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Hitachi, Ltd.

(Registrant)

Date February 3, 2004

By /s/ Takashi Hatchoji

Takashi Hatchoji
Vice President and Executive Officer

(Summary Translation)

Interim Business Report

(from April 1, 2003 to September 30, 2003)

Hitachi, Ltd.
Tokyo, Japan

(Note) Certain information including product introduction is omitted from this English translation.

To Our Shareholders:

In providing this report on our business results for the first half of fiscal 2003, we wish to express our deep gratitude to all our shareholders for the understanding and support you have extended to the Hitachi Group.

During the half-year period under review, in Japan private-sector plant and equipment investment showed some improvement, but with public works investment and consumer spending continuing to be restrained, the economy failed to find any path to a real recovery.

In this business environment, since the preceding fiscal year Hitachi has been proceeding with strategic alliances, M&As and reorganizations. These have included the acquisition of IBM Corporation's hard disk drive (HDD) operations and the transfer of system LSI and other semiconductor business operations to Renesas Technology Corp., a company jointly established with Mitsubishi Electric Corporation. During the period under review, in which these moves were completed, forming a new business structure, consolidated net sales rose 3% from the same period of the preceding fiscal year, to JPY 4,041.4 billion.

Our main segment, Information & Telecommunication Systems, moved forward with the integration of the acquired HDD business into Hitachi's operations. With the profitability of such business still in the process of being strengthened, segment operating income, while still within the projected range, showed a major decrease. Financial Services and Digital Media & Consumer Products also showed a sharp drop in operating income. Thus, consolidated operating income decreased 67% from the same period of the preceding fiscal

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year, to JPY 20.2 billion. Other income, including net gain on securities, was JPY 111.9 billion, and other deductions amounted to JPY 41.6 billion. As a result, Hitachi recorded income before income taxes and minority interests of JPY 90.5 billion, and net income of JPY 5.3 billion.

On an unconsolidated basis, Hitachi recorded net sales of JPY 1,128.2 billion and posted an operating loss of JPY 6.9 billion. Ordinary income amounted to JPY 10.0 billion. Hitachi recorded an extraordinary gain of JPY 8.4 billion from the sale of subsidiaries' common stock and investments in securities, and an extraordinary loss of JPY 4.9 billion from impairment loss on investments in subsidiaries and securities. As a result, net income amounted to JPY 19.2 billion.

At a meeting of the Board of Directors, it was decided to pay an interim dividend of JPY 3 per share.

Fiscal 2003 marked the start of "i.e. HITACHI Plan II," a medium-term management plan running to fiscal 2005 that emphasizes management goals. The storage solutions business, which supports the recording and utilization of the vast quantities of information possessed by customers, and the urban renewal business, which provides urban functions with higher safety and more comfort and convenience, are among the areas of operations that the "i.e. HITACHI Plan II" will give priority to strengthening. A wide range of HDD applications will be developed, starting with digital consumer electronics and in-vehicle terminals, as Hitachi, together with the companies of the Hitachi Group, move to create new businesses that will form the core of future operations, with the goal of establishing a high-profit structure.

With respect to the implementation of the new plan, the ordinary general meeting of shareholders held in June 2003 approved the adoption of a Committee System corporate structure. Under the new system, the Board of Directors focuses on decisions involving basic management policies and supervision of execution by Executive Officers, while Executive Officers elected by the Board are responsible for executing the business operations. The aim of the new system is to speed up business operations and to achieve greater transparency in management, thereby responding to the trust placed in us by our shareholders. The major companies of the Hitachi Group are also moving to a Committee System structure to speed up management and to raise efficiency by strengthening the group's integrated management.

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With regard to the business outlook, expectations for an expansion of the Japanese economy are running up against concerns about a reversal. As such, the state of the economy will continue to preclude optimism. For its part, Hitachi intends to focus the total capabilities of the Hitachi Group towards achieving the goals of the "i.e. HITACHI Plan II" and thereby establishing a solid foundation for generating profits.

We hope we can look forward to receiving your continuing support and understanding of our efforts.

December 2003

Tsutomu Kanai
Chairman of the Board

Etsuhiko Shoyama
President and Chief Executive Officer

Outline of Business Results

Information & Telecommunication Systems

Sales rose sharply from the acquisition of IBM Corporation's HDD operations, and in the software and services businesses, solid results were turned in by outsourcing services for financial institutions, helping push up segment sales 20%, to JPY 1,053.2 billion. Operating income decreased 87%, to JPY 5.3 billion.

Electronic Devices

The segment saw sales decrease 21%, to JPY 607.5 billion, due to the effect of the transfer of system LSI and other semiconductor operations to equity-method affiliate Renesas Technology Corp. The segment recorded operating income of JPY 3.6 billion, rebounding from an operating loss of JPY 7.9 billion in the same period of the preceding year.

Power & Industrial Systems

Sales of power generation equipment and other plant operations were sluggish. However, Hitachi Construction Machinery Co., Ltd. posted higher sales in China and other overseas markets, and sales of automotive products were boosted by the inclusion of the sales of UNISIA JECS Corporation, which became a wholly-owned subsidiary on October 1, 2002. Thus, at JPY 1,073.4 billion, segment sales stayed more or less unchanged. Operating income decreased 29%, to JPY 7.9 billion.

Digital Media & Consumer Products

Sales of plasma TVs, projection TVs and other display equipment increased. However, segment sales declined 2%, to JPY 585.4 billion, due primarily to a decrease in sales of room air conditioners and washing machines. Operating income decreased 87%, to JPY 0.7 billion.

High Functional Materials & Components

At Hitachi Cable, Ltd., Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., construction materials and plant construction operations were sluggish. However, good growth was registered by information systems and electronic related materials primarily for semiconductors, and by high-grade metal products for automobiles. Segment sales increased 1%, to JPY 622.2 billion. Operating income rose 2%, to JPY 9.2 billion.

Logistics, Services & Others

Hitachi Transport System, Ltd. showed a solid performance. However, the changes that took place in the semiconductor and HDD operations meant the exclusion of sales of such products in this segment. Thus, segment sales decreased 13%, to JPY 612.9 billion. The segment recorded an operating loss of JPY 0.3 billion, compared to an operating income of JPY 1.4 billion in the same period of the preceding year.

Financial Services

Low interest rates and the slow pace of automobile loans to individuals had an adverse effect on the performance of Hitachi Capital Corporation, which provides companies and individuals with leases, loans and other financial services. Segment sales decreased 9%, to JPY 267.9 billion. Operating income decreased 56%, to JPY 8.1 billion.

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| | | |
|---------------------------|-----------------------|--------------------|
| Authorized | 10,000,000,000 shares | |
| Issued | 3,368,124,286 shares | |
| Capital Stock | | JPY282,032,490,653 |
| Number of Shares per Unit | | 1,000 shares |
| Number of Shareholders | 424,163 | |

Shareholders Composition

| Class of Shareholders | Number of Shareholders | Number of Shares Held (shares) |
|---|------------------------|--------------------------------|
| Financial Institutions and Securities Firms | 488 | 1,097,964,005 |
| Individuals | 418,414 | 1,043,093,812 |
| Foreign Investors | 1,062 | 1,054,595,335 |
| Others | 4,195 | 172,139,941 |
| Governments | 4 | 331,193 |
| Total | 424,163 | 3,368,124,286 |

Transition of Shareholders Composition

| Class of Shareholders | March 2002 | March 2003 |
|---|------------|------------|
| Financial Institutions and Securities Firms | 38.66% | 36.83% |
| Individuals | 26.27% | 30.44% |
| Foreign Investors | 31.82% | 29.38% |
| Others | 3.25% | 3.34% |
| Governments | 0.00% | 0.01% |
| Total | 100.00% | 100.00% |

10 Largest Shareholders

| Name of Shareholders | Number of Shares Held | Percentage |
|-----------------------------------|-----------------------|------------|
| | shares | |
| Japan Trustee Services Bank, Ltd. | 211,389,000 | |
| NATS CUMCO | 186,108,080 | |

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| | |
|---|-------------|
| The Chase Manhattan Bank, N.A. London | 168,458,263 |
| The Master Trust Bank of Japan, Ltd. | 164,277,321 |
| Nippon Life Insurance Company | 112,772,960 |
| State Street Bank and Trust Company | 87,989,148 |
| Hitachi Employees' Shareholding Association | 86,143,952 |
| The Dai-Ichi Mutual Life Insurance Company | 79,080,222 |
| Morgan Grenfell and Co. Limited | 75,313,000 |
| Hitachi, Ltd. | 69,798,603 |

Notes: NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.

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Board of Directors and Executive Officers (As of September 30, 2003)

Board of Directors

| | |
|-----------------------|---------------------|
| Chairman of the Board | Tsutomu Kanai |
| Director | *Etsuhiko Shoyama |
| Director | *Yoshiki Yagi |
| Director | *Yoshiro Kuwata |
| Director | Shigemichi Matsuka |
| Director | Kotaro Muneoka |
| Director | **Ginko Sato |
| Director | **Hiromichi Seya |
| Director | **Akira Chihaya |
| Director | **Toshiro Nishimura |
| Director | Hiroshi Kuwahara |
| Director | Takashi Kawamura |
| Director | Masayoshi Hanabusa |

- (Notes) 1. The Directors marked with * are Executive Officers.
 2. The Directors marked with ** are outside directors who fulfill the qualification requirements to be outside directors as provided for in Article 188.2.7-2 of the Commercial Code of Japan.
 3. Members of each committee are as follows.

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Nominating Committee: Tsutomu Kanai (Chairman), Etsuhiko Shoyama,
Ginko Sato, Hiromichi Seya, Toshiro Nishimura

Audit Committee: Shigemichi Matsuka (Chairman), Kotaro
Muneoka, Ginko Sato, Hiromichi Seya, Toshiro
Nishimura

Compensation Committee: Tsutomu Kanai (Chairman), Etsuhiko Shoyama,
Hiromichi Seya, Akira Chihaya, Toshiro
Nishimura

Executive Officers

| | | |
|---|--------------------|--|
| Representative Executive Officer President and Chief Executive Officer | Etsuhiko Shoyama | |
| Representative Executive Officer Executive Vice President and Executive Officer | Yoshiki Yagi | In charge of finance and corpora |
| Representative Executive Officer Executive Vice President and Executive Officer | Yoshiro Kuwata | In charge of business developmen business. |
| Representative Executive Officer Executive Vice President and Executive Officer | Kazuo Kumagai | In charge of legal matters, corp communications and sales operati |
| Representative Executive Officer Executive Vice President and Executive Officer | Katsukuni Hisano | In charge of automotive systems |
| Senior Vice President and Executive Officer | Takao Matsui | In charge of corporate marketing operations. |
| Senior Vice President and Executive Officer | Isao Ono | In charge of information & teleco systems business. |
| Senior Vice President and Executive Officer | Masaharu Sumikawa | In charge of power & industrial and production engineering. |
| Senior Vice President and Executive Officer | Michiharu Nakamura | In charge of research & developm businesses. |
| Senior Vice President and Executive Officer | Hiromi Kuwahara | In charge of corporate strategy resources. |
| Vice President and Executive Officer | Minoru Tsukada | In charge of sales operations (K |
| Vice President and Executive Officer | Yoshito Tsunoda | In charge of urban planning and systems business. |
| Vice President and Executive Officer | Hiroaki Nakanishi | In charge of global business. |

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| | | |
|--------------------------------------|--------------------|--|
| Vice President and Executive Officer | Tadahiko Ishigaki | In charge of corporate marketing |
| Vice President and Executive Officer | Shozo Saito | In charge of power systems business |
| Vice President and Executive Officer | Manabu Shinomoto | In charge of platform and network |
| Vice President and Executive Officer | Takuya Tajima | In charge of social and industrial systems business. |
| Vice President and Executive Officer | Takashi Hatchoji | In charge of legal matters, corporate communications and corporate audit |
| Vice President and Executive Officer | Kazuo Furukawa | In charge of information & telecommunication systems business. |
| Executive Officer | Makoto Ebata | In charge of group management. |
| Executive Officer | Yasuo Sakuta | In charge of intellectual property |
| Executive Officer | Takao Suzuki | In charge of sales operations (China) |
| Executive Officer | Koichiro Nishikawa | In charge of business development |
| Executive Officer | Tsugio Momose | In charge of digital media business |
| Executive Officer | Kazuhiro Mori | In charge of sales operations (China) |
| Executive Officer | Iwao Hara | In charge of human resources. |
| Executive Officer | Takashi Miyoshi | In charge of finance. |
| Executive Officer | Taiji Hasegawa | In charge of automotive systems |
| Executive Officer | Masahiro Hayashi | In charge of system solutions business |

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Interim Financial Information for the First Half of the Year Ending March 31, 2004

Consolidated Financial Statements (Summary)

Consolidated Balance Sheets

| | Billions of yen | |
|-------------------------------|--------------------|----------------|
| | September 30, 2003 | March 31, 2003 |
| (Assets) | | |
| Current assets | 5,132.3 | 5,193.4 |
| Investments and advances | 877.7 | 726.4 |
| Property, plant and equipment | 2,339.0 | 2,601.0 |
| Other assets | 1,535.2 | 1,658.4 |

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| | | |
|--|---------|----------|
| Total assets | 9,884.4 | 10,179.3 |
| | | |
| (Liabilities and stockholders' equity) | | |
| Current liabilities | 3,933.0 | 4,005.2 |
| Noncurrent liabilities | 3,375.7 | 3,569.3 |
| Minority interests | 750.1 | 751.5 |
| Total stockholders' equity | 1,825.5 | 1,853.2 |
| Total liabilities and stockholders' equity | 9,884.4 | 10,179.3 |

Consolidated Income Statements

| | Years ended March 31 | |
|---|----------------------|--------------------|
| | First half of 2004 | First half of 2003 |
| | (Billions of yen) | |
| Net sales | 4,041.4 | 3,916.4 |
| Operating income | 20.2 | 61.6 |
| Income before income taxes and minority interests | 90.5 | 33.4 |
| Income before minority interests | 14.3 | 17.3 |
| Net income | 5.3 | 5.6 |

Consolidated Statements of Cash Flows

| | Years ended March 31 | |
|--|----------------------|--------------------|
| | First half of 2004 | First half of 2003 |
| | (Billions of yen) | |
| Cash flows from operating activities | 224.5 | 191.5 |
| Cash flows from investing activities | (157.1) | (128.9) |
| Cash flows from financing activities | (173.7) | (197.8) |
| Effect of exchange rate changes on cash and cash equivalents | (12.7) | (18.8) |
| Net decrease in cash and cash equivalents | (119.0) | (154.1) |
| Cash and cash equivalents at beginning of period | 828.1 | 1,029.3 |
| Cash and cash equivalents at end of period | 709.0 | 875.2 |

- (Notes)
1. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States.
 2. Figures for the first half of 2003 have been restated due to the adoption of Emerging Issues Task Force Issue No. 03-2 (January 2003), "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities."
 3. Segment information and operating income have been prepared in conformity with accounting principles generally accepted in Japan.
 4. The number of consolidated subsidiaries is 967 and the number of companies accounted for under the equity method is 165 as of the end of September 2003.

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Unconsolidated Financial Statements (Summary)

Unconsolidated Balance Sheets

| | Billions of yen | |
|--|--------------------|----------------|
| | September 30, 2003 | March 31, 2003 |
| (Assets) | | |
| Current assets | 1,681.9 | 1,921.6 |
| Fixed assets | 1,879.9 | 1,903.3 |
| Tangible fixed assets | 296.7 | 420.4 |
| Intangible fixed assets | 146.7 | 155.8 |
| Investments | 1,436.4 | 1,327.0 |
| Total assets | 3,561.9 | 3,825.0 |
| (Liabilities and stockholders' equity) | | |
| Current liabilities | 1,712.1 | 1,819.0 |
| Fixed liabilities | 483.6 | 631.9 |
| Total liabilities | 2,195.8 | 2,451.0 |
| Capital stock | 282.0 | 282.0 |
| Capital surplus | 268.7 | 268.7 |
| Retained earnings | 812.8 | 802.8 |
| Unrealized holding gains on securities | 34.4 | 22.1 |
| Treasury stock | (31.9) | (1.8) |
| Total stockholders' equity | 1,366.1 | 1,373.9 |
| Total liabilities and stockholders' equity | 3,561.9 | 3,825.0 |

Unconsolidated Income Statements

| | Years ended March 31 | |
|----------------------------|----------------------|--------------------|
| | First half of 2004 | First half of 2003 |
| (Billions of yen) | | |
| Net sales | 1,128.2 | 1,515.6 |
| Operating income (loss) | (6.9) | 0.2 |
| Ordinary income (loss) | 10.0 | (2.4) |
| Extraordinary gain | 8.4 | 32.9 |
| Extraordinary loss | 4.9 | - |
| Income before income taxes | 13.5 | 30.5 |
| Net income | 19.2 | 19.7 |

- (Notes)
1. Accumulated depreciation of tangible fixed assets: JPY814.2 billion
 2. Net income per share for the first half of the year ended March 31, 2004: JPY5.82
 3. Extraordinary gain of JPY8.4 billion is gain on sale of subsidiaries' common stock and investments in securities.
 4. Extraordinary loss of JPY4.9 billion is impairment loss on investments in subsidiaries and securities.

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Five-Year Summary

| | Years ended March 31 | | | |
|--------------------------------------|----------------------|---------|---------|---------|
| | 2000 | 2001 | 2002 | 2003 |
| (Billions of yen) | | | | |
| Consolidated Financial Information | | | | |
| Net sales | 8,001.2 | 8,416.9 | 7,993.7 | 8,191.7 |
| Overseas sales | 2,343.6 | 2,625.6 | 2,549.1 | 2,645.2 |
| Operating income (loss) | 174.3 | 342.3 | (117.4) | 152.9 |
| Net income (loss) | 16.9 | 104.3 | (483.8) | 27.8 |
| Unconsolidated Financial Information | | | | |
| Net sales | 3,771.9 | 4,015.8 | 3,522.2 | 3,112.4 |
| Operating income (loss) | 40.8 | 98.5 | (84.7) | 53.7 |
| Net income (loss) | 11.8 | 40.1 | (252.6) | 28.2 |

Net Sales by Industry Segment (Consolidated basis)

| | First half of year ended March 31 |
|---|-----------------------------------|
| Information & Telecommunication Systems | 22% |
| Electronic Devices | 13% |
| Power & Industrial Systems | 22% |
| Digital Media & Consumer Products | 12% |
| High Functional Materials & Components | 13% |
| Logistics, Services & Others | 13% |
| Financial Services | 5% |
| Subtotal sales | 4,822.7 billion yen |
| Eliminations & Corporate items | 781.3 billion yen |
| Net sales | 4,041.4 billion yen |

(Note) Percentage figures shown above are the proportions of each segment sales to subtotal sales.

Operating Income (Loss) by Industry Segment (Consolidated basis)

| | First half of year ended March 31 |
|---|-----------------------------------|
| (Billions of yen) | |
| Information & Telecommunication Systems | 5.3 |
| Electronic Devices | 3.6 |
| Power & Industrial Systems | 7.9 |
| Digital Media & Consumer Products | 0.7 |
| High Functional Materials & Components | 9.2 |

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| | |
|--------------------------------|--------|
| Logistics, Services & Others | (0.3) |
| Financial Services | 8.1 |
| Subtotal | 34.7 |
| Eliminations & Corporate items | (14.5) |
| Total | 20.2 |

Overseas Sales by Market (Consolidated basis)

First half of year ended March 31, 2004

| | |
|---------------|-----|
| Asia | 39% |
| North America | 30% |
| Europe | 22% |
| Other Areas | 9% |
