

Consolidated Earnings Report for the Year Ended March 31, 2015



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
 Inquiries: Yoshikazu Ohashi, Executive Officer
 Phone: (03)3503-2118
 Date of ordinary general meeting of shareholders: June 23, 2015
 Scheduled commencement of dividend payment: May 29, 2015
 Scheduled date of submission of annual securities report: June 24, 2015
 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, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated Operating Results (Cumulative) (year-on-year change %)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Year ended March 31, 2015	143,341	12.0	38,349	17.6	39,835	18.5	24,507	10.4
Year ended March 31, 2014	127,979	23.9	32,598	27.2	33,619	22.7	22,195	34.1

(Note) Comprehensive income: Year ended March 31, 2015: ¥33,992 million (6.3%) Year ended March 31, 2014: ¥31,977 million (42.9%)

	Net income per share	Diluted net income per share	ROE	ROA	Operating margin
	¥	¥	%	%	%
Year ended March 31, 2015	209.67	—	7.9	1.6	26.8
Year ended March 31, 2014	189.89	—	7.8	1.6	25.5

(Ref.) Equity in earnings of affiliates: Year ended March 31, 2015: ¥1,435 million Year ended March 31, 2014: ¥1,103 million

Volume of business: Year ended March 31, 2015: ¥2,118,850 million Year ended March 31, 2014: ¥1,954,341 million

(2) Consolidated Financial Position

	Total assets	Net assets	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	¥
Year ended March 31, 2015	2,744,460	335,219	11.8	2,773.48
Year ended March 31, 2014	2,390,601	307,005	12.4	2,542.07

(Ref.) Stockholders' equity: As of March 31, 2015: ¥324,183 million As of March 31, 2014: ¥297,136 million

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Year ended March 31, 2015	△245,790	2,884	208,247	106,757
Year ended March 31, 2014	△133,300	△11,722	149,057	138,150

(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, 2014	—	23.00	—	25.00	48.00	5,610	25.3	2.0
Year ended March 31, 2015	—	27.00	—	33.00	60.00	7,013	28.6	2.3
Year ending March 31, 2016 (Forecast)	—	38.00	—	38.00	76.00		29.6	

3. Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

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

	Revenues		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Interim	183,400	—	21,500	—	15,150	—	129.61
Fiscal year	370,000	—	42,800	—	30,000	—	256.66

(Ref.) Volume of business: Interim: ¥1,061,000 million Fiscal year: ¥2,169,00 million

(Note) The Company has adopted International Financial Reporting Standard (IFRS) voluntarily for its consolidated financial statements contained in the annual securities report for the fiscal year ended March 31, 2015. Therefore, the consolidated earnings forecasts for the fiscal year ending March 31, 2016 are prepared under IFRS.

* Notes

- (1) Major changes in subsidiaries during the period under review : None
(Transfer of specific subsidiaries accompanying the change of scope of consolidation)
- (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 : None
(iii) Changes to accounting estimates : None
(iv) Restatements : None
- (3) Number of outstanding shares (common shares)
- 1) Shares issued at end of term (including treasury stock)
As of March 31, 2015: 124,826,552 shares As of March 31, 2014: 124,826,552 shares
- 2) Treasury stock at end of term
As of March 31, 2015: 7,939,627 shares As of March 31, 2014: 7,939,209 shares
- 3) Weighted average number of shares outstanding
Year ended March 31, 2015: 116,887,224 shares Year ended March 31, 2014: 116,887,531 shares
(Note) See page 32 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, 2016.

The Company will have a financial results meeting for institutional investors and financial analysts on May 13, 2015.

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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, 2015 were as follows:

(¥ million, %)

	Year Ended March 31, 2014	Year Ended March 31, 2015	Y on Y Change
Volume of business	1,954,341	2,118,850	8.4
Revenues	127,979	143,341	12.0
Operating income	32,598	38,349	17.6
Ordinary income	33,619	39,835	18.5
Net income	22,195	24,507	10.4

Under the “Mid-Term Management Plan” for the period ending in FY2015, the Group is 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 for service business (collaboration with the Hitachi Group, vehicle solution, and key account solution) in addition to regional strategy in Japan and in four key management areas 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, enhancing risk managements, developing “human resources,” and reforming cost structure.

During the year ended March 31, 2015, Japan Business worked on a shift of resources primarily on focused six sectors (social infrastructure, environment and renewable energy, vendor finance, auto leasing, healthcare, and agriculture) and also enhancement of customer-oriented, key account sales by providing solutions through enhanced collaboration with partners including the Hitachi Group. We also pursued enhancement of profitability through business selection and concentration including downsizing consumer business whose profitability had declined. In Global Business, we worked on “systematic globalization” with a further promotion of growth strategy and enhancement of governance in four key management areas (Europe, the Americas, China, and ASEAN). In Europe and the Americas, we promoted to expand consumer and corporate business in the U.K. and development of vehicle solution business in Poland and Canada. In ASEAN area, where mid- to long-term growth can be expected, we enhanced governance and business under the leadership of Regional Headquarters of Asia-Pacific in Singapore. In Indonesia, we focused on finance business for corporate customers including newly added real estate lease from October 2014. In terms of collaboration with the Hitachi Group, we promoted expansion of wind- and solar-power generation business and addressed demands related to social infrastructure in Japan, and in overseas, we promoted enhancement of support solution for energy cost reduction and factoring business and expansion of sales finance business through affiliation with external financial institutions.

Consolidated volume of business for the year ended March 31, 2015 increased 8.4% year on year to ¥2,118,850 million as Global Business showed a strong growth on all focused four key management areas primarily in Europe and the Americas and, in Japan Business, the

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information equipment related sector and commercial logistics related sector showed strong performance, despite downsizing of consumer business and factoring business and decrease in demand due to a backlash after the last-minute rise in demand before the consumption tax increase in Japan Business.

Revenues increased 12.0% to ¥143,341 million and operating income increased 17.6% to ¥38,349 million due to strong Global Business primarily in Europe. Ordinary income increased 18.5% to ¥39,835 million mainly due to an increase in gain on allotment of stock in addition to an increase in operating income. As a result, net income for the year increased 10.4% to ¥24,507million due to recording extraordinary losses associated with business structural reform and reversal of deferred tax assets.

2) Key management indicators

	(%)	
	Year Ended March 31, 2014	Year Ended March 31, 2015
ROE	7.8	7.9
ROA	1.6	1.6
Stockholders' equity ratio	12.4	11.8

*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, 2016

The management environment surrounding the Group still remains unpredictable because of geopolitical risk in various countries, deceleration of China's growth due to a decline in investments and financial instability in Europe, despite economic recovery in the U.S. and continued solid growth in the U.K. In Japan, the government's growth support policies and monetary easing policy as well as an improvement of corporate earnings due to the weak yen and lower crude oil price are expected to contribute to an increase in capital investments, etc.

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 forecasts for the year ending March 31, 2016 are as follows: revenues of ¥370 billion, profit before tax of ¥42.8 billion, and profit attributable to owners of parent of ¥30 billion.

The Company has adopted International Financial Reporting Standard (IFRS) voluntarily for its consolidated financial statements contained in the annual securities report for the fiscal year ended March 31, 2015. Therefore, the consolidated earnings forecasts for the fiscal year ending March 31, 2016 are prepared under IFRS.

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, 2015 was as follows:

(¥ million, %)

	As of March 31, 2014	As of March 31, 2015	Change	
			Amount	%
Total assets	2,390,601	2,744,460	353,859	14.8
Interest-bearing debt	1,444,830	1,762,302	317,471	22.0
Net assets	307,005	335,219	28,213	9.2

i . Total assets

Total assets as of March 31, 2015 increased ¥353,859 million from March 31, 2014 to ¥2,744,460 million due to increases in trade receivables and in investment in direct finance leases mainly in Europe and the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of March 31, 2015 increased ¥317,471 million from March 31, 2014 to ¥1,762,302 million due to increases in bonds mainly in Japan and Europe.

iii . Net assets

Net assets as of March 31, 2015 increased ¥28,213 million from March 31, 2014 to ¥335,219 million, and major components consist of net income for the year of ¥24,507 million, dividend payment of ¥6,078 million and an increase in foreign currency translation adjustments of ¥9,726million due to weakening yen.

2) Cash flows

Cash and cash equivalents as of March 31, 2015 decreased ¥31,392 million from March 31, 2014 to ¥ 106,757 million.

Cash flows by activity were as follows:

(¥ million)

	Year Ended March 31, 2014	Year Ended March 31, 2015	Change
Cash flows from operating activities	△ 133,300	△ 245,790	△ 112,489
Cash flows from investing activities	△ 11,722	2,884	14,606
Cash flows from financing activities	149,057	208,247	59,189

i . Cash flows from operating activities

Net cash used in operating activities was ¥245,790 million. This was primarily due to an increase in trade receivables of ¥208,171 million, an increase in investment in direct finance leases of ¥76,521 million, acquisition of equipment for lease of ¥124,520 million, and gain on sale of equipment for lease of ¥44,525 million.

ii . Cash flows from investing activities

Net cash provided by investing activities was ¥2,884 million. This was primarily due to proceeds from sale and repayment of short-term investments of ¥6,000 million, proceeds from sales and repayment of investment securities of ¥6,855 million, purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥7,019 million, and purchase of equipment for company use mainly for renewable energy business of ¥5,798 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥208,247 million mainly due to issuance of bonds of ¥ 244,214 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 ¥242,905 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, 2015	Year Ending March 31, 2016 (Forecast)	Change	
			Amount	%
Annual dividend per share	60.00	76.00	16.00	26.7

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 dividend forecast per share from ¥27.00 to ¥33.00 and from ¥54.00 to ¥60.00, respectively, from the consolidated fiscal year ended March 31, 2015.

(¥)

Record date	Dividend per share		
	2nd Quarter	Year End	For the Year
Previous forecasts (As of January 29, 2015)	—	27.00	54.00
Revised forecasts	—	33.00	60.00
Year ended March 31, 2015	27.00	—	—
Year ended March 31, 2014	23.00	25.00	48.00

(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. 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 rapid fluctuation 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 focuses on evaluating credit risk quantitatively, and performs credit review and set up credit limit on an individual case basis based on credit rating. For receivables classified as special mention, possible bankrupt or legally bankrupt, the Group estimates uncollectible amounts individually and records allowance for losses on receivables, etc. However, an increase in credit risk due to deterioration of economic environment or economic trend may result in additional allowance for losses on receivables, etc. and have an adverse impact on the Group's business results.

5) Laws and regulations changes risk

Changes in laws and regulations related to Group business could also impact results. As the Group has always complied with the Interest Rate Restriction Act, there is no direct impact of returning excess payments.

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 variety of customers from local companies and individuals to Japanese and foreign companies in “Europe,” “the Americas,” “China,” and “ASEAN.” 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 33 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) 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.

2) Vendor Solution

Meet vendors' needs for sales promotion by financial services including lease and Installments.

3) Europe, the Americas, China, and ASEAN

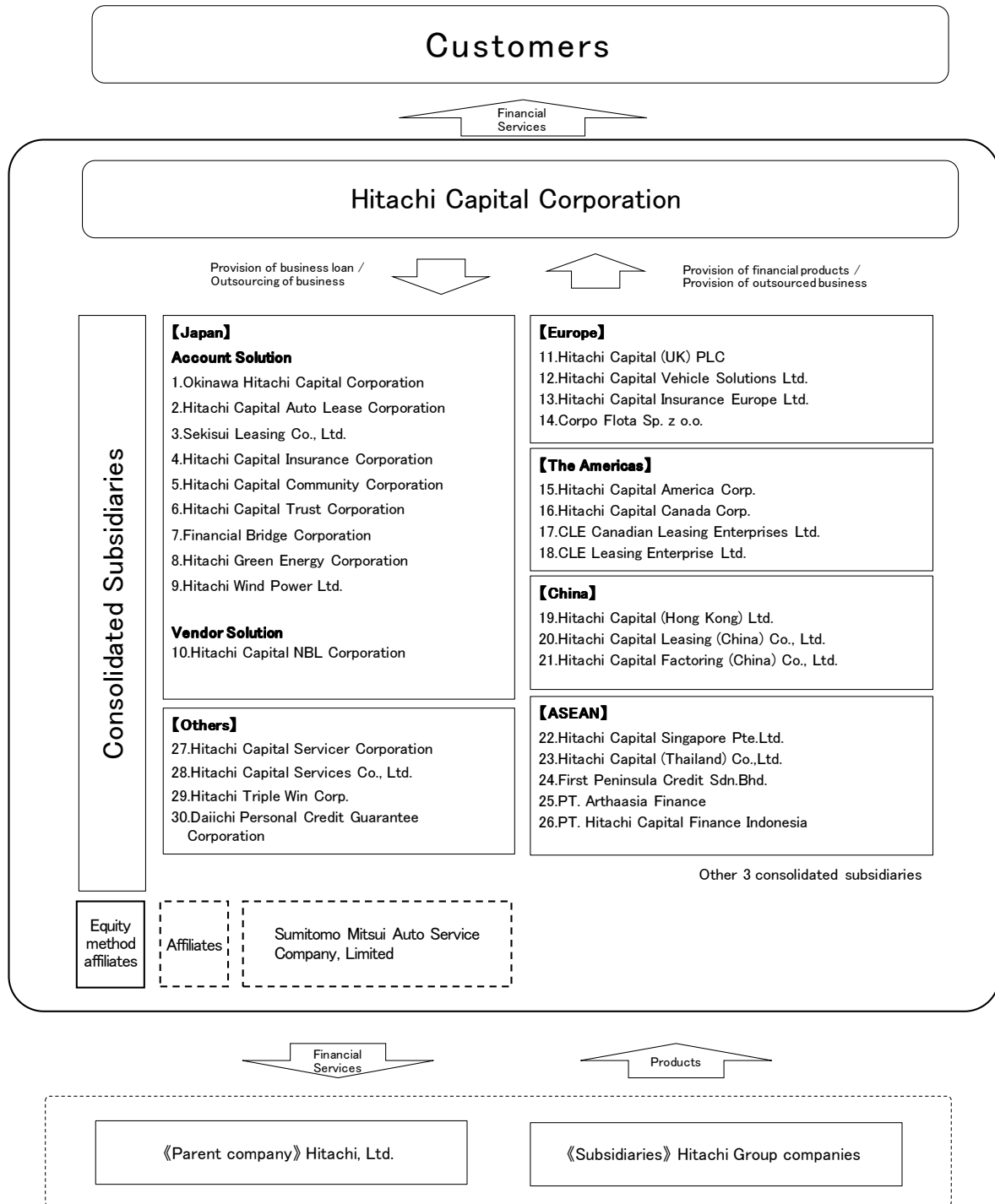
Provide financial services to meet various needs of customers and vendors in each area and those in collaboration with the Hitachi Group.

4) Others

Finance services by companies to transform the structure through development and revitalization of business.

(3) Organization

The Group's businesses are organized as follows.



(Notes)

1. Hitachi Capital (UK) PLC acquired 90% of outstanding shares of Corpo Flota Sp. z o.o. on April 3, 2014, and the company became a consolidated subsidiary.
2. Hitachi Capital Canada Corp. acquired all shares of CLE Canadian Leasing Enterprises Ltd. on May 8, 2014, and the company and its group companies, including CLE Leasing Enterprise Ltd., became consolidated subsidiaries.
3. Hitachi Capital America Corp. increased its capital from US\$13,000 thousand to US\$48,000 thousand on May 13, 2014.
4. Hitachi Capital Canada Corp. increased its capital from C\$5,000 thousand to C\$25,000 thousand on May 25, 2014.
5. Hitachi Capital Singapore Pte. Ltd. increased its capital from S\$26,400 thousand to S\$34,400 thousand

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on June 30, 2014, and further to S\$126,400 thousand on September 5, 2014.

6. PT. Hitachi Capital Finance Indonesia was established on July 7, 2014 and became a consolidated subsidiary.
7. NBL Co., Ltd. changed its company name to Hitachi Capital NBL Corporation on August 11, 2014.
8. DBJ Securities Co., Ltd was excluded from the scope of equity method application as all of its shares held were transferred on September 30, 2014.
9. Hitachi Capital Singapore Pte. Ltd. acquired 24.5% of outstanding shares of Hitachi Capital Management (Thailand) Co., Ltd. held by the Company on October 31, 2014.
10. Hitachi Capital Singapore Pte. Ltd. acquired 24.499% of outstanding shares of Hitachi Capital (Thailand) Co., Ltd. held by the Company on October 31, 2014.
11. Hitachi Capital (Hong Kong) Ltd. increased its capital from HK\$10,000 thousand to HK\$310,000 on November 28, 2014.
12. Hitachi Capital Singapore Pte. Ltd. acquired 75% of outstanding shares of First Peninsula Credit Sdn. Bhd. held by the Company on November 28, 2014.
13. Hitachi Capital Singapore Pte. Ltd. changed its company name to Hitachi Capital Asia Pacific Pte. Ltd. on April 1, 2015.

(4) Group Companies
(Parent company)

	Company name	Capital (¥ million)	Ownership ratio of voting rights (%)	Description of major business
1	Hitachi, Ltd.	458,790	60.61 (2.09)	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, securities, and real estate / Property management / Sales and purchase 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	Hitachi Capital NBL Corporation	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	Corpo Flota Sp. z o.o.	PLN50 thousand	90.00 (90.00)	Car fleet management business
19	Hitachi Capital America Corp.	US\$48,000 thousand	100.00	Leasing, loan, and inventory finance services for information communication equipment, industrial equipment, medical equipment, trucks, and others / Factoring business
20	Hitachi Capital Canada Corp.	C\$25,000 thousand	100.00 (100.00)	Leasing, loan, and inventory finance services for information communication equipment, industrial equipment, trucks, and others / Factoring business
21	CLE Canadian Leasing Enterprises Ltd.	C\$10,126 thousand	100.00 (100.00)	Finance business primarily for automobiles, healthcare related equipment, construction machinery, information equipment and industrial machinery
22	CLE Leasing Enterprise Ltd.	C\$2,750 thousand	100.00 (100.00)	Finance business primarily for automobiles, healthcare related equipment, construction machinery, information equipment and industrial machinery
23	Hitachi Capital (Hong Kong) Ltd.	HK\$310,000 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
24	Hitachi Capital Leasing (China) Co., Ltd.	US\$100,000 thousand	90.00	Leasing for Hitachi Group and public facilities / Leasing for medical equipment, information equipment, and industrial equipment / Other finance services permitted within the scope of business
25	Hitachi Capital Factoring (China) Co., Ltd.	RMB 306,570 thousand	100.00	Factoring business
26	Hitachi Capital Singapore Pte. Ltd.	S\$126,400 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
27	Hitachi Capital (Thailand) Co., Ltd.	THB100,000 thousand	73.99 (73.99)	Leasing and credit services for information communication equipment, industrial equipment, and motor vehicles / Factoring business
28	First Peninsula Credit Sdn. Bhd.	RM15,000 thousand	75.00 (75.00)	Financing for commercial vehicles and leasing for information communication equipment, industrial equipment, and others
29	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
30	PT. Hitachi Capital Finance Indonesia	IDR 100,000,000 thousand	70.00 (70.00)	Finance service for Hitachi Group / Leasing for real estate

* And other three consolidated subsidiaries

(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

With the aim of transforming into high-profit enterprise, the Group has been promoting on locally-based regional strategy, group common strategy (Hitachi Group Business, vehicle solution, and key account solution) and strengthening of management base, in Japan and global four key management areas (Europe, the Americas, China, and ASEAN), but business environment is constantly changing.

Under such management environment, the Group will accelerate business structural reform through “Smart Transformation Project” and strive to continue transformation to achieve “highly competitive management base” which is independent of changes in management environment.

(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.

[Consolidated Targets in the “Mid-Term Management Plan” for the year ending March 31, 2016 (Japan-GAAP)]

	Previous targets (As of April 24, 2014)	Revised targets (As of May 13, 2015)
ROE (Return on equity)	≥8%	≥8.5%
Ordinary Income	¥38.0 billion	¥42.3 billion
OHR (Overhead ratio)	< 63%	< 63%

The Company has adopted International Financial Reporting Standard (IFRS) voluntarily for the annual securities report of fiscal year ended March 31, 2015, and consolidated targets in the “Mid-Term Management Plan” under IFRS are as follows:

[Consolidated Targets in the “Mid-Term Management Plan” under IFRS]

	Targets for the year ending March 31, 2016
ROE (Return on equity)	≥ 8.5%
Ordinary Income	¥42.8 billion
OHR (Overhead ratio)	< 63%

4. Basic Policy for Selection of Accounting Standards

The Company will adopt International Financial Reporting Standard (IFRS) voluntarily for the annual securities report for the fiscal year ended March 31, 2015. By adopting IFRS, global accounting standards, and improving the comparability of the financial information in the capital market, the Company seeks to broaden domestic and overseas shareholder and investor base and to diversify funding methods in the global markets.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	As of March 31, 2014	As of March 31, 2015
(Assets)		
Current assets		
Cash on hand and at bank	31,023	38,211
Trade receivables	955,301	1,212,720
Investment in direct finance leases	827,641	926,143
Parent company deposit	117,602	72,613
Short-term investments	7,033	3,053
Advance payments-trade	17,471	16,780
Prepaid expenses	6,280	7,052
Deferred tax assets	11,066	10,705
Other	18,227	23,566
Allowance for losses on receivables	△16,086	△18,473
Total current assets	1,975,561	2,292,374
Fixed assets		
Property and equipment		
Equipment held for lease	230,131	255,632
Equipment for company use		
Building and structures (net)	2,305	2,166
Machinery, equipment and vehicles (net)	3,122	10,616
Furniture and fixtures (net)	1,503	2,103
Land	129	116
Construction in progress	4,199	1,120
Total own-used assets	11,260	16,123
Total property and equipment	241,391	271,756
Intangible fixed assets		
Equipment held for lease	40,012	43,741
Other intangible assets		
Goodwill	3,028	6,262
Other	6,295	5,666
Total other intangible assets	9,323	11,929
Total intangible fixed assets	49,336	55,670
Investments and other assets		
Investments in securities	89,499	84,034
Net defined benefit asset	722	992
Deferred tax assets	12,298	10,276
Other	21,796	29,360
Allowance for doubtful accounts	△5	△5
Total investments and other assets	124,311	124,659
Total fixed assets	415,040	452,085
Total assets	2,390,601	2,744,460

(¥ million)

	As of March 31, 2014	As of March 31, 2015
(Liabilities)		
Current liabilities		
Trade payables	276,349	273,040
Short-term bank loans	319,639	421,154
Commercial paper	171,220	166,529
Current portion of bonds	106,757	111,727
Current portion of long-term obligation for securitized lease receivables	81,183	74,598
Accrued Payable	40,322	51,260
Income taxes payable	4,730	2,684
Allowance for losses on guarantees	3,500	2,400
Asset retirement obligations	556	522
Other	58,592	79,489
Total current liabilities	1,062,852	1,183,408
Fixed liabilities		
Bonds	314,720	457,199
Long-term debt	532,491	605,692
Long-term obligation for securitized lease receivables	89,123	86,934
Deferred tax liabilities	2,929	1,986
Retirement benefits for directors	168	121
Reserve for insurance contract	7,228	7,422
Net defined benefit liability	7,766	6,285
Asset retirement obligations	5,761	5,877
Other	60,551	54,313
Total fixed liabilities	1,020,743	1,225,832
Total liabilities	2,083,595	2,409,241
(Net Assets)		
Stockholders' equity		
Common stock	9,983	9,983
Capital surplus	45,972	45,972
Retained earnings	252,581	271,173
Treasury stock	△14,332	△14,333
Total stockholders' equity	294,205	312,796
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,870	5,829
Net unrealized loss on hedging derivatives	△354	△2,397
Foreign currency translation adjustments	3,702	13,428
Remeasurements of defined benefit plans	△6,288	△5,473
Total accumulated other comprehensive income	2,930	11,386
Minority interests	9,869	11,036
Total net assets	307,005	335,219
Total liabilities and net assets	2,390,601	2,744,460

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

(¥ million)

	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Revenues		
Operating revenues	126,927	142,073
Interest and dividend income	1,051	1,268
Total revenues	127,979	143,341
Expenses		
Selling, general and administrative expenses	75,244	81,843
Financing costs	20,135	23,148
Total expenses	95,380	104,991
Operating income	32,598	38,349
Non-operating revenues		
Gain on allotment of stock	1,103	1,435
Gain on sales of investment securities	45	—
Other	31	120
Total non-operating income	1,180	1,556
Non-operating expenses		
Loss on retirement of fixed assets	147	49
Loss on valuation of investment securities	1	5
Other	10	15
Total non-operating expenses	159	70
Ordinary income	33,619	39,835
Extraordinary income		
Gain on sales of investment securities	—	1,131
Amortization of negative goodwill	1,771	—
Total extraordinary income	1,771	1,131
Extraordinary losses		
Extra retirement payments	—	2,896
Impairment loss	—	1,935
Loss on step acquisitions	1,011	—
Total extraordinary losses	1,011	4,832
Income before income taxes and minority interests	34,380	36,135
Income taxes	8,843	9,534
Differed income taxes	2,615	1,365
Total income taxes	11,459	10,899
Income before minority interests	22,920	25,235
Minority interests	724	727
Net income	22,195	24,507

Consolidated Statements of Comprehensive Income

(¥ million)

	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Income before minority interests	22,920	25,235
Other comprehensive income		
Net unrealized holding gains (losses) on securities	△723	△130
Net unrealized gains (losses) on hedging derivatives	1,080	△2,043
Foreign currency translation adjustments	6,602	9,973
Remeasurements of defined benefit plans	2,010	786
Share of other comprehensive income of affiliates accounted for by the equity method	87	170
Total other comprehensive income	9,056	8,757
Comprehensive income	31,977	33,992
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	31,082	32,963
Comprehensive income attributable to minority interests	895	1,028

(3) Consolidated Statements of Changes in Net Assets

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
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
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

For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholder's equity
Balance as of March 31, 2014	9,983	45,972	252,581	△14,332	294,205
Cumulative effect of changes in accounting policies			162		162
Shareholders' equity as restated	9,983	45,972	252,744	△14,332	294,367
Changes during the year					
Cash dividends			△6,078		△6,078
Net income			24,507		24,507
Purchase of treasury stock				△1	△1
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	18,429	△1	18,428
Balance as of March 31, 2015	9,983	45,972	271,173	△14,333	312,796

	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, 2014	5,870	△354	3,702	△6,288	2,930	9,869	307,005
Cumulative effect of changes in accounting policies							162
Shareholders' equity as restated	5,870	△354	3,702	△6,288	2,930	9,869	307,168
Changes during the year							
Cash dividends							△6,078
Net income							24,507
Purchase of treasury stock							△1
Net change in the items other than stockholders' equity during the period	△41	△2,043	9,726	814	8,456	1,166	9,622
Total change during the year	△41	△2,043	9,726	814	8,456	1,166	28,051
Balance as of March 31, 2015	5,829	△2,397	13,428	△5,473	11,386	11,036	335,219

(4) Consolidated Cash Flows

(¥ million)

	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	34,380	36,135
Depreciation	87,965	88,815
Gain on sales of investment securities (Δ represents gain)	$\Delta 45$	$\Delta 1,131$
Gain on negative goodwill	$\Delta 1,771$	—
Extra retirement payments	—	2,896
Impairment loss	—	1,935
Loss on step acquisitions (Δ represents gain)	1,011	—
Depreciation of goodwill	2,348	1,130
Equity in earnings of affiliates (Δ represents gain)	$\Delta 1,103$	$\Delta 1,435$
Interest and dividend income	$\Delta 651$	$\Delta 866$
Interest expense	17,615	20,777
Increase (decrease) in trade receivables (Δ represents increase)	$\Delta 146,917$	$\Delta 208,171$
Increase in investment in direct finance leases (Δ represents increase)	$\Delta 80,721$	$\Delta 76,521$
Decrease (increase) in allowance for doubtful accounts (Δ represents decrease)	$\Delta 488$	1,026
Increase in allowance for losses on loan guarantees (Δ represents decrease)	$\Delta 478$	$\Delta 1,100$
Gain on disposal of equipment for leases (Δ represents gain)	$\Delta 1,551$	$\Delta 2,715$
Acquisition of equipment for lease	$\Delta 114,906$	$\Delta 124,520$
Gain on sale of equipment for lease	49,032	44,525
Increase (decrease) in trade payable (Δ represents decrease)	17,075	$\Delta 9,603$
Decrease in trade payable of collection under fluidity receivables (Δ represents decrease)	$\Delta 176$	5,667
Decrease in liabilities for retirement benefits (Δ represents decrease)	$\Delta 2,486$	$\Delta 1,484$
Other	14,715	$\Delta 8,766$
Subtotal	$\Delta 127,153$	$\Delta 233,407$
Income taxes paid	$\Delta 6,147$	$\Delta 12,382$
Net cash used in operating activities	$\Delta 133,300$	$\Delta 245,790$
Cash flows from investing activities		
Payments into time deposits	$\Delta 20,644$	$\Delta 17,786$
Proceeds from withdrawal of time deposits	14,859	24,405
Purchase of short-term investments	$\Delta 6,597$	$\Delta 2,301$
Proceeds from sale and repayment of short-term investments	7,600	6,000
Purchase of investments in securities	$\Delta 1,847$	$\Delta 411$
Proceeds from sales and repayment of investment securities	5,811	6,855
Purchase of investments in subsidiaries resulting in change in scope of consolidation	$\Delta 2,251$	$\Delta 7,019$
Proceeds from sales of stocks of subsidiaries and affiliates	—	113
Purchase of equipment for company use	$\Delta 8,410$	$\Delta 5,798$
Purchase of other intangible fixed assets	$\Delta 2,025$	$\Delta 2,843$
Interest and dividends received	1,675	1,683
Other	107	$\Delta 10$
Net cash used in investing activities	$\Delta 11,722$	2,884

Unaudited

(¥ million)

	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Increase (decrease) in short-term loans (Δ represents decrease)	Δ 17,691	73,298
Increase (decrease) in commercial paper (Δ represents decrease)	Δ 83,860	Δ 12,040
Proceeds from long-term borrowings	253,342	202,632
Payment of long-term borrowings	Δ 97,486	Δ 163,425
Issuance of bonds	162,953	244,214
Redemption of bonds	Δ 45,739	Δ 109,989
Interest paid	Δ 17,315	Δ 20,490
Acquisition of treasury stock (Δ represents increase)	Δ 0	Δ 1
Proceeds from stock issuance to minority shareholders	108	267
Dividends paid to stockholders	Δ 5,026	Δ 6,077
Dividends paid to minority stockholders of subsidiaries	Δ 225	Δ 141
Net cash provided by financing activities	149,057	208,247
Effect of exchange rate changes on cash and cash equivalents	1,359	3,265
Net increase (decrease) in cash and cash equivalents (Δ represents decrease)	5,394	Δ31,392
Cash and cash equivalents at beginning of period	132,756	138,150
Cash and cash equivalents at end of year	138,150	106,757

(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: 33

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 Corpo Flota Sp. z o.o., CLE Canadian Leasing Enterprises Ltd. and its three subsidiaries due to new acquisitions of shares, and PT. Hitachi Capital Finance Indonesia due to new establishment.

2 Application of the equity method

Number of affiliates accounted for using the equity method: 1

Name of companies: Sumitomo Mitsui Auto Service Company, Limited

DBJ Securities Co., Ltd. was excluded from the scope of equity method application as a result of sale of 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
PT. Hitachi Capital Finance Indonesia	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, and appropriation process is used for forward exchange contract which meet certain requirement.
 - 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.
Since all forward exchange contracts are carried out on the future transaction plans with a very high possibility of being fulfilled, process to evaluate the hedging effectiveness is spared.
- (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.

(Consolidated balance sheets)

(¥ million)

	As of March 31, 2014	As of March 31, 2015
1. Accumulated depreciation of tangible fixed assets	1,207,951	1,079,100
2. Accumulated reduction entry of tangible fixed assets	609	457
3. Outstanding balance of guarantee obligation	345,181	254,998

(Consolidated statements of changes in net assets)

Previous 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

(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

For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

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

	Number of shares at April 1, 2014	Increase	Decrease	Number of shares at March 31, 2015
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)	7,939,209	418	—	7,939,627
Total	7,939,209	418	—	7,939,627

(Summary of changes)

Number of treasury stock increased due to the following reason:

Purchase of treasury stock 418 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 29, 2014	Common stock	2,922	25.00	March 31, 2014	May 30, 2014
Board of Directors Meeting on October 27, 2014	Common stock	3,155	27.00	September 30, 2014	November 28, 2014

(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 28, 2015	Common stock	3,857	Retained earnings	33.00	March 31, 2015	May 29, 2014

(Consolidated statement of cash flows)

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

(¥ million)

	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash and deposits	31,023	38,211
Parent company deposits	117,602	72,613
Total	148,625	110,825
Time deposits with a maturity of more than three months	△10,474	△4,067
Cash and cash equivalent	138,150	106,757

(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 Company classifies reportable segments into Japan and global four key management areas (Europe, the Americas, China, and ASEAN) and, further classifies Japan into "Account Solution" and "Vendor Solution" in view of its business model and customers to provide solutions, resulting in six reportable segments in total.

As a result of the review of business execution system performed on April 1, 2014, the Company changed classification of business segment from four segments (financial services, commission services, supply and sales services, and Global Business) to six segments (Account Solution, Vendor Solution, Europe, the Americas, China, and ASEAN).

Services and customers to provide solutions by reportable segment are described below:

(1) Account Solution

Provide solutions to meet diversifying needs of customers such as corporates, public offices, agriculture and medical services by combining our various functions such as lease, factoring, installments, insurance and trust, and in collaboration with partners, including the Hitachi Group.

(2) Vendor Solution

Provide solutions to meet associated vendors' needs for sales promotion with the Group's financial services, mainly lease and installments.

(3) Europe, the Americas, China, and ASEAN

Provide solutions to customers and vendors in each area with the Group's wide range of financial services, and in collaboration with partners, including the Hitachi Group.

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, 2014 (April 1, 2013 - March 31, 2014)

(¥ million)

	Reporting segments							Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Consolidated statement of income
	Japan		Europe	The Americas	China	ASEAN	Subtotal				
	Account Solution	Vendor Solution									
Revenues Revenues from third parties	45,797	16,609	31,133	4,695	12,493	7,134	117,862	12,093	129,956	△1,976	127,979
Intersegment revenues											
Revenues and transfers	2,005	△20	—	—	—	—	1,985	1,712	3,697	△3,697	—
Total	47,802	16,589	31,133	4,695	12,493	7,134	119,847	13,805	133,653	△5,674	127,979
Segment profit or loss (represents loss)	14,618	3,444	11,029	1,193	3,436	12	33,734	2,138	35,872	△3,274	32,598

(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 (1,976) million yen includes revenues associated with liquidation of receivables that are not allocated to any reporting segments.
3. Adjustment of segment profit of (3,274) million yen includes 3,083 million yen as elimination of intersegment transaction and elimination of transactions with consolidated subsidiaries (e.g. dividends) and (6,357) 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.
5. 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.

For the Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(¥ million)

	Reporting segments							Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Consolidated statement of income
	Japan		Europe	The Americas	China	ASEAN	Subtotal				
	Account Solution	Vendor Solution									
Revenues Revenues from third parties	44,646	15,335	42,180	8,674	14,739	8,310	133,888	11,608	145,497	△2,155	143,341
Intersegment revenues											
Revenues and transfers	2,541	54	—	—	—	—	2,596	1,334	3,931	△3,931	—
Total	47,188	15,390	42,180	8,674	14,739	8,310	136,485	12,943	149,428	△6,086	143,341
Segment profit or loss (represents loss)	14,376	3,474	14,766	2,232	5,577	378	40,806	1,680	42,486	△4,136	38,349

(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 (2,155) million yen includes revenues associated with liquidation of receivables that are not allocated to any reporting segments.
3. Adjustment of segment profit of (4,136) million yen includes 2,626 million yen as elimination of intersegment transaction and elimination of transactions with consolidated subsidiaries (e.g. dividends) and (6,763) 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.
5. Goodwill and assets are not allocated to individual segments. Goodwill arose from the acquisition of a subsidiary. Of this amount 1,130 million yen has been amortized, and an unamortized balance of 6,262 million yen remains.

4 Impairment losses on fixed assets and goodwill by reporting segment

(Major impairment losses on fixed assets)

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

Not applicable

For the Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)

Major impairment losses during the year ended March 31, 2015 are as follows.

Part of the new main system development project was changed, and the part which is not expected to be used in the future in the carrying amount of 1,713 million yen is recognized as impairment loss in extraordinary losses.

Impairment losses are not allocated to reporting segments.

(Per share information)

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

Items	As of March 31, 2014	As of March 31, 2015
(1) Net assets per share	2,542.07 Yen	2,773.48 Yen
(Basis for calculation)		
Total net assets (¥ million)	307,005	335,219
Exclusion from total net assets (¥ million)	9,869	11,036
(Of which, minority interests) (¥ million)	(9,869)	(11,036)
Net assets attributable to common stock at March 31 (¥ million)	297,136	324,183
Number of common stock used in calculation of net assets per share at year-end (shares)	116,887,343	116,886,925

Items	For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
(2) Earnings per share	189.89 Yen	209.67 Yen
(Basis for calculation)		
Net income on Consolidated statements of income	22,195	24,507
Net income attributable to common stock (¥ million)	22,195	24,507
Amount not attributable to common stockholders (¥ million)	—	—
Weighted average number of common stock during the year (shares)	116,887,531	116,887,224

(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, 2015

(¥ million)

Item	Quarter		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Cumulative
	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)	(April 1, 2014 - March 31, 2015)
Revenues	1		34,500	34,374	37,369	37,097	143,341
Operating revenues	2		34,227	34,032	37,079	36,734	142,073
Interest and dividend income	3		273	341	290	363	1,268
Expenses	4		25,343	25,260	27,648	26,739	104,991
Selling, general and administrative expenses	5		19,804	19,672	21,692	20,673	81,843
Financing costs	6		5,539	5,587	5,956	6,065	23,148
Operating income	7		9,157	9,114	9,720	10,357	38,349
Non-operating revenues	8		460	394	309	391	1,556
Non-operating expenses	9		17	6	10	34	70
Ordinary income	10		9,599	9,501	10,019	10,714	39,835
Extraordinary gains/losses	11		489	—	△1,032	△3,157	△3,700
Income before income taxes and minority interests	12		10,089	9,501	8,986	7,556	36,135
Income taxes	13		3,304	2,320	2,702	2,572	10,899
Income before minority interests	14		6,785	7,181	6,284	4,984	25,235
Minority interests	15		205	135	260	126	727
Net income	16		6,579	7,045	6,024	4,857	24,507

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

Unaudited

(2) Contract Segment Information

1. For the Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(¥ million, %)

	No	Domestic consolidated				Total	Overseas consolidated			Total	Consolidated Total
		Lease	Factoring and loans	Installments and others			Lease	Factoring and loans	Installments and others		
Revenues		47,522	3,059	18,853	69,435	28,287	29,434	16,183	73,906	143,341	
(Composition %)	1	(33)	(2)	(13)	(48)	(20)	(21)	(11)	(52)	(100)	
(Y on Y Change %)		(Δ6)	(Δ4)	(Δ1)	(Δ4)	(26)	(35)	(44)	(33)	(12)	
Volume of business		505,316	489,659	200,570	1,195,547	219,496	454,726	249,080	923,303	2,118,850	
(Composition %)	2	(24)	(23)	(9)	(56)	(11)	(21)	(12)	(44)	(100)	
(Y on Y Change %)		(Δ3)	(Δ7)	(Δ12)	(Δ7)	(30)	(39)	(39)	(37)	(8)	
Total accounts receivable		1,327,307	436,023	347,113	2,110,444	367,369	527,822	373,032	1,268,224	3,378,668	
(Composition %)	3	(39)	(13)	(10)	(62)	(11)	(16)	(11)	(38)	(100)	
(Y on Y Change %)		(3)	(1)	(Δ21)	(Δ2)	(39)	(35)	(53)	(41)	(11)	

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

(¥ million, %)

	No	Domestic consolidated				Total	Overseas consolidated			Total	Consolidated Total
		Lease	Factoring and loans	Installments and others			Lease	Factoring and loans	Installments and others		
Revenues		50,326	3,196	18,999	72,522	22,407	21,799	11,249	55,456	127,979	
(Composition %)	1	(39)	(2)	(16)	(57)	(17)	(17)	(9)	(43)	(100)	
(Y on Y Change %)		(20)	(Δ8)	(7)	(15)	(47)	(29)	(40)	(38)	(24)	
Volume of business		522,782	528,691	227,425	1,278,900	168,416	327,982	179,042	675,441	1,954,341	
(Composition %)	2	(27)	(27)	(11)	(65)	(9)	(17)	(9)	(35)	(100)	
(Y on Y Change %)		(36)	(1)	(Δ7)	(11)	(18)	(40)	(78)	(42)	(20)	
Total accounts receivable		1,283,591	431,441	438,081	2,153,114	263,776	391,598	244,388	899,763	3,052,877	
(Composition %)	3	(42)	(14)	(15)	(71)	(8)	(13)	(8)	(29)	(100)	
(Y on Y Change %)		(23)	(Δ8)	(Δ12)	(7)	(21)	(45)	(54)	(39)	(15)	

(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.

(3) Segmented Information by Business

(Consolidated Business Volume)

(¥ million, %)

	No	Year Ended March 31, 2014		Year Ended March 31, 2015		Y on Y change	
			Composition		Composition		
Japan	Account Solution	1	1,094,225	56.0	1,050,121	49.5	△4.0
	Wholesale	2	827,263	42.3	819,774	38.7	△0.9
	Information equipment related	3	197,145	10.1	211,078	10.0	7.1
	Industrial construction machinery related	4	65,873	3.4	62,767	3.0	△4.7
	Commercial logistics related	5	62,277	3.2	68,598	3.2	10.2
	Factoring	6	418,820	21.4	333,871	15.8	△20.3
	Card	7	53,781	2.7	57,770	2.7	7.4
	Others	8	29,364	1.5	85,687	4.0	191.8
	Agriculture	9	45,958	2.4	33,714	1.6	△26.6
	Healthcare	10	44,623	2.3	31,713	1.5	△28.9
	Vehicle	11	70,782	3.6	58,162	2.7	△17.8
	Residential CMS	12	104,988	5.4	106,367	5.0	1.3
	Others	13	609	0.0	389	0.0	△36.1
	Vendor Solution	14	149,418	7.6	131,422	6.2	△12.0
Europe	15	399,033	20.4	491,244	23.2	23.1	
The Americas	16	75,899	3.9	158,457	7.5	108.8	
China	17	141,860	7.3	199,584	9.4	40.7	
ASEAN	18	58,647	3.0	74,016	3.5	26.2	
Others	19	38,963	2.0	17,027	0.8	△56.3	
Elimination and others	20	△3,706	△0.2	△3,024	△0.1	—	
Consolidated business volume	21	1,954,341	100.0	2,118,850	100.0	8.4	

(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 year ended March 31, 2014 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