

Consolidated First Quarter Earnings Report [Japan GAAP]

For the Three Months Ended June 30, 2014



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 Stock Code: 8586 URL: <http://www.hitachi-capital.co.jp>
 Stock Listing: Tokyo Stock Exchange
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 Scheduled date of submission of financial reports: August 11, 2014
 Preparation of supplementary material for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(All amounts rounded down)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

(1) Consolidated Operating Results (Cumulative)

(year-on-year change %)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three Months Ended June 30, 2014	34,500	11.3	9,157	18.1	10,089	23.6	6,579	19.4
Three Months Ended June 30, 2013	30,990	25.3	7,752	22.7	8,160	21.9	5,511	41.0

Note: Comprehensive income: Three Months Ended June 30, 2014: ¥7,304 million (Δ 11.1%); Three Months Ended June 30, 2013: ¥8,218 million (227.4%)

	Net income per share	Diluted net income per share
	¥	¥
Three Months Ended June 30, 2014	56.29	—
Three Months Ended June 30, 2013	47.15	—

(Ref.) Volume of business: Three Months Ended June 30, 2014: ¥483,074 million; Three Months Ended June 30, 2013: ¥474,179 million

(2) Consolidated Financial Position

	Total assets	Net assets	Stockholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2014	2,463,185	311,482	12.2
As of March 31, 2014	2,390,601	307,005	12.4

(Ref.) Stockholders' equity: As of June 30, 2014: ¥301,516 million; As of March 31, 2013: ¥297,136 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
Year Ended March 31, 2014	—	23.00	—	25.00	48.00
Year Ending March 31, 2015	—	—	—	—	—
Year Ending March 31, 2015 (Forecast)	—	25.00	—	25.00	50.00

Note: Changes from the latest released dividend forecasts: None

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	Δ 4.7	96.25
Fiscal year	137,800	7.7	33,100	1.5	34,000	1.1	23,100	4.1	197.63

Note: Changes from the latest released performance forecasts: None

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

* Notes

(For details, please refer to "Matters concerning Summary Information (Notes)" on page 6.)

- (1) Major changes in among subsidiaries in the consolidated cumulative period of the period under review : None
- (2) Application of specified accounting treatment used in preparation of quarterly consolidated financial statements : Yes
- (3) 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 : None
 - (iii) Changes to accounting estimates : None
 - (iv) Restatements : None
- (4) Number of outstanding shares (common shares)
- (i) Shares issued at end of term (including treasury stock)

As of June 30, 2014	: 124,826,552 shares	As of March 31, 2014:	124,826,552 shares
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 - (ii) Treasury stock at end of term

As of June 30, 2014	: 7,939,209 shares	As of March 31, 2014:	7,939,209 shares
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 - (iii) Weighted average number of shares outstanding

Three months ended June 30, 2014	: 116,887,343 shares	Three months ended June 30, 2013:	116,887,648 shares
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* Information regarding the implementation of quarterly review procedures

It is under the review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

* Explanation of the proper use of forecasts and other special notes

Consolidated forecasts stated herein have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results due to a variety of reasons. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to "(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast" on page 5.

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1. Qualitative Information Concerning Financial Results for the First Quarter Ended June 30, 2014

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the three months ended June 30, 2014 were as follows:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change (¥ million, %)
Volume of business	474,179	483,074	1.9
Revenues	30,990	34,500	11.3
Operating income	7,752	9,157	18.1
Ordinary income	8,160	10,089	23.6
Net income	5,511	6,579	19.4

In June 2013, the Group announced “Mid-Term Management Plan” for the period ending in FY2015, under which we are working on the transformation into a “highly competitive management base” by focusing primarily on business structural reform through “transformation.” While we aim to achieve growth strategies with the group common strategy (collaboration with the Hitachi Group, vehicle solution, and key account sales) in addition to regional strategy in Japan and in four centers of Global Business (Europe, the Americas, China and ASEAN), 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 three months ended June 30, 2014, Japan Business worked on enhancement of profitability through business selection and concentration by focusing on social infrastructure, environment/renewable energy and vendor finance. In environment/ renewable energy sector, we promoted Renewable Energy business such as “Hitachi Kitaura Complex Town solar power generation plant” by combining the financial service of the Hitachi Capital Group and solar power generating system of the Hitachi Group. As we will start the relocation of headquarters and consolidating offices of group companies in metropolitan area from July 2014, we will further accelerate the improvement of operational efficiency and “Working method transformation” and enhance customer-oriented, key account sales throughout the Group. In Global Business, we introduced a new position in April 2014 in charge of business execution in four centers (Europe, the Americas, China, and ASEAN) to work on “systematic globalization” with a further promotion of growth strategy and enhancement of governance. In Europe and North America, we consolidated Corpo Flota Sp. z o.o. in Poland and CLE Canadian Leasing Enterprises Ltd. in Canada as a subsidiary in April and May 2014, respectively, for the enhancement of Vehicle Solutions. On the other hand, from the second quarter of FY2013, we continued to focus on business structural reform such as improvement of receivable quality and replacing the business portfolio in Mainland China and some regions in ASEAN where business risks have been identified.

Consolidated volume of business for the three months ended June 30, 2014 increased 1.9% year on year to ¥483,074 million as Global Business showed a steady growth especially in Europe and North America while Japan Business decreased due to a backlash after the last-minute rise in demand before the consumption tax increase and decline in the factoring business.

Revenues increased 11.3% to ¥34,500 million due to expansion of Global Business, etc. Expenses increased 9.1% to ¥25,343 million due to business expansion. As a result, operating income increased 18.1%

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to ¥9,157 million, and ordinary income increased 23.6% to ¥10,089 million mainly due to recording of gain on sales of investment securities in addition to an increase in operating income. Net income for the quarter increased 19.4% to ¥6,579 million.

2) Key management indicators (annualized)

(%)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
ROE	8.1	8.8
ROA	1.6	1.7
Stockholders' equity ratio	12.5	12.2

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of June 30, 2014 was as follows:

(¥ million, %)

	As of March 31, 2014	As of June 30, 2014	Change	
			Amount	%
Total assets	2,390,601	2,463,185	72,583	3.0
Interest-bearing debt	1,444,830	1,529,632	84,801	5.9
Net assets	307,005	311,482	4,476	1.5

i . Total assets

Total assets as of June 30, 2014 increased ¥72,583 million from March 31, 2014 to ¥2,463,185 million due to increases in trade receivables mainly in Europe and increase in investment in direct finance leases mainly in the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of June 30, 2014 increased ¥84,801 million from March 31, 2014 to ¥1,529,632 million due to increases in bonds mainly in Japan and Europe.

iii . Net assets

Net assets as of June 30, 2014 increased ¥4,476 million from March 31, 2014 to ¥311,482 million, and major components consist of net income for the three months of ¥6,579 million and dividend payment of ¥2,922 million.

2) Cash flows

Cash and cash equivalents as of June 30, 2014 decreased ¥1,518 million from March 31, 2014 to ¥136,631 million.

Cash flows by activity were as follows:

(¥ million)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Cash flows from operating activities	Δ121,831	Δ71,547
Cash flows from investing activities	2,824	Δ1,844
Cash flows from financing activities	120,583	72,067

i . Cash flows from operating activities

Net cash used in operating activities was ¥71,547 million. This was primarily due to an increase in trade receivables of ¥51,620 million, an increase in investment in direct finance leases of ¥6,892 million, acquisition of equipment for lease of ¥26,158 million, and gain on sale of equipment for lease of ¥12,899 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥1,844 million mainly due to purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥7,019 million, purchase of equipment for company use mainly for renewable energy business of ¥2,337 million, and increase in short-term loans receivable of ¥5,000 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥72,067 million mainly due to issuance of bonds of ¥106,158 million, net decrease in commercial paper of ¥27,897 million, and proceeds from long-term borrowings of ¥22,629 million.

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 ¥73,392 million.

(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast

The global economy is expected to continue showing modest growth owing to the recovery trend in Europe and the accelerated economic recovery in the U.S. as a result of an improvement in employment situation and an increase in residential investment, in spite of the concerns about geopolitical risk triggered by the Ukraine crisis, etc. In Japan, while the volume of the lease business decreased due to backlash after the last-minute rise in demand before the consumption tax increase, the economy is expected to continue showing a gradual recovery as the “Economic policy package,” implemented by the government to deal with the economy’s downside risk, to bail out of a deflation, and to revitalize the Japanese economy, is expected to help the recovery of corporate investment will.

Under such circumstances, the Group strives to transform into “high-profit enterprise”, independent of economic environment changes to achieve sustainable growth by accelerating business structural reform into a “highly competitive management base” through “Smart Transformation Project.”

Consolidated earnings forecast based on the situations described above is presented below, which has not changed from the forecast announced on April 24, 2014.

(¥ million)

	Interim	Fiscal year
Revenues	67,600	137,800
Operating income	16,440	33,100
Ordinary income	17,040	34,000
Net income	11,250	23,100
Net income per share	¥96.25	¥197.63

Consolidated earnings forecasts stated herein have been prepared based on the information available to the Company at the time this report was prepared, and contain certain potential risks and uncertainties. Accordingly, it should be noted that the actual results may differ from these forecasts due to changes in various factors.

(4) Basic Policy for Profit Sharing

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.

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2. Matters concerning Summary Information (Notes)

(1) Changes in Material Subsidiaries during the Period

Not applicable

(2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements

Tax expenses are calculated as income before income taxes and minority interests for the quarter multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes and minority interests for the consolidated fiscal year including the quarter ended June 30, 2014.

(3) Changes in Accounting Policies and Estimates, and Restatements

Not applicable

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ million)

	As of March 31, 2014	As of June 30, 2014
(Assets)		
Current assets		
Cash on hand and at bank	31,023	32,456
Trade receivables	955,301	1,006,507
Investment in direct finance leases	827,641	843,744
Parent company deposit	117,602	114,586
Short-term investments	7,033	6,618
Advance payments-trade	17,471	19,713
Prepaid expenses	6,280	13,673
Deferred tax assets	11,066	11,098
Other	18,227	11,293
Allowance for losses on receivables	△16,086	△16,684
Total current assets	1,975,561	2,043,008
Fixed assets		
Property and equipment		
Equipment held for lease	230,131	230,794
Equipment for company use		
Building and structures (net)	2,305	2,279
Machinery, equipment and vehicles (net)	3,122	7,409
Furniture and fixtures (net)	1,503	1,917
Land	129	125
Construction in progress	4,199	1,883
Total own-used assets	11,260	13,616
Total property and equipment	241,391	244,410
Intangible fixed assets		
Equipment held for lease	40,012	38,182
Other intangible assets		
Goodwill	3,028	6,697
Other	6,295	6,188
Total other intangible assets	9,323	12,886
Total intangible fixed assets	49,336	51,069
Investments and other assets		
Investments in securities	89,499	88,181
Assets for retirement benefits	722	746
Deferred tax assets	12,298	12,328
Other	21,796	23,446
Allowance for doubtful accounts	△5	△5
Total investments and other assets	124,311	124,697
Total fixed assets	415,040	420,177
Total assets	2,390,601	2,463,185

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(¥ million)

	As of March 31, 2014	As of June 30, 2014
(Liabilities)		
Current liabilities		
Trade payables	276,349	256,954
Short-term bank loans	319,639	367,004
Commercial paper	171,220	142,721
Current portion of bonds	106,757	107,130
Current portion of long-term obligation for securitized lease receivables	81,183	78,440
Accrued Payable	40,322	51,887
Income taxes payable	4,730	4,031
Allowance for losses on guarantees	3,500	3,200
Asset retirement obligations	556	590
Other	58,592	64,756
Total current liabilities	1,062,852	1,076,718
Fixed liabilities		
Bonds	314,720	402,942
Long-term debt	532,491	509,832
Long-term obligation for securitized lease receivables	89,123	75,195
Deferred tax liabilities	2,929	3,472
Retirement benefits for directors	168	132
Reserve for insurance contract	7,228	7,143
Liabilities related to retirement benefits	7,766	7,477
Asset retirement obligations	5,761	5,905
Other	60,551	62,881
Total fixed liabilities	1,020,743	1,074,984
Total liabilities	2,083,595	2,151,703
(Net Assets)		
Stockholders' equity		
Common stock	9,983	9,983
Capital surplus	45,972	45,972
Retained earnings	252,581	256,401
Treasury stock	△14,332	△14,332
Total stockholders' equity	294,205	298,025
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,870	5,585
Net unrealized loss on hedging derivatives	△354	193
Foreign currency translation adjustments	3,702	3,767
Accumulated adjustments related to retirement benefits	△6,288	△6,054
Total accumulated other comprehensive income	2,930	3,491
Minority interests	9,869	9,965
Total net assets	307,005	311,482
Total liabilities and net assets	2,390,601	2,463,185

(2) Quarterly Consolidated Statements of Income (Consolidated First Quarter)

(¥ million)

	Three Months Ended June 30, 2013 (April 1, 2013 to June 30, 2013)	Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)
Revenues		
Operating revenues	30,745	34,227
Interest and dividend income	245	273
Total revenues	30,990	34,500
Expenses		
Selling, general and administrative expenses	18,699	19,804
Financing costs	4,538	5,539
Total expenses	23,238	25,343
Operating income	7,752	9,157
Non-operating revenues		
Gain on sales of investment securities	39	489
Gain on allotment of stock	376	454
Other	3	6
Total non-operating income	420	950
Non-operating expenses		
Loss on retirement of fixed assets	10	16
Other	2	1
Total non-operating expenses	12	17
Ordinary income	8,160	10,089
Extraordinary income		
Amortization of negative good will	1,771	—
Total extraordinary income	1,771	—
Extraordinary losses		
Loss on step acquisitions	1,011	—
Total extraordinary losses	1,011	—
Income before income taxes and minority interests	8,920	10,089
Income taxes	3,116	3,304
Income before minority interests	5,803	6,785
Minority interests	292	205
Net income	5,511	6,579

Quarterly Consolidated statements of Comprehensive Income (Consolidated First Quarter)

(¥ million)

	Three Months Ended June 30, 2013 (April 1, 2013 to June 30, 2013)	Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)
Income before minority interests	5,803	6,785
Other comprehensive income		
Net unrealized holding gains (losses) on securities	△ 962	△297
Net unrealized gains (losses) on hedging derivatives	694	547
Foreign currency translation adjustments	2,459	12
Accumulated adjustments related to retirement benefits	213	242
Share of other comprehensive income of affiliates accounted for by the equity method	9	14
Total other comprehensive income	2,414	519
Comprehensive income	8,218	7,304
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	7,835	7,140
Comprehensive income attributable to minority interests	382	164

(3) Quarterly Consolidated Cash Flows

(¥ million)

	Three Months Ended June 30, 2013 (April 1, 2013 to June 30, 2013)	Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	8,920	10,089
Depreciation	21,516	21,505
Gain on sales of investment securities (Δ represents gain)	Δ 39	Δ 489
Gain on negative goodwill	Δ 1,771	—
Loss on step acquisitions (Δ represents gain)	1,011	—
Depreciation of goodwill	308	213
Equity in earnings of affiliates (Δ represents gain)	Δ 376	Δ 454
Interest and dividend income	Δ 134	Δ 192
Interest expense	3,895	4,736
Increase (decrease) in trade receivables (Δ represents increase)	Δ 53,716	Δ 51,620
Increase in investment in direct finance leases (Δ represents increase)	Δ 41,940	Δ 6,892
Decrease (increase) in allowance for doubtful accounts (Δ represents decrease)	1,074	701
Increase in allowance for losses on loan guarantees (Δ represents decrease)	Δ 123	Δ 300
Gain on disposal of equipment for leases (Δ represents gain)	Δ 167	Δ 387
Acquisition of equipment for lease	Δ 37,013	Δ 26,158
Gain on sale of equipment for lease	13,797	12,899
Increase (decrease) in trade payable (Δ represents decrease)	Δ 774	Δ 17,957
Decrease in trade payable of collection under fluidity receivables (Δ represents decrease)	Δ 4,977	11,971
Decrease in liabilities related to retirement benefits (Δ represents decrease)	Δ 110	Δ 276
Other	Δ 29,116	Δ 24,987
Subtotal	Δ 119,738	Δ 67,598
Income taxes paid	Δ 2,092	Δ 3,949
Net cash provided by operating activities	Δ 121,831	Δ 71,547
Cash flows from investing activities		
Payments into time deposits	Δ 2,240	Δ 4,549
Proceeds from withdrawal of time deposits	1,648	4,548
Purchase of short-term investments	Δ 2,398	Δ 1,601
Proceeds from sales and repayment of investment securities	2,100	2,000
Purchase of investments in securities	Δ 609	Δ 209
Proceeds from sales and repayment of investment securities	1,156	1,559
Purchase of investments in subsidiaries resulting in change in scope of consolidation	Δ 2,251	Δ 7,019
Purchase of equipment for company use	Δ 386	Δ 2,337
Purchase of other intangible fixed assets	Δ 456	Δ 292
Interest and dividends received	1,236	1,050
Increase in short-term loans receivable (Δ represents increase)	5,000	5,000
Other	24	6
Net cash used in investing activities	2,824	Δ 1,844

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(¥ million)

	Three Months Ended June 30, 2013 (April 1, 2013 to June 30, 2013)	Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)
Cash flows from financing activities		
Increase (decrease) in short-term loans (Δ represents decrease)	Δ 14,125	10,164
Increase (decrease) in commercial paper (Δ represents decrease)	54,239	Δ 27,897
Proceeds from long-term borrowings	67,115	22,629
Payment of long-term borrowings	Δ 9,958	Δ 15,643
Issuance of bonds	61,230	106,158
Redemption of bonds	Δ 32,152	Δ 16,295
Interest paid	Δ 3,331	Δ 4,064
Dividends paid to stockholders	Δ 2,327	Δ 2,914
Other	Δ 106	Δ 68
Net cash used in financing activities	120,583	72,067
Effect of exchange rate changes on cash and cash equivalents	621	Δ 194
Net increase (decrease) in cash and cash equivalents (Δrepresents decrease)	2,197	Δ1,518
Cash and cash equivalents at beginning of period	132,756	138,150
Cash and cash equivalents at end of period	134,953	136,631

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Significant Changes in Stockholders' Equity)

Not applicable

Unaudited

(Segmented information)

1. For the Three Months Ended June 30, 2013 (April 1, 2013 - June 30, 2013)

Information on sales revenue and income and loss for the respective reportable segments

(¥ million)

	Reporting segments							Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Quarterly consolidated statement of income
	Japan		Europe	The Americas	China	ASEAN	Subtotal				
	Account Solution	Vendor Solution									
Revenues											
Revenues from third parties	11,925	4,503	7,014	1,069	2,959	1,756	29,229	3,074	32,303	(1,312)	30,990
Intersegment Revenues Revenues and transfers	471	(38)	—	—	—	—	433	497	930	(930)	—
Total	12,397	4,464	7,014	1,069	2,959	1,756	29,662	3,572	33,234	(2,243)	30,990
Segment profit or loss (Δrepresents loss)	3,761	955	2,613	253	1,061	(442)	8,204	539	8,743	(991)	7,752

(Notes)

1. "Others" includes business segments not included in any other reporting segments and includes companies to transform the structure through development and revitalization of business.
2. Adjustment of segment revenues of (1,312) million yen includes revenues associated with liquidation of receivables that are not allocated to any reporting segments.
3. Adjustment of segment profit of (991) million yen includes 595 million yen as elimination of intersegment transaction and elimination of transactions with consolidated subsidiaries (e.g. dividends) and (1,586) million yen as company-wide expense that is not allocated to any reporting segments. The company-wide expense mainly means general and administrative expense that is not attributable to reporting segments.
4. The segment profit is reconciled to operating income of consolidated statements of income.

2. For the Three Months Ended June 30, 2014 (April 1, 2014 - June 30, 2014)

Information on sales revenue and income and loss for the respective reportable segments

(¥ million)

	Reporting segments							Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Quarterly consolidated statement of income
	Japan		Europe	The Americas	China	ASEAN	Subtotal				
	Account Solution	Vendor Solution									
Revenues											
Revenues from third parties	11,734	4,177	9,631	1,585	3,261	1,914	32,305	2,961	35,267	(766)	34,500
Intersegment Revenues Revenues and transfers	441	14	—	—	—	—	456	443	900	(900)	—
Total	12,176	4,192	9,631	1,585	3,261	1,914	32,762	3,404	36,167	(1,667)	34,500
Segment profit or loss (Δrepresents loss)	3,736	871	3,811	210	995	182	9,809	553	10,362	(1,205)	9,157

(Notes)

1. "Others" includes business segments not included in any other reporting segments and includes companies to transform the structure through development and revitalization of business.
2. Adjustment of segment revenues of (766) million yen includes revenues associated with liquidation of receivables that are not allocated to any reporting segments.
3. Adjustment of segment profit of (1,205) million yen includes 755 million yen as elimination of intersegment transaction and elimination of transactions with consolidated subsidiaries (e.g. dividends) and (1,961) million yen as company-wide expense that is not allocated to any reporting segments. The company-wide expense mainly means general and administrative expense that is not attributable to reporting segments.
4. The segment profit is reconciled to operating income of consolidated statements of income.

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2. Introduction of New Segment System

Based on the review of business execution system performed on April 1, 2014, business segmentation was changed from the previous four segments of “Financial services,” “Commission services,” “Supply and sales services,” and “Global Business” to the following six segments, effective April 1, 2014.

In Japan Business, as a result of our business model transformation in response to the environmental changes in recent years, we classified our business into the following two segments: “Account Solution” which provides financial services that meet diversifying needs of customers (accounts) and “Vendor Solution” which provides financial services that meet associated vendors’ needs including sales promotion. In Global Business, with an aim to achieve both promotion of growth strategy and strengthening of governance, we introduced a new position in charge of business execution in each area and classified our business into the following four segments: “Europe,” “the Americas,” “China,” and “ASEAN.”

Segment information for the three months ended June 30, 2013 is based on the new segment system.

(Significant subsequent events)

Not applicable

4. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2015

(¥ million)

Item	Quarter		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Three Months
	No.		(April 1, 2014 - June 30, 2014)	(July 1, 2014 - September 30, 2014)	(October 1, 2014 - December 31, 2014)	(January 1, 2015 - March 31, 2015)	Cumulative (April 1, 2014 - June 30, 2014)
Revenues	1		34,500				34,500
Operating revenues	2		34,227				34,227
Interest and dividend income	3		273				273
Expenses	4		25,343				25,343
Selling, general and administrative expenses	5		19,804				19,804
Financing costs	6		5,539				5,539
Operating income	7		9,157				9,157
Non-operating revenues	8		950				950
Non-operating expenses	9		17				17
Ordinary income	10		10,089				10,089
Extraordinary gains/losses	11		—				—
Income before income taxes and minority interests	12		10,089				10,089
Income taxes	13		3,304				3,304
Income before minority interests	14		6,785				6,785
Minority interests	15		205				205
Net income	16		6,579				6,579

Consolidated Results for the Year Ended March 31, 2014

(¥ million)

Item	Quarter		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Cumulative
	No.		(April 1, 2013 - June 30, 2013)	(July 1, 2013 - September 30, 2013)	(October 1, 2013 - December 31, 2013)	(January 1, 2014 - March 31, 2014)	(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

(2) Contract Segment Information

1. For the Three Months Ended June 30, 2014 (April 1, 2014 - June 30, 2014)

(¥ million, %)

	No	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Revenues	1	12,530	676	4,899	18,106	6,319	6,564	3,509	16,393	34,500
(Composition %)		(36)	(2)	(14)	(52)	(19)	(19)	(10)	(48)	(100)
(Y on Y Change %)		(△3)	(△1)	(7)	(△0)	(22)	(26)	(47)	(28)	(11)
Volume of business	2	113,398	106,269	58,976	278,644	47,557	102,668	54,204	204,430	483,074
(Composition %)		(23)	(22)	(12)	(58)	(10)	(21)	(11)	(42)	(100)
(Y on Y Change %)		(△11)	(△12)	(10)	(△8)	(△11)	(35)	(26)	(19)	(2)
Total accounts receivable	3	1,273,398	418,564	417,106	2,109,069	290,531	417,591	266,264	974,387	3,083,456
(Composition %)		(40)	(14)	(14)	(68)	(9)	(14)	(9)	(32)	(100)
(Y on Y Change %)		(2)	(△10)	(△16)	(△5)	(24)	(38)	(44)	(35)	(5)

2. For the Three Months Ended June 30, 2013 (April 1, 2013 - June 30, 2013)

(¥ million, %)

	No	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Revenues	1	12,912	682	4,595	18,190	5,180	5,227	2,392	12,800	30,990
(Composition %)		(42)	(2)	(15)	(59)	(16)	(17)	(8)	(41)	(100)
(Y on Y Change %)		(13)	(△10)	(15)	(12)	(62)	(63)	(11)	(50)	(25)
Volume of business	2	127,260	120,805	53,675	301,742	53,335	76,063	43,037	172,437	474,179
(Composition %)		(27)	(26)	(11)	(64)	(11)	(16)	(9)	(36)	(100)
(Y on Y Change %)		(32)	(△12)	(△21)	(△0)	(66)	(34)	(94)	(55)	(15)
Total accounts receivable	3	1,247,558	465,119	498,189	2,210,867	234,363	301,581	184,692	720,636	2,931,504
(Composition %)		(42)	(16)	(17)	(75)	(8)	(11)	(6)	(25)	(100)
(Y on Y Change %)		(15)	(△10)	(△4)	(4)	(67)	(53)	(63)	(60)	(14)

Notes:

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

Unaudited

(3) Segmented Information by Business

(Consolidated Business Volume)

(¥ million, %)

	No	Three Months Ended June 30, 2013		Three Months Ended June 30, 2014		Y on Y change	
			Composition		Composition		
Japan	Account Solution	1	250,309	52.8	238,566	49.4	△4.7
	Wholesale	2	185,929	39.2	185,281	38.4	△0.3
	Information equipment related	3	35,225	7.4	54,485	11.3	54.7
	Industrial construction machinery related	4	13,964	2.9	15,257	3.2	9.3
	Commercial logistics related	5	20,405	4.3	11,672	2.4	△42.8
	Factoring	6	97,235	20.5	76,935	15.9	△20.9
	Card	7	13,012	2.8	13,904	2.9	6.9
	Others	8	6,086	1.3	13,026	2.7	114.0
	Agriculture	9	9,382	2.0	8,004	1.6	△14.7
	Healthcare	10	11,556	2.4	6,589	1.4	△43.0
	Vehicle	11	20,383	4.3	15,000	3.1	△26.4
	Residential CMS	12	22,879	4.8	23,596	4.9	3.1
	Others	13	178	0.1	95	0.0	△46.7
	Vendor Solution	14	41,376	8.7	36,795	7.6	△11.1
Europe	15	104,301	22.0	117,238	24.3	12.4	
The Americas	16	14,700	3.1	28,759	5.9	95.6	
China	17	35,804	7.6	40,543	8.4	13.2	
ASEAN	18	17,630	3.7	17,889	3.7	1.5	
Others	19	11,137	2.3	4,487	0.9	△59.7	
Elimination and others	20	△1,080	△0.2	△1,205	△0.2	—	
Consolidated business volume	21	474,179	100.0	483,074	100.0	1.9	

Notes:

As described in (Segmented information), new business segmentation was introduced effective April 1, 2014, and presentation of consolidated business volume was also changed accordingly. Segment information for the three months ended June 30, 2013 is prepared based on the new segment system.

1. Account Solution: Meet various customers' needs by combining our functions such as lease, insurance and trust and financial services in collaboration with the Hitachi Group in Japan Business
2. Vendor Solution: Meet vendors' needs for sales promotion by financial services including lease and Installments in Japan Business
3. Europe, the Americas, China, ASEAN: Provide customers and vendors in each area with wide range of financial services that meet their needs and financial services in collaboration with the Hitachi Group in Global Business

Unaudited