April 24, 2014

Consolidated Earnings Report for the Year Ended March 31, 2014［Japan GAAP］

Corporate Name: **Hitachi Capital Corporation**
Stock Code: 8586 URL: http://www.hitachi-capital.co.jp
Stock Listing: Tokyo Stock Exchange
Representative Director: Kazuya Miura, President and CEO
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Phone: (03)3503-2118
Date of ordinary general meeting of shareholders: June 26, 2014
Scheduled commencement of dividend payment: May 30, 2014
Scheduled date of submission of financial reports: June 27, 2014
Preparation of supplementary material for financial results: Yes
Holding of financial results meeting: Yes (for investors & analysts)

(All amounts rounded down)

1. Consolidated Results for the Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated Operating Results (Cumulative)

(year-on-year change %)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Year ended March 31, 2014	127,979	23.9	32,598	27.2	33,619	22.7	22,195	34.1
Year ended March 31, 2013	103,304	11.1	25,620	15.2	27,401	21.0	16,546	30.4

(Note) Comprehensive income: Year ended March 31, 2014: ¥31,977 million (42.9%) Year ended March 31, 2013: ¥22,379 million (71.4%)

	Net income per share	Diluted net income per share	Ratio of net income to stockholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to revenues
	¥	¥	%	%	%
Year ended March 31, 2014	189.89	―	7.8	1.6	25.5
Year ended March 31, 2013	141.56	―	6.1	1.5	24.8

(Ref.) Equity in earnings (losses) of affiliated companies: Year ended March 31, 2014: ¥ 1,103 million Year ended March 31, 2013: ¥1,753 million
Volume of business: Year ended March 31, 2014: ¥ 1,954,341 million Year ended March 31, 2013: ¥1,631,990 million

(2) Consolidated Financial Position

	Total assets	Total stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	¥
Year ended March 31, 2014	2,390,601	307,005	12.4	2,542.07
Year ended March 31, 2013	1,891,431	288,894	14.8	2,390.56

(Ref.) Stockholders' equity: Year ended March 31, 2014: ¥ 297,136 million Year ended March 31, 2013: ¥279,427 million

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalent at end of period
	¥ million	¥ million	¥ million	¥ million
Year ended March 31, 2014	△133,300	△11,722	149,057	138,150
Year ended March 31, 2013	△25,837	△37,476	64,463	132,756

(Note) Receipts and settlements from acquisition of equipment for leases and liquidation of assets are included in operating activities.

2. Dividends

	Dividends per share					Total dividends (For the year)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year			
	¥	¥	¥	¥	¥	¥ million	%	%
Year ended March 31, 2013	―	18.00	―	20.00	38.00	4,441	26.8	1.6
Year ended March 31, 2014	―	23.00	―	25.00	48.00	5,610	25.3	2.0
Year ending March 31, 2015 (Forecast)	―	25.00	―	25.00	50.00		25.3	

3. Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(% is year-on-year for the fiscal year or the interim period)

	Revenues		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	67,600	8.1	16,440	3.6	17,040	3.3	11,250	△4.7	96.25
Fiscal year	137,800	7.7	33,100	1.5	34,000	1.1	23,100	4.1	197.63

(Ref.) Volume of business: Interim: ￥960,000 million Fiscal year: ￥1,960,000 million

unaudited

＊Notes

(1) Major changes in subsidiaries during the period under review : Yes
(Transfer of specific subsidiaries accompanying the change of scope of consolidation)
New: two companies: NBL Co., Ltd.; Hitachi Capital Factoring (China) Co., Ltd.

(Note) See page 24 of the accompanying document (Significant basis for preparation of the consolidated financial statements) for details.

(2) Changes to accounting policies; changes to accounting estimates; restatements
(i) Changes to accounting policies due to revisions to accounting standards, etc. : None
(ii) Other changes to accounting policies : Yes
(iii) Changes to accounting estimates : None
(iv) Restatements : None

(Note) See page 26 of the accompanying document (Changes in accounting policies) for details.

(3) Number of outstanding shares (common shares)

1) Shares issued at end of term (including treasury stock)

As of March 31, 2014 :	124,826,552 shares	As of March 31, 2013:	124,826,552 shares

2) Treasury stock at end of term

As of March 31, 2014 :	7,939,209 shares	As of March 31, 2013:	7,938,899 shares

3) Weighted average number of shares outstanding

Year ended March 31, 2014 :	116,887,531 shares	Year ended March 31, 2013:	116,887,771 shares

(Note) See page 31 of the accompanying document (Per share information) for the number of shares used to calculate consolidated earnings per share.

＊Implementation status of audit procedures

Audit procedures for the financial statements under the Financial Instruments and Exchange Act are being performed at the time of disclosure of this report.

＊Explanation for proper use of earnings forecasts, etc.

Consolidated forecasts stated herein have been prepared based on the information available on the date of release, and the actual results may differ from the forecast due to a variety of reasons.
See page 3 of the accompanying document (3) Consolidated earnings forecasts for the year ending March 31, 2015).
The Company will have a financial results meeting for institutional investors and financial analysts on April 24, 2014.

Contents

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

1) Summary of operating results

Summarized results for the year ended March 31, 2014 were as follows:

(¥ million, %)

	Year Ended March 31, 2013	Year Ended March 31, 2014	Y on Y Change
Volume of business	1,631,990	1,954,341	19.8
Revenues	103,304	127,979	23.9
Operating income	25,620	32,598	27.2
Ordinary income	27,401	33,619	22.7
Net income	16,546	22,195	34.1

In June 2013, the Group announced "Mid-Term Management Plan" for the period ending in FY2015. In response to the constantly changing business environment, we are currently working on the transformation into a "highly competitive management base" by focusing primarily on business structural reform through "transformation." While we carry out our growth strategies such as improvement of profitability of Japan business through business model reform, expansion of global business, and enhancement of solution capability with the concept of "One Hitachi," we are also working to strengthen our management base by maintaining sound financial structure, improving the quality of operations, and enhancing risk managements.

During the year ended March 31, 2014, Japan business worked on enhancement of profitability through business selection and concentration by focusing on social infrastructure, renewable energy and vendor finance. In social infrastructure sector, we promoted PFI and PPP business to contribute local community such as participating in a project to utilize the land owned by Nerima-ward located outside the North exit of Nerima Station (facility name "Coconeri"). In global business, as we aimed at further promotion of growth strategy and enhancement of governance, we introduced a new position in April 2014 in charge of the regional strategy in four centers of the global business: Europe, the Americas, China and ASEAN to clarify the responsibility of the business operation. Also, for further enhancement of vehicle solution, in Europe, we decided to acquire 90% of outstanding shares of Corpo Flota Sp. Z o.o. in Poland (became a consolidated subsidiary in April 2014), and in the Americas, we decided to acquire all of the outstanding shares of CLE Canadian Leasing Enterprises Ltd. in Canada (to become a consolidated subsidiary in May 2014). As for business alliance with Hitachi Group, we are aiming to enhance solution capability through "One Hitachi" and participated in the renewable energy business in Japan, and in global business, we promoted factoring business in China and Thailand, energy saving solution in the U.S, and trade finance for emerging countries.

Volume of Japan businesses for the year ended March 31, 2014 increased 10.7% year on year to ¥1,278,900 million as a result of a growth in our focused areas in financial services business such as vendor finance, social infrastructure sector and agriculture sector despite the decrease in revenues from commission service business, including personal loan business. Volume of global businesses increased 41.6% year on year to ¥675,441 million as a result of an increase in European & North American business as well as the weak yen which stayed at a weaker level than the previous year. As a result consolidated volume of business increased 19.8% to ¥1,954,341 million.

Revenues increased 23.9% to ¥127,979 million due to expansion of global business and consolidation of NBL Co., Ltd. as a subsidiary. Expenses increased 22.8% to ¥95,380 million due to business expansion. As a result, operating income increased 27.2% to ¥32,598 million, and ordinary income increased 22.7% to ¥33,619 million. Net income for the year increased 34.1% to ¥22,195 million primarily due to recording extraordinary income arising from consolidation of NBL Co., Ltd.

2) Key management indicators

(%)

	Year Ended March 31, 2013	Year Ended March 31, 2014
ROE	6.1	7.8
ROA	1.5	1.6
Stockholders' equity ratio	14.8	12.4

*Equity and total asset used for the calculation of ROE and ROA for the year ended March 31, 2014 are not the ending balance as of March 31, 2013 but the beginning balance of FY2013 reflecting the impact of early adoption of amended accounting standard for retirement benefits.

3) Consolidated earnings forecasts for the year ending March 31, 2015

Uncertainty over the overseas economy has been growing in the short term due to the decelerating trend in emerging economies including ASEAN countries despite the expectation for the gradual economic growth from recovery trend in European economy and increasing export or capital investments in the U.S. In Japan, on the other hand, a gradual recovery of capital investments is expected to continue due to factors including improvement in business sentiment as a result of monetary easing policy and recovering corporate performance as a result of correction of the yen appreciation.

Under such circumstances, the Group will steadily carry out "Mid-Term Management Plan" in order to transform into "high-profit enterprise" to achieve sustainable growth.

Consolidated earnings for the year ending March 31, 2015 are forecasted as follows.

(¥ million, %)

	Year Ended March 31, 2014	Year Ending March 31, 2015 (Forecast)	Change	
			Amount	%
Revenues	127,979	137,800	9,820	7.7
Operating income	32,598	33,100	501	1.5
Ordinary income	33,619	34,000	380	1.1
Net income	22,195	23,100	904	4.1
Net income per share	¥189.89	¥197.63	¥7.74	4.1

Consolidated earnings forecasts stated herein have been prepared based on the information available to the Company at the time this report was prepared. Actual results may differ from these forecasts due to changes in various factors.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Financial position as of March 31, 2014 was as follows:

(¥ million, %)

	As of March 31, 2013	As of March 31, 2014	Change	
			Amount	%
Total assets	1,891,431	2,390,601	499,169	26.4
Interest-bearing debt	1,092,636	1,444,830	352,194	32.2
Net assets	288,894	307,005	18,111	6.3

ⅰ. Total assets

Total assets as of March 31, 2014 increased ¥499,169 million from March 31, 2013 to ¥2,390,601 million due to increase in investment in direct finance leases as a result of consolidating NBL Co., Ltd. and in notes and trade receivables mainly in overseas.

ⅱ. Interest-bearing debt

Interest-bearing debt as of March 31, 2014 increased ¥352,194 million from March 31, 2013 to ¥1,444,830 million due to increases in bank loans and bonds in response to an increase in assets.

ⅲ. Net assets

Net assets as of March 31, 2014 increased ¥18,111 million from March 31, 2013 to ¥307,005 million, and major components consist of net income for the year of ¥22,195 million, dividend payment of ¥ 5,026 million, an increase in foreign currency translation adjustments of ¥6,525 million due to weak yen, and accumulated adjustments related to retirement benefits of ¥ (6,288) million due to early adoption of amended accounting standard for retirement benefits.

2) Cash flows

Cash and cash equivalents as of March 31, 2014 increased ¥5,394 million from March 31, 2013 to ¥138,150 million.

Cash flows by activity were as follows:

(¥ million)

	Year Ended March 31, 2013	Year Ended March 31, 2014	Change
Cash flows from operating activities	△25,837	△133,300	△107,463
Cash flows from investing activities	△37,476	△11,722	25,754
Cash flows from financing activities	64,463	149,057	84,593

ⅰ. Cash flows from operating activities

Net cash used in operating activities was ¥133.3 billion. This was primarily due to increases in notes and accounts receivable – trade of ¥146,917 million and investment in direct finance leases of ¥80,721 million, payments for acquisition of equipment for lease of ¥114,906 million and proceeds from sales of equipment for lease of ¥49,032 million.

ⅱ. Cash flows from investing activities

Net cash used in investing activities was ¥11,722 million mainly due to payments related to renewable energy sector (purchase of assets for company use).

ⅲ. Cash flows from financing activities

Net cash provided by financing activities was ¥149,057 million mainly due to proceeds from long-term bank loans and bond issuance.

As a result of the above, free cash flows, a sum of cash flows from operating activities and investing activities, resulted in an outflow of ¥145,022 million.

(3) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

1) Cash dividends

Returning profits to the shareholders is one of the most important management measures for the Company. And as a fundamental policy, we seek to maintain a stable distribution of dividends linked to business performance, while ensuring a sound financial position and securing internal reserves necessary for sustainable growth and to cope with the changing operating environment.

Also, the following policies were taken into consideration for distribution.

ⅰ. Secure own capital necessary to execute business as a financial service company

ⅱ. Determine the amount of dividends based on the dividend on equity ratio and gross dividend payout ratio

2) Acquisition of treasury stock

The Group acquires treasury stock as a supplementary measure to dividends in returning profit to shareholders to the extent that is in line with the dividend policy, based on the comprehensive consideration about capital needs to maintain financial position and carry out business plans and the market environment.

3) Dividends for the current and next fiscal years

(¥, %)

	Year Ended March 31, 2014	Year Ending March 31, 2015 (Forecast)	Change	
			Amount	%
Annual dividend per share	48.00	50.00	2.00	4.2

4) Revision of dividend forecast

In accordance with the Company's policy to pay dividends based on the business performance, the Company decided to revise the year-end dividend forecast per share and annual divided forecast per share from ¥23.00 to ¥25.00 and from ¥46.00 to ¥48.00, respectively, from the consolidated fiscal year ended March 31, 2014.

(¥)

	Dividend per share		
Record date	2nd Quarter	Year End	For the Year
Previous forecasts (As of January 29, 2014)	23.00	23.00	46.00
Revised forecasts	—	25.00	48.00
Year ended March 31, 2014	23.00	—	—
Year ended March 31, 2013	18.00	20.00	38.00

(4) Business Risk

Possible risk factors inherent to the Group's business include the followings.

1) Internal control-related risk

The Hitachi Capital Group has established and maintained an internal control system based on the internal control resolutions, and ensures and evaluates the effectiveness of its internal controls under the supervision of the Internal Control Committee. Nevertheless, if internal controls fail to function effectively or unexpected problems arise, there could be an adverse impact on the Group's business results.

2) Interest rate risk

The Group finances large amount of funds to provide financial services, including leasing and installment sales, and carries out thorough ALM through asset liquidation. A sharp rise in market interest rates, however, could cause a rise in funding costs and have an adverse impact on the Group's business results.

3) Liquidity risk

Although the Group works to appropriately manage its cash position, there are times it may be difficult to secure the funds required, including if the creditworthiness of the Group has declined, or due to turmoil in financial markets or changes in the market environment. Additionally, the Company may be forced to procure funds at the interest rates significantly higher than normal. Factors such as these could have an adverse impact on the Group's business results.

4) Credit risk

The Group is engaged in various kinds of business associated with providing credit, including leasing, credit guarantees and installment sales. During such business execution, the Group appropriately controls credit risk by conducting screening at the time of a contract and ascertaining such factors as the state of credit while a credit receivable is being collected. Nevertheless, an increase in corporate and personal bankruptcies due to a changing economic environment could result in an increased burden with respect to losses on receivables and bad debts expenses for lease transactions.

5) Laws and regulations changes risk

Changes in laws and regulations related to Group business could also impact results. With full enforcement of the revised Money Lending Business Act and the revised Installment Sales Act, there could be additional costs associated with the changes, and customer demands may change. Also, as the Group has always complied with the Interest Rate Restriction Act, there is no direct impact of returning excess payments. In addition, there could be additional costs associated with the strengthening of obligations for waste disposal in line with the implementation of the revised Waste Management and Public Cleansing Law.

6) Business structure reform risk

The Group is undergoing business structural reform aiming at sustainable growth, but a delay or failure to achieve these reforms, for any reason, could have an adverse impact on the Group's business results.

7) Leased assets residual value risk

One of the Group's business strategies is to "provide financial services that focus on 'products'." To achieve this, we concentrate on operating leases in order to respond to changes in market demand accompanied by changes in accounting standards for finance leases.

We will continue to improve our abilities and expertise in evaluating "products" and the resale of leased assets as the Group's core skills. However, there is a possibility of a decline in actual disposal value from the initial estimated value of leased property due to such factors as unexpected changes in the market environment and technological innovations.

8) Administrative and system risk

The Group carries out its business activities using various information systems. Any error, including administrative or accidental human errors as well as fraudulence by employees, unauthorized access to systems or a computer virus from outside the Group, a stoppage or breakdown of internal operating systems, or external leaks or illicit use of information concerning customers or affiliates due to similar causes may result in damage to the customers or affiliates and lead to loss of trust from society, and this could have an adverse impact on the Group's business results.

Also, natural disasters such as earthquakes could cause damage to our data centers. As countermeasures for such risks, we have set up and maintain backup systems at both domestic and overseas sites. However, disasters of an unforeseeable scale could have an adverse impact on the Group's business results.

9) Compliance risk

Given that the Group offers a variety of financial services, it must comply with a number of laws and regulations, such as the Installment Sales Act, the Financial Instruments and Exchange Act and the Money Lending Business Act, as well as various consumer protection and waste disposal regulations.

The Company must also comply with a wide range of social rules, from internal regulations and voluntary industry rules to social ethics and norms. The Company established a compliance section at the headquarters and is working to develop its compliance structure. However, failure to comply with any of the applicable laws, regulations and social norms could have an adverse impact on the Group's business results due to criminal prosecution and loss of trust from society.

10) Human resources risk

The Group considers employees' abilities as our important assets and is implementing intensified recruitment, well-planned educational programs and improved training programs. However, there is a risk that the Group will not be able to secure the human resources required for business operations after the reforms in cases where employees of existing businesses cannot adapt to business structural reforms, where appropriate employee placement is not conducted or where new personnel cannot be hired.

Moreover, in case the critical business know-how such as screening and collection management know-how which the Group accumulated over the years are not properly passed on to new employees, it could have an adverse impact on the Group's business results.

11) Business partners-related risk

The Group conducts business in cooperation with numerous business partners due to the characteristics of the business. Despite thorough screening of other companies before committing to collaboration, the Group may have to assume responsibility in case of bankruptcy or illegal activity by a business partner, which could have an adverse impact on the Group's business results.

12) Non-life insurance risk

The Group is engaged in non-life insurance business and works to reduce risks related to insurance underwriting. However, a major disaster could have an adverse impact on the Group's business due to payment of insurance claims that exceed expectations.

13) Global business risk

The Hitachi Capital Group has identified business growth in overseas markets as one of its priority strategies. The Group provides a wide range of financial services to not only Japanese companies operating overseas, but also local companies and individuals. In this context, shifts in the Group's environment resulting from changes in the statutory, regulatory and taxation requirements of each country and region as well as fluctuations in economic conditions could have an adverse impact on the Group's business results.

2. The Hitachi Capital Group

(1) Hitachi Capital Group

The Group consists of the Company and its 27 consolidated subsidiaries and, together with Hitachi Ltd., the Company's parent, and the Hitachi Group companies engaging in manufacturing and sales, provides various types of financial services to consumers and corporations in each area.

(2) Description of Business

The Group's businesses consist of the followings.

1) Financial services

Financial services are based on "products" and include operating leases and credit with residual value besides finance leases.

2) Commission services

Commission services are focused on management and consignment of products and include services leveraging our goods management know-how acquired from lease transactions, as well as outsourcing business and credit guarantee business such as the collection of accounts receivable and settlement of accounts payable, focusing on the flow of goods and making extensive use of our credit and collection capabilities.

3) Supply and sales services

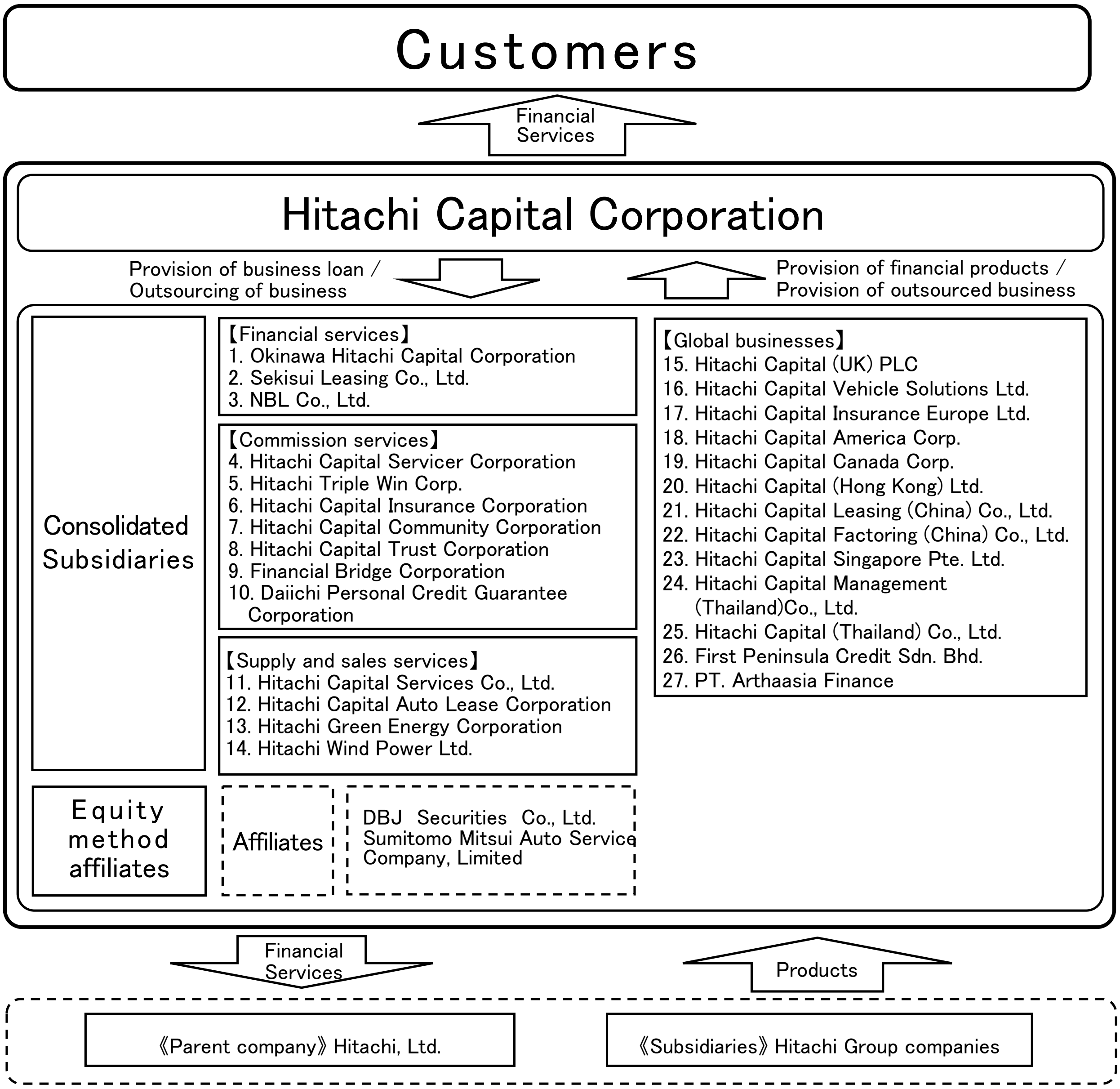
Supply and sales services are focused on the utility value and circulation of goods and include rental, auto lease and recycle and reuse transactions.

4) Global businesses

Global businesses include finance lease and auto lease business in overseas subsidiaries.

(3) Organization

The Group's businesses are organized as follows.



(Notes)

1. NBL Co., Ltd. became a wholly-owned subsidiary as a result of the additional share acquisition on April 1, 2013.
2. Hitachi Capital Factoring (China) Co., Ltd., established on August 20, 2013, became a consolidated subsidiary after the capital payment on October 18, 2013.
3. All shares of Hitachi Green Energy Corporation (former Hitachi Asset Funding Corporation) were transferred from Hitachi, Ltd. on September 1, 2013.
4. Hitachi Wind Power Ltd. was co-established with Hitachi, Ltd. on January 31, 2014 and became our consolidated subsidiary.
5. First Peninsula Credit Sdn. Bhd. increased its capital from RM3,000 thousand to RM15,000 thousand on March 11, 2014.

(4) Group Companies

(Parent company)

	Company name	Capital (¥ million)	Ownership ratio of voting rights (%)	Description of major business
1	Hitachi, Ltd.	458,790	60.66 (2.15)	Development, production, sales and provision of services of products related to information and telecommunication systems and power and industry systems

(Note) Figures in parenthesis represent indirect ownership ratio.

(Consolidated subsidiaries)

	Company name	Capital (¥ million)	Ownership ratio of voting rights (%)	Description of major business
1	Okinawa Hitachi Capital Corporation	30	100.00	Leasing services for information communication equipment and medical equipment / Auto leasing and loan services / Credit services for home appliances
2	Hitachi Capital Servicer Corporation	500	100.00	Collection management of monetary claims under the servicer law / Loan purchase and factoring
3	Hitachi Capital Services Co., Ltd.	130	100.00	Leased asset management agency / Old property collection and recycling business / Prepaid television service
4	Hitachi Capital Auto Lease Corporation	300	51.00	Auto leasing and vehicle management business
5	Hitachi Triple Win Corp.	50	100.00	Outsourcing of payroll calculation and accounting, treasury operations, and collections service for public fund receivables
6	Sekisui Leasing Co., Ltd.	100	90.00	General leasing business / Various types of loans
7	Hitachi Capital Insurance Corporation	6,200	79.36	Non-life insurance business / Agent service for other insurance companies and administrative operations
8	Hitachi Capital Community Corporation	80	100.00	Development, operation and management of commercial facilities and residential facility
9	Hitachi Capital Trust Corporation	1,000	100.00	Trust for monetary claims, movable estates, money, real estate, and securities / Property management / Sales of trust beneficiary rights
10	Financial Bridge Corporation	50	90.00	Provision of outsourcing services for "collective settlement system" service
11	Daiichi Personal Credit Guarantee Corporation	10	100.00	Credit guarantee for consumer finance
12	NBL Co., Ltd.	10,000	100.00	General Lease business
13	Hitachi Green Energy Corporation	3	100.00	Power generation by natural energy and others
14	Hitachi Wind Power Ltd.	50	85.10	Power generation by wind power

	Company name	Capital	Ownership ratio of voting rights (%)	Description of major business
15	Hitachi Capital (UK) PLC	£10,668 thousand	100.00	Leasing and credit services for industrial equipment / Invoice discounting and factoring / Credit service for PCs, furniture, and home appliances
16	Hitachi Capital Vehicle Solutions Ltd.	£1,700 thousand	100.00 (100.00)	Leasing for car and commercial vehicle / Fleet management
17	Hitachi Capital Insurance Europe Ltd.	€8,580 thousand	100.00 (100.00)	Underwriting of non-life insurance such as credit insurance / Underwriting of income indemnity insurance and product assurance insurance
18	Hitachi Capital America Corp.	US$13,000 thousand	100.00	Leasing, loan, and inventory finance and factoring services for information communication equipment, industrial equipment, medical equipment, trucks, and others
19	Hitachi Capital Canada Corp.	C$5,000 thousand	100.00 (100.00)	Leasing, loan, and inventory finance, and factoring information communication equipment, industrial equipment, trucks, and others
20	Hitachi Capital (Hong Kong) Ltd.	HK$10,000 thousand	100.00	Leasing and credit services for information communication equipment, industrial equipment, and others / Credit services for automobiles, PCs, furniture, residential equipment, home appliances, and others
21	Hitachi Capital Leasing (China) Co., Ltd.	US$100,000 thousand	90.00	Leasing services for medical equipment, industrial equipment
22	Hitachi Capital Factoring (China) Co., Ltd.	RMB 306,570 thousand	100.00	Factoring service
23	Hitachi Capital Singapore Pte. Ltd.	S$26,400 thousand	100.00	Leasing and credit services for information communication equipment, industrial equipment, and others / Credit services for PCs, furniture, residential equipment, home appliances / Car sales, auto leasing, car maintenance
24	Hitachi Capital Management (Thailand) Co., Ltd.	THB2,000 thousand	49.00 (24.50)	Consulting service for Hitachi Capital (Thailand) Co., Ltd.
25	Hitachi Capital (Thailand) Co., Ltd.	THB100,000 thousand	73.99 (49.49)	Leasing and credit services for information communication equipment, industrial equipment, and others
26	First Peninsula Credit Sdn. Bhd.	RM15,000 thousand	75.00	Finance for commercial vehicles and leasing for information communication equipment, industrial equipment, and others
27	PT. Arthaasia Finance	IDR 100,000,000 thousand	75.00	Financing for commercial and passenger vehicles and leasing for information communication equipment, industrial equipment, and others

(Note) Figures in parenthesis represent indirect ownership ratio.

3. Management Policies

(1) Basic Management Policy

[Management Philosophy]

The Hitachi Capital Group adopts the following management policy to "contribute to creating a better society through the cultivation of financial services needed by customers and society."

1. Sustainable growth

As a credibility-first financial service business, we will achieve sustainable growth backed by high-quality management.

2. Respect for human dignity

We will strive to increase our corporate strengths by improving ourselves as persons and treating each other with respect.

3. Implementation of corporate ethics

We will voluntarily act in accordance with laws and ethics and contribute to the development of a wholesome society.

(2) Mid- to Long-Term Management Strategies and Issues to be Addressed

While European and North American economy is expected to continue showing a modest growth and emerging economies including ASEAN countries are also expected to achieve higher economic growth than developed countries, the global economy could experience a significant deterioration resulting from a resurgence of the government debt issues and confusion of monetary policy in Europe and North America area or decelerating economy in China. In Japan, a gradual recovery of capital investments is expected to continue for a while due to factors including improvement in business sentiment as a result of monetary easing policy and recovering corporate performance as a result of correction of the yen appreciation. However, there are also possibilities that economic growth may be inhibited by structural issues such as further tax raise to achieve fiscal soundness or a decline in the labor force due to dwindling birth rate and an aging population.

Under such circumstances, the Group will accelerate business structural reform into a "highly competitive management base" through "Smart Transformation Project," and aim at regrowth of Japan business through business selection and concentration and "systematic globalization" by promoting growth strategy and strengthening governance, as well as promote group common business (collaboration with Hitachi Group, vehicle solution, and key account sales). We will also work on strengthening our management base to gain competitive advantage by maintaining sound financial structure, improving the quality of operations, and enhancing risk management.

Measures by service area are as follows:

1) Financial services

Businesses based on "products" such as finance lease remain as the Group's key business and our revenue base. However, as significant expansion of the market can no longer be expected in the future, we intend to value the marketability, sort out, shift management resources and improve cost structure by improving operation efficiency, in order to reform business structure promptly and ensure profitability.

2) Commission services

Commission services offer services leveraging our know-how on "products" management acquired from lease transactions, as well as focus on the flow of goods business and offer services focusing on management and consignment of products such as outsourcing business for collection of accounts receivable and settlement of accounts payable and credit guarantee business by taking advantage of our credit and collection capabilities. And we intend to improve profitability by scaling down consumer loan business with declining profitability and shifting resources to receivables collection business.

3) Supply and sales services

We will focus on the use, utility value and circulation of "products" in rental, auto lease and recycle/reuse transactions, and develop our business by specializing in focused products and high added value products.

4) Global businesses

In April 2014, the Group introduced a new position in charge of respective regional strategy in "Europe," "the Americas," "China" and "ASEAN" to clarify the responsibility of the business operation, in order to aim at further promotion of growth strategy and enhancement of governance. In ASEAN area where mid- to long-term growth can be expected, we established "Asia Pacific regional management company (in-house company)." With these efforts, we will promote regional strategy in global four centers and group common strategy (collaboration with Hitachi Group, vehicle solution, and key account sales).

(3) Target Management Indicator

The Group uses "ROE" and "OHR" as management indicators in the "Mid-Term Management Plan" for the period ending in FY2015 from a perspective of shareholder-oriented business, profitability and business efficiency.

The Group aims to improve these indicators by ensuring to achieve management strategies and address issues.

(4) Revision of Consolidated Targets of "Mid-Term Management Plan"

The Group revised the consolidated targets in the "Mid-Term Management Plan" for the period ending in FY2015 announced on June 4, 2013. The new consolidated targets are as follows.

	Previous targets (As of June 4, 2013)	Revised targets (As of April 24, 2014)
ROE (Return on equity)	≧8%	≧8%
Ordinary Income	¥34.0 billion	¥38.0 billion
OHR (Overhead ratio)	< 63%	< 63%

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	As of March 31, 2013	As of March 31, 2014
(Assets)		
Current assets		
Cash on hand and at bank	22,561	31,023
Trade receivables	706,993	955,301
Investment in direct finance leases	608,376	827,641
Parent company deposit	114,793	117,602
Short-term investments	6,700	7,033
Advance payments-trade	9,247	17,471
Prepaid expenses	5,961	6,280
Deferred tax assets	10,674	11,066
Other	18,107	18,227
Allowance for losses on receivables	△ 13,699	△16,086
Total current assets	1,489,718	1,975,561
Fixed assets		
Property and equipment		
Equipment held for lease	204,051	230,131
Equipment for company use		
Building and structures (net)	717	2,305
Machinery, equipment and vehicles (net)	788	3,122
Furniture and fixtures (net)	1,522	1,503
Land	133	129
Construction in progress	—	4,199
Total own-used assets	3,161	11,260
Total property and equipment	207,213	241,391
Intangible fixed assets		
Equipment held for lease	39,811	40,012
Other intangible assets		
Goodwill	5,453	3,028
Other	6,140	6,295
Total other intangible assets	11,593	9,323
Total intangible fixed assets	51,405	49,336
Investments and other assets		
Investments in securities	104,908	89,499
Deferred tax assets	8,377	12,298
Other	29,813	22,519
Allowance for doubtful accounts	△ 5	△5
Total investments and other assets	143,093	124,311
Total fixed assets	401,713	415,040
Total assets	1,891,431	2,390,601

(¥ million)

	As of March 31, 2013	As of March 31, 2014
(Liabilities)		
Current liabilities		
Trade payables	256,226	276,349
Short-term bank loans	221,315	319,639
Commercial paper	138,626	171,220
Current portion of bonds	42,561	106,757
Current portion of long-term obligation for securitized lease receivables	53,731	81,183
Accrued Payable	41,915	40,322
Income taxes payable	3,517	4,730
Allowance for losses on guarantees	3,978	3,500
Asset retirement obligations	64	556
Other	49,542	58,592
Total current liabilities	811,479	1,062,852
Fixed liabilities		
Bonds	249,739	314,720
Long-term debt	440,393	532,491
Long-term obligation for securitized lease receivables	36,429	89,123
Deferred tax liabilities	3,762	2,929
Retirement and severance benefits	4,469	—
Retirement benefits for directors	185	168
Reserve for insurance contract	6,724	7,228
Liabilities related to retirement benefits	—	7,766
Asset retirement obligations	5,213	5,761
Other	44,140	60,561
Total fixed liabilities	791,057	1,020,743
Total liabilities	1,602,537	2,083,595
(Net Assets)		
Stockholders' equity		
Common stock	9,983	9,983
Capital surplus	45,972	45,972
Retained earnings	235,504	252,581
Treasury stock	△ 14,331	△14,332
Total stockholders' equity	277,128	294,205
Accumulated other comprehensive income		
Net unrealized holding gain on securities	6,556	5,870
Net unrealized loss on hedge accounting	△ 1,434	△354
Foreign currency translation adjustments	△ 2,823	3,702
Accumulated adjustments related to retirement benefits	—	△6,288
Total accumulated other comprehensive income	2,298	2,930
Minority interests	9,466	9,869
Total net assets	288,894	307,005
Total liabilities and net assets	1,891,431	2,390,601

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

(¥ million)

	For the Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Revenues		
Operating revenues	102,392	126,927
Interest and dividend income	912	1,051
Total revenues	103,304	127,979
Expenses		
Selling, general and administrative expenses	61,335	75,244
Financing costs	16,347	20,135
Total expenses	77,683	95,380
Operating income	25,620	32,598
Non-operating revenues		
Gain on allotment of stock	1,753	1,103
Gain on sales of investment securities	88	45
Other	34	31
Total non-operating income	1,875	1,180
Non-operating expenses		
Loss on retirement of fixed assets	54	147
Loss on valuation of investment securities	12	1
Loss on redemption of short-term investments	11	—
Impairment loss	3	—
Loss on sales of investment securities	1	—
Other	10	10
Total non-operating expenses	94	159
Ordinary income	27,401	33,619
Extraordinary income		
Amortization of negative goodwill	—	1,771
Total extraordinary income	—	1,771
Extraordinary losses		
Loss on step acquisitions	—	1,011
Extra retirement payments	2,019	—
Total extraordinary losses	2,019	1,011
Income before income taxes and minority interests	25,382	34,380
Income taxes	5,456	8,843
Differed income taxes	2,467	2,615
Total income taxes	7,923	11,459
Income before minority interests	17,458	22,920
Minority interests	911	724
Net income	16,546	22,195

unaudited

Consolidated Statement of Comprehensive Income

(¥ million)

	For the Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Income before minority interests	17,458	22,920
Other comprehensive income		
Net unrealized holding gains (losses) on securities	△ 554	△723
Net unrealized gains (losses) on hedging derivatives	△ 289	1,080
Foreign currency translation adjustments	5,731	6,602
Accumulated adjustments related to retirement benefits	—	2,010
Share of other comprehensive income of affiliates accounted for by the equity method	32	87
Total other comprehensive income	4,920	9,056
Comprehensive income	22,379	31,977
（Comprehensive income attributable to）		
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	21,252	31,082
Comprehensive income attributable to minority interests	1,126	895

(3) Consolidated Statements of Changes in Net Assets

For the Year ended March 31, 2013 (April 1, 2012 to March 31, 2013) (¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholder's equity
Balance as of March 31, 2012	9,983	45,972	223,048	△14,331	264,673
Changes during the year					
Cash dividends			△4,091		△4,091
Net income			16,546		16,546
Purchase of treasury stock				△0	△0
Disposal of treasury stock			△0	0	0
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	12,455	△0	12,455
Balance as of March 31, 2013	9,983	45,972	235,504	△14,331	277,128

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of March 31, 2012	7,080	△1,144	△8,341	△2,406	8,137	270,404
Changes during the year						
Cash dividends						△4,091
Net income						16,546
Purchase of treasury stock						△0
Disposal of treasury stock						0
Net change in the items other than stockholders' equity during the period	△523	△289	5,518	4,705	1,329	6,034
Total change during the year	△523	△289	5,518	4,705	1,329	18,490
Balance as of March 31, 2013	6,556	△1,434	△2,823	2,298	9,466	288,894

For the Year ended March 31, 2014(April 1, 2013 to March 31, 2014) (¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholder's equity
Balance as of March 31, 2013	9,983	45,972	235,504	△14,331	277,128
Cumulative effect of changes in accounting policies			△92		△92
Shareholders' equity as restated	9,983	45,972	235,411	△14,331	277,036
Changes during the year					
Cash dividends			△5,026		△5,026
Net income			22,195		22,195
Purchase of treasury stock				△0	△0
Disposal of treasury stock					
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	17,169	△0	17,168
Balance as of March 31, 2014	9,983	45,972	252,581	△14,332	294,205

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance as of March 31, 2013	6,556	△1,434	△2,823	—	2,298	9,466	288,894
Cumulative effect of changes in accounting policies				△8,254	△8,254	△375	△8,722
Shareholders' equity as restated	6,556	△1,434	△2,823	△8,254	△5,955	9,091	280,171
Changes during the year							
Cash dividends							△5,026
Net income							22,195
Purchase of treasury stock							△0
Disposal of treasury stock							
Net change in the items other than stockholders' equity during the period	△685	1,080	6,525	1,966	8,886	778	9,664
Total change during the year	△685	1,080	6,525	1,966	8,886	778	26,833
Balance as of March 31, 2014	5,870	△354	3,702	△6,288	2,930	9,869	307,005

(4) Consolidated Cash Flows

(¥ million)

	For the Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	25,382	34,380
Depreciation	77,750	87,965
Gain on negative goodwill	—	△1,771
Loss on step acquisitions (△ represents gain)	—	1,011
Extra retirement payments	2,019	—
Depreciation of goodwill	1,306	2,348
Equity in earnings of affiliates(△ represents gain)	△ 1,753	△ 1,103
Interest and dividend income	△ 582	△651
Interest expense	13,941	17,615
Increase (decrease) in trade receivables (△ represents increase)	△ 5,890	△146,917
Increase in investment in direct finance lease (△ represents increase)	△ 72,583	△80,721
Decrease (increase) in allowance for doubtful accounts (△ represents decrease)	△ 936	△488
Increase in allowance for losses on loan guarantees (△ represents decrease)	△ 923	△478
Gain on disposal of equipment for leases (△ represents gain)	△ 1,488	△1,551
Acquisition of equipment for lease	△ 88,182	△114,906
Gain on sale of equipment for lease	51,621	49,032
Increase (decrease) in trade payable (△ represents decrease)	△ 13,054	17,075
Decrease in trade payable of collection under fluidity receivables (△ represents decrease)	△ 10,211	△176
Increase (decrease) in retirement and severance benefits (△ represents decrease)	△ 153	—
Decrease in liabilities related to retirement benefits (△ represents decrease)	—	△2,486
Other	3,508	14,670
Subtotal	△ 20,230	△127,153
Income taxes paid	△ 5,607	△6,147
Net cash provided by operating activities	△ 25,837	△133,300
Cash flows from investing activities		
Payments into time deposits	△ 8,002	△20,644
Proceeds from withdrawal of time deposits	7,712	14,859
Purchase from sale of short-term investments	△ 13,495	△6,597
Proceeds from sales and repayment of short-term investments	12,649	7,600
Purchase of investments in securities	△ 42,700	△1,847
Proceeds from sales and repayment of investment securities	15,600	5,811
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	△2,251
Purchase of investments in subsidiaries	△ 35	—
Payments for transfer of business	△ 1,373	—
Purchase of equipment for company use	△ 1,020	△8,410
Purchase of other intangible fixed assets	△ 3,100	△2,025
Interest and dividends received	1,281	1,675
Increase in short-term loans receivable (△ represents increase)	△ 5,000	—
Other	8	107
Net cash used in investing activities	△ 37,476	△11,722

(¥ million)

	For the Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Increase (decrease) in short-term loans (△represents decrease)	△ 13,689	△17,691
Increase (decrease) in commercial paper (△represents decrease)	30,643	△83,860
Proceeds from long-term borrowings	186,945	253,342
Payment of long-term borrowings	△ 137,297	△97,486
Issuance of bonds	103,625	162,953
Redemption of bonds	△ 88,095	△45,739
Interest paid	△ 13,773	△17,315
Acquisition of treasury stock (△ represents increase)	△ 0	△0
Proceeds from stock issuance to minority shareholders	412	108
Dividends paid to stockholders	△ 4,091	△5,026
Dividends paid to minority stockholders of subsidiaries	△ 216	△225
Net cash used in financing activities	64,463	149,057
Effect of exchange rate changes on cash and cash equivalents	1,778	1,359
Net increase (decrease) in cash and cash equivalents (△represents decrease)	2,928	5,394
Cash and cash equivalents at beginning of year	129,828	132,756
Cash and cash equivalents at end of year	132,756	138,150

(5) Notes to the Consolidated Financial Statements

(Notes concerning going concern)

Not applicable

(Significant basis for preparation of the consolidated financial statements)

1 Scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 27

Names of the consolidated subsidiaries are not disclosed here as they are listed in "2. The Hitachi Capital Group (4) Group Companies."

Companies newly consolidated from the current fiscal year include NBL Co., Ltd. due to additional acquisition of shares, Hitachi Green Energy Corporation (former Hitachi Asset Funding Corporation) due to new acquisition of shares, and Hitachi Capital Factoring (China) Co., Ltd. and Hitachi Wind Power Ltd. due to new establishment.

2 Application of the equity method

Number of affiliates accounted for using the equity method: 2

Name of companies: DBJ Securities Co., Ltd., Sumitomo Mitsui Auto Service Company, Limited

NBL Co., Ltd. was excluded from the scope of equity method application as it became a consolidated subsidiary as a result of acquisition of additional shares during the current consolidated fiscal year.

3 Fiscal year of consolidated subsidiaries

The fiscal year-ends of the consolidated subsidiaries which differ from that of the Company were as follows:

Company name	Fiscal year-end	
Hitachi Capital Leasing (China) Co., Ltd.	December 31	*1
Hitachi Capital Factoring (China) Co., Ltd.	December 31	*1
PT. Arthaasia Finance	December 31	*1

*1: The Company used the preliminary financial statements of the company as of the consolidated fiscal year-end.

4 Accounting policies

(1) Valuation basis and method for major assets

1) Securities

Debt securities held to maturity

Debt securities held to maturity are stated at amortized cost.

Available-for-sale securities

With fair value:

Securities with fair value are marked to market based on the market value at the consolidated fiscal year-end (Unrealized gains and losses are directly recorded in net assets and cost of securities sold is calculated using the moving-average method).

Without fair value:

Securities without fair value are stated at cost based on the moving-average method.

2) Derivative: Marked to market

(2) Depreciation method for major depreciable assets

1) Assets for rent

Assets for rent are depreciated using the straight line method over the lease term.

2) Property and equipment other than equipment held for lease

Property and equipment other than equipment held for lease are depreciated using the straight line method.

3) Intangible fixed assets other than equipment held for lease

Intangible fixed assets other than equipment held for lease are depreciated using the straight line method.

Software is amortized using the straight line method over the internal useful life of five years.

(3) Accounting for major allowances

1) Allowance for doubtful accounts

Trade receivables are classified into five categories based on the historical data of collection: performing, special mention, possible bankrupt, substantially bankrupt, and legally bankrupt. The unrecoverable amount for each category is estimated as follows:

(i) Allowance for performing receivables is provided for the estimated uncollectible amount calculated using the actual loss ratio taking into consideration the business characteristics such as collection term.

(ii) Allowance for special mention is provided for the estimated uncollectible amount based on the assessment of individual receivable status.

(iii) Allowance for possible bankrupt receivables is provided for the full amount of the receivable.

(iv) No allowance for substantially and legally bankrupt receivables is provided as the entire amount of such receivable are expensed as credit loss.

2) Allowance for losses on guarantees

Allowance for losses on guarantees is provided for the estimated uncollectible amount calculated using the same criteria as allowance for doubtful accounts.

3) Retirement benefits for directors

As of March 31, 2008, retirement benefits for director were terminated.

The remaining balance as of March 31, 2014 will be reversed when the directors retire and the amount of retirement benefits is determined.

(4) Accounting for retirement benefits

1) Attributing expected retirement benefits

In calculating retirement benefit obligations, expected retirement benefits are attributed to the current consolidated fiscal year using the benefit formula.

2) Recording actuarial differences and prior service costs

Prior service costs are amortized using the straight-line method over a certain number of years within the average remaining working life of employees (9 to 19 years) at the time when the costs incurred.

Actuarial differences are amortized from the following consolidated fiscal year of incurrence using the straight-line method over a certain number of years within the average remaining working life of employees (9 to 22 years) at the time when the differences incurred.

(5) Revenue recognition

1) Finance lease

Interest income is recorded during each fiscal period as operating revenues mainly by the interest method.

For finance lease transactions that do not transfer ownership which commenced prior to the application of accounting standard for lease transactions on April 1, 2008, the total amount equivalent to interest is allocated and recognized in equal amounts over the lease term.

2) Operating lease

Lease revenue is recognized over the lease term when lease payments become due.

3) Loan guarantee arrangements

The fees from customers are recognized at the inception of loans when the customers pay total commissions. The amount of the guarantee commissions received from the financial institutions is recognized by the interest method.

4) Purchase of installment receivables

Interest income is recorded as operating revenue by the interest method and allocated to each fiscal period.

5) Installment sales

Interest income on installment sales is recognized as operating revenue by the interest method and allocated to each fiscal period.

(6) Accounting for material hedge transactions

1) Method of hedge accounting

Deferred hedge method is used.

Special accounting method is used for interest rate swaps which meet certain requirements.

2) Hedge instruments and hedged items

Hedge instruments: Interest rate swaps, currency swaps and forward exchange contracts

Hedged items: Receivables, payables and forecasted transactions

3) Hedge policy

Derivative transactions are used to hedge interest rate and currency risk arising from financing activities.

Counterparties to derivative transactions are limited to financial institutions with a high credit rating.

4) Evaluation method for hedge effectiveness

Hedge effectiveness is evaluated by comparing the accumulated changes in quoted price of or cash flows from the hedged items and the accumulated changes in quoted price of or cash flows from the hedging instruments and analyzing their rate of variability.

(7) Amortization method and period of goodwill

Goodwill is generally amortized in equal amount over five years. Hitachi Capital (UK) PLC, a wholly-owned subsidiary, amortizes goodwill in equal amount over 20 years.

(8) Scope of cash and cash equivalent on the consolidated statement of cash flows

Cash and cash equivalent consist of cash on hand, demand deposit, deposit, and short-term investments with an original maturity of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

(9) Other significant matters for preparation of the consolidated financial statements

1) Accounting for consumption taxes

Consumption taxes for domestic companies are accounted for using the tax exclusive method.

2) Application of consolidated tax payment system

The Group applies the consolidated tax payment system.

(Changes in accounting policies)

As Accounting Standards Board of Japan ("ASBJ") Statement No. 26, "Accounting Standard for Retirement Benefits" (May 17, 2012) and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits" (May 17, 2012) (collectively, "Standards") became effective from the year beginning on or after April 1, 2013, the Group adopted the Standards from the year ended March 31, 2014, adopted the method to record the difference between retirement benefit obligations and pension assets as liabilities related to retirement benefits, and recorded unrecognized actuarial differences and unrecognized prior service costs as liabilities related to retirement benefits. Also, the Group reviewed the method to record retirement benefit obligations and service costs, and changed the method of attributing expected retirement benefits from straight-line basis to benefit formula basis.

In adopting the Standards, the effect of recording the difference between retirement benefit obligations and pension assets as liabilities related to retirement benefits is included in accumulated adjustments related to retirement benefits in accumulated other comprehensive income on April 1, 2013 in accordance with the transitional treatment set forth in Article 37 of the Accounting Standard for Retirement Benefits. Also, the effect of changing calculation method of retirement benefit obligations and service costs is included mainly in retained earnings.

As a result, liabilities related to retirement benefits of ¥9,689 million were recorded on April 1, 2013, and accumulated other comprehensive income as of April 1, 2013 decreased by ¥8,254 million, retained earnings decreased by ¥92 million and minority interests decreased by ¥375 million. The impact on consolidated earnings is insignificant.

Net assets per share as of March 31, 2014 decreased by ¥57.02.

(Changes in presentation)

(Consolidated statements of income)

"Gain on sales of noncurrent assets" which were separately presented in "Non-operating revenues" in the previous consolidated fiscal year is included in "Other" in the current consolidated fiscal year as the amount became insignificant. In order to reflect this change in presentation, the consolidated financial statements of the previous consolidated fiscal year were reclassified.

As a result, "Gain on sales of noncurrent assets" of ¥0 million presented in "Non-operating revenues" in the previous consolidated fiscal year was reclassified to "Other."

(Consolidated balance sheets)

(¥ million)

	Previous Fiscal Year	Current Fiscal Year
1. Accumulated depreciation of tangible fixed assets	1,323,914	1,207,951
2. Accumulated reduction entry of tangible fixed assets	571	609
3. Outstanding balance of guarantee obligation	416,944	345,181

(Consolidated Statements of Changes in Net Assets)

Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

1 Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2012	Increase	Decrease	Number of shares at March 31, 2013
Shares issued and outstanding				
Common stock (shares)	124,826,552	—	—	124,826,552
Total	124,826,552	—	—	124,826,552
Treasury stock				
Common stock (shares)	7,938,761	176	38	7,938,899
Total	7,938,761	176	38	7,938,899

(Summary of changes)

Number of treasury stock increased due to the following reason:

Purchase of treasury stock 176 shares

Number of treasury stock decreased due to the following reason:

Disposal of treasury stock 38 shares

2 Subscription rights to new shares and treasury subscription rights to shares

Not applicable

3 Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on May 25, 2012	Common stock	1,987	17.00	March 31, 2012	May 30, 2012
Board of Directors Meeting on October 29, 2012	Common stock	2,103	18.00	September 30, 2012	November 28, 2012

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on May 30, 2013	Common stock	2,337	Retained earnings	20.00	March 31, 2013	May 31, 2013

Current consolidated fiscal year (From April 1, 2013 to March 31, 2014)

1 Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2013	Increase	Decrease	Number of shares at March 31, 2014
Shares issued and outstanding				
Common stock (shares)	124,826,552	—	—	124,826,552
Total	124,826,552	—	—	124,826,552
Treasury stock				
Common stock (shares)	7,938,899	310	—	7,939,209
Total	7,938,899	310	—	7,939,209

(Summary of changes)

Number of treasury stock increased due to the following reason:

Purchase of treasury stock 310 shares

2 Subscription rights to new shares and treasury subscription rights to shares

Not applicable

3 Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on May 30, 2013	Common stock	2,337	20.00	March 31, 2013	May 31, 2013
Board of Directors Meeting on October 25, 2013	Common stock	2,688	23.00	September 30, 2013	November 27, 2013

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

The following dividend is expected to be approved.

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on May 29, 2014	Common stock	2,922	Retained earnings	25.00	March 31, 2014	May 30, 2014

(Consolidated statement of cash flows)

A reconciliation of cash and cash equivalent and the account balance on the consolidated balance sheet

(¥ million)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Cash and deposits	22,561	31,023
Parent company deposits	114,793	117,602
Total	137,355	148,625
Time deposits with a maturity of more than three months	△4,598	△10,474
Cash and cash equivalent	132,756	138,150

(Segment information)

【Segment information】

1 Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available that are reviewed by the Board of Directors regularly to make decisions regarding the allocation of management resources and evaluate operating performance.

The Hitachi Capital Group provides a wide range of financial services and systems that focus on "products" aimed at meeting our customers' needs while also deepening ties with affiliated companies.

The Group has four reportable segments: Financial services based on "products"; Commission services that leverage management know-how about "products"; Supply and sales services that concentrate on the use, utility value and circulation of "products"; and Global businesses such as finance lease transactions in different countries.

Financial services provide finance business based on "products" including finance leases.

Commission services include services leveraging management know-how about "products" as well as outsourcing business and credit guarantee business that focus on the flow of "products" and make extensive use of our credit and collection capabilities, such as collection of accounts receivable and settlement of accounts payable.

Supply and sales services focus on the use, utility value and circulation of "products" and include rental, auto lease and recycling and reuse-based transactions.

Global businesses include finance leases at each overseas site.

2 Calculation methods of revenues, income or loss by reportable segments

Accounting policies for the reportable business segments are consistent with those described in "Significant Basis for Preparation of the Consolidated Financial Statements."

Inter-segment revenues and transfers are based on market prices.

3 Information on revenues and income or loss for the respective reporting segments

For the Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(¥ million)

	Reporting segments					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Financial services	Commission services	Supply and sales services	Global businesses	Subtotal				
Revenues									
Revenues from third parties	36,646	14,971	11,072	40,080	102,771	533	103,304	—	103,304
Intersegment revenues Revenues and transfers	1,697	1,039	658	—	3,395	—	3,395	(3,395)	—
Total	38,344	16,011	11,731	40,080	106,166	533	106,700	(3,395)	103,304
Segment profit	11,947	1,698	3,435	12,221	29,302	533	29,835	(4,214)	25,620

(Note) 1. “Others” section represents the financial revenue of headquarters management division that does not belong to reporting segments.
2. Adjustment of segment profit (4,214) million yen includes the amount (432) million yen as elimination of intra-segment transaction and elimination of transaction of dividends with consolidated subsidiaries and the amount (3,781) million yen as company-wide expense that is not allocated in respective reporting segments. The company-wide expense mainly means general and administrative expense that does not belong to the reporting segments.
3. The segment profit is adjusted with the operating income of consolidated statements of income.
4. Goodwill and assets are not allocated to individual segments.Goodwill arose from the acquisition of a subsidiary. Of this amount 1,306 million yen has been amortized, and an unamortized balance of 5,453 million yen remains.

For the Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(¥ million)

	Reporting segments					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Financial services	Commission services	Supply and sales services	Global businesses	Subtotal				
Revenues									
Revenues from third parties	46,467	14,341	11,143	55,456	127,409	569	127,979	—	127,979
Intersegment revenues Revenues and transfers	1,350	952	530	—	2,833	—	2,833	(2,833)	—
Total	47,818	15,294	11,673	55,456	130,243	569	130,813	(2,833)	127,979
Segment profit	17,114	1,454	3,115	15,672	37,356	569	37,926	(5,327)	32,598

(Note) 1. “Others” section represents the financial revenue of headquarters management division that does not belong to reporting segments.
2. Adjustment of segment income (5,327) million yen includes the amount (39) million yen as elimination of intra-segment transaction and elimination of transaction of dividends with consolidated subsidiaries and the amount (5,288) million yen as company-wide expense that is not allocated in respective reporting segments. The company-wide expense mainly means general and administrative expense that does not belong to the reporting segments.
3. The segment profit is adjusted with the operating income of consolidated statements of income.
4. Goodwill and assets are not allocated to individual segments.Goodwill arose from the acquisition of a subsidiary. Of this amount 2,348 million yen has been amortized, and an unamortized balance of 3,028 million yen remains.
5. During the year ended March 31, 2014, "Overseas businesses" was renamed to "Global businesses."

(Per share information)

Basis for calculation of net assets per share and earnings per share are as follows.

Items	Previous Consolidated Fiscal Year-End (March 31, 2013)	Current Consolidated Fiscal Year-End (March 31, 2014)
(1) Net assets per share	2,390.56 Yen	2,542.07 Yen
(Basis for calculation)		
Total net assets (¥ million)	288,894	307,005
Exclusion from total net assets (¥ million)	9,466	9,869
(Of which, minority interests) (¥ million)	(9,466)	(9,869)
Net assets attributable to common stock at March 31 (¥ million)	279,427	297,136
Number of common stock used in calculation of net assets per share at year-end (shares)	116,887,653	116,887,343

Items	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
(2) Earnings per share	141.56 Yen	189.89 Yen
(Basis for calculation)		
Net income on Consolidated statements of income	16,546	22,195
Net income attributable to common stock (¥ million)	16,546	22,195
Amount not attributable to common stockholders (¥ million)	—	—
Weighted average number of common stock during the year (shares)	116,887,771	116,887,531

(Note) Diluted earnings per share is not disclosed as the Company has no dilutive shares.

(Significant subsequent events)

Not applicable

＜Supplementary Information ＞

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ended March 31, 2014

(￥ million)

	No.	1st Quarter (April 1, 2013 - June 30, 2013)	2nd Quarter (July 1, 2013 - September 30, 2013)	3rd Quarter (October 1, 2013 - December 31, 2013)	4th Quarter (January 1, 2014 - March 31, 2014)	Annual Cumulative (April 1, 2013- March 31, 2014)
Revenues	1	30,990	31,553	31,821	33,613	127,979
Operating revenues	2	30,745	31,311	31,559	33,311	126,927
Interest and dividend income	3	245	241	262	302	1,051
Expenses	4	23,238	23,442	23,444	25,255	95,380
Selling, general and administrative expenses	5	18,699	18,673	18,476	19,395	75,244
Financing costs	6	4,538	4,769	4,968	5,859	20,135
Operating income	7	7,752	8,110	8,377	8,358	32,598
Non-operating revenues	8	420	282	136	340	1,180
Non-operating expenses	9	12	59	42	44	159
Ordinary income	10	8,160	8,333	8,471	8,653	33,619
Extraordinary gains/losses	11	760	—	—	—	760
Income before income taxes and minority interests	12	8,920	8,333	8,471	8,653	34,380
Income taxes	13	3,116	1,786	2,852	3,704	11,459
Income before minority interests	14	5,803	6,547	5,619	4,949	22,920
Minority interests	15	292	252	148	31	724
Net income	16	5,511	6,295	5,470	4,918	22,195

Consolidated Results for the Year Ended March 31, 2013

(￥ million)

	No.	1st Quarter (April 1, 2012 - June 30, 2012)	2nd Quarter (July 1, 2012 - September 30, 2012)	3rd Quarter (October 1, 2012 - December 31, 2012)	4th Quarter (January 1, 2013 - March 31, 2013)	Annual Cumulative (April 1, 2012– March 31, 2013)
Revenues	1	24,729	24,324	25,396	28,853	103,304
Operating revenues	2	24,569	24,118	25,219	28,485	102,392
Interest and dividend income	3	160	205	177	368	912
Expenses	4	18,410	18,804	20,206	20,262	77,683
Selling, general and administrative expenses	5	14,578	15,058	15,857	15,841	61,335
Financing costs	6	3,831	3,746	4,349	4,420	16,347
Operating income	7	6,319	5,520	5,189	8,591	25,620
Non-operating revenues	8	390	971	291	222	1,875
Non-operating expenses	9	13	16	4	60	94
Ordinary income	10	6,696	6,475	5,477	8,753	27,401
Extraordinary gains/losses	11	—	—	—	△ 2,019	△ 2,019
Income before income taxes and minority interests	12	6,696	6,475	5,477	6,733	25,382
Income taxes	13	2,606	1,795	2,021	1,499	7,923
Income before minority interests	14	4,089	4,679	3,455	5,234	17,458
Minority interests	15	180	193	253	284	911
Net income	16	3,908	4,485	3,202	4,950	16,546

(2) Contract Segment Information

1) For the Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014) (¥ million, %)

	No	Domestic consolidated				Overseas consolidated			Consolidated Total
		Lease	Guarantees	Installments and others	Total	Lease	Installments and others	Total	
Revenues	1	50,326	4,492	17,703	72,522	22,407	33,048	55,456	127,979
(Composition %)		(39)	(4)	(14)	(57)	(17)	(26)	(43)	(100)
(Y on Y Change %)		(20)	(△16)	(12)	(15)	(47)	(33)	(38)	(24)
Volume of business	2	522,782	50,031	706,086	1,278,900	168,416	507,024	675,441	1,954,341
(Composition %)		(27)	(2)	(36)	(65)	(9)	(26)	(35)	(100)
(Y on Y Change %)		(36)	(△50)	(5)	(11)	(18)	(52)	(42)	(20)
Total accounts receivable	3	1,283,591	294,956	574,566	2,153,114	263,776	635,987	899,763	3,052,877
(Composition %)		(42)	(10)	(19)	(71)	(8)	(21)	(29)	(100)
(Y on Y Change %)		(23)	(△21)	(△4)	(7)	(21)	(48)	(39)	(15)

2) For the Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013) (¥ million, %)

	No	Domestic consolidated				Overseas consolidated			Consolidated Total
		Lease	Guarantees	Installments and others	Total	Lease	Installments and others	Total	
Revenues	1	42,052	5,318	15,853	63,224	15,206	24,873	40,080	103,304
(Composition %)		(41)	(5)	(15)	(61)	(15)	(24)	(39)	(100)
(Y on Y Change %)		(△3)	(△11)	(4)	(△2)	(35)	(45)	(41)	(11)
Volume of business	2	384,780	101,044	669,301	1,155,126	142,261	334,602	476,863	1,631,990
(Composition %)		(24)	(6)	(41)	(71)	(9)	(20)	(29)	(100)
(Y on Y Change %)		(△8)	(△17)	(5)	(△2)	(45)	(31)	(35)	(7)
Total accounts receivable	3	1,046,381	371,928	597,888	2,016,198	217,297	428,534	645,832	2,662,030
(Composition %)		(39)	(14)	(23)	(76)	(8)	(16)	(24)	(100)
(Y on Y Change %)		(△7)	(△10)	(△7)	(△7)	(62)	(40)	(46)	(2)

Notes:
1. Total accounts receivable include off-balance sheet assets.
2. "Lease" includes lease rentals, auto leases and other items.
3. "Guarantees" include loan sales through alliances and other items.
4. "Installments and others" include installment sales, business loans (including home loans), card services and other items.

(3) Segmented Information by Region

1) For the Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(¥ million)

	No	Japan	Europe and North America	Asia	Total	Adjustment	Consolidated total
Revenues	1	71,952	35,828	19,628	127,409	569	127,979
Operating income	2	21,684	12,223	3,449	37,356	△ 4,758	32,598

2) For the Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(¥ million)

	No	Japan	Europe and North America	Asia	Total	Adjustment	Consolidated total
Revenues	1	62,690	25,245	14,834	102,771	533	103,304
Operating income	2	17,081	8,293	3,927	29,302	△ 3,681	25,620

Notes:
1. The classification of country or region is based on similarities in economic activities.
2. Principal countries and regions in each category are as follows.
   (1) Europe and North America: United Kingdom, Ireland, United States, and Canada
   (2) Asia: Singapore, China, Thailand, Malaysia, and Indonesia

(4) Segmented Information by Business

(Consolidated Revenues) (￥ million, %)

	No	Year Ended March 31, 2013	Composition	Year Ended March 31, 2014	Composition	Y on Y change
Financial services	1	38,344	37.1	47,818	37.4	24.7
Farms, agricultural corporations, medical and nursing service providers	2	6,215	6.0	6,299	4.9	1.3
Corporate	3	30,003	29.1	39,563	31.0	31.9
Consumers	4	2,109	2.0	1,955	1.5	△7.3
Financial revenue, and others	5	15	0.0	0	0.0	△96.0
Commission services	6	16,011	15.5	15,294	12.0	△4.5
Farms, agricultural corporations, medical and nursing service providers	7	1,366	1.3	1,155	0.9	△15.4
Corporate	8	11,305	11.0	11,384	8.9	0.7
Consumers	9	3,919	3.8	3,275	2.6	△16.4
Financial revenue, and others	10	△579	△0.6	△519	△0.4	–
Supply and sales services	11	11,731	11.4	11,673	9.1	△0.5
Corporate	12	11,712	11.4	11,662	9.1	△0.4
Financial revenue, and others	13	18	0.0	10	0.0	△41.9
Global businesses	14	40,080	38.8	55,456	43.3	38.4
Total of reporting segments	15	106,166	102.8	130,243	101.8	22.7
Others	16	533	0.5	569	0.4	6.8
Adjustment	17	△3,395	△3.3	△2,833	△2.2	–
Consolidated Revenues	18	103,304	100.0	127,979	100.0	23.9

Notes:

1. Financial services are based on “products” and include operating leases and credit with residual value besides finance leases.
2. Commission services are focused on management and consignment of products and include services leveraging our goods management know-how acquired from lease transactions, as well as outsourcing business and credit guarantee business such as the collection of accounts receivable and settlement of accounts payable, focusing on the flow of goods and making extensive use of our credit and collection capabilities.
3. Supply and sales services are focused on the utility value and circulation of goods and include rental, auto lease and recycle and reuse transactions.
4. Global businesses include finance lease and auto lease business in overseas subsidiaries.

(Consolidated Business Volume) (¥ million, %)

	No	Year Ended March 31, 2013	Composition	Year Ended March 31, 2014	Composition	Y on Y change
Financial services	1	499,327	30.6	670,665	34.3	34.3
Agriculture	2	13,840	0.8	31,657	1.6	128.7
Medical and nursing service providers	3	38,530	2.4	43,589	2.2	13.1
Corporate	4	440,312	27.0	596,533	30.5	35.5
(Information equipment related)	5	197,155	12.1	309,166	15.8	56.8
(Industrial construction machinery)	6	49,386	3.0	51,863	2.7	5.0
(Commercial logistics related)	7	37,756	2.3	65,168	3.3	72.6
(Residential CMS)	8	94,052	5.8	104,988	5.4	11.6
(Others)	9	61,962	3.8	65,346	3.3	5.5
Consumers	10	7,881	0.5	9,107	0.5	15.6
Elimination and others	11	△1,237	△0.1	△ 10,222	△0.5	-
Commission services	12	593,845	36.4	543,768	27.8	△ 8.4
Agriculture	13	22,739	1.4	14,313	0.7	△ 37.1
Medical and nursing service providers	14	3,005	0.2	1,397	0.1	△ 53.5
Corporate	15	504,200	30.9	501,191	25.6	△ 0.6
(Card business)	16	48,491	3.0	53,782	2.7	10.9
(Non-life insurance business)	17	3,918	0.2	3,837	0.2	△ 2.1
(Securitization business)	18	125,036	7.7	126,483	6.5	1.2
(Outsourcing business)	19	312,626	19.1	306,061	15.7	△ 2.1
(Information equipment related and others)	20	14,128	0.9	11,027	0.6	△ 21.9
Consumers	21	77,093	4.7	37,120	1.9	△ 51.9
(Automobile loans and credit)	22	61,542	3.8	30,568	1.6	△ 50.3
(Home appliances and home refurbishment)	23	11,198	0.7	6,529	0.3	△ 41.7
(Home loans)	24	4,352	0.2	21	0.0	△ 99.5
Elimination and others	25	△13,193	△0.8	△ 10,253	△0.5	-
Supply and sales services	26	61,953	3.8	64,466	3.3	4.1
Corporate	27	64,104	3.9	66,636	3.4	3.9
(Information equipment related and others)	28	5,434	0.3	11,147	0.6	105.1
(Automobile leases)	29	51,920	3.2	48,445	2.5	△ 6.7
(Outsourcing business)	30	6,748	0.4	7,043	0.3	4.4
Elimination and others	31	△2,151	△0.1	△ 2,169	△0.1	-
Domestic consolidated business volume	32	1,155,126	70.8	1,278,900	65.4	10.7
Overseas consolidated business volume	33	476,863	29.2	675,441	34.6	41.6
Consolidated business volume	34	1,631,990	100.0	1,954,341	100.0	19.8

(Notes)

1. Financial services are based on “products” and include operating leases and credit with residual value besides finance leases.
2. Commission services are focused on management and consignment of products and include services leveraging our goods management know-how acquired from lease transactions, as well as outsourcing business and credit guarantee business such as the collection of accounts receivable and settlement of accounts payable, focusing on the flow of goods and making extensive use of our credit and collection capabilities.
3. Supply and sales services are focused on the utility value and circulation of goods and include rental, auto lease and recycle and reuse transactions.
4. Others shown under Corporate in Financial services include scientific instruments, maintenance services, and other items.