21,644
<u>Net assets</u>		1,320,242	1,405,230	94%		11,188
<u>Liabilities and net assets</u>		3,874,271	3,834,270	101%		32,833

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**Forecast for the Year Ending March 31, 2007**

	<b>Revenues</b>	<b>Ordinary income (loss)</b>	<b>Net income (loss)</b>
<b>Millions of Yen</b>	2,670,000	(40,000)	(55,000)
<b>Millions of U.S. dollars</b>	22,627	(339)	(466)

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:

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological change, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- 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 results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- 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 ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities it holds.

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.