

# Consolidated First Quarter Earnings Report For the Three Months Ended June 30, 2005



July 25, 2005

Corporate Name: Hitachi Capital Corporation

Stock Code: 8586

(URL <http://www.hitachi-capital.co.jp>)

Representative Director: Kazuo Takano, President and CEO

Inquiries: Kyoko Ookubo, General Manager, CI & Public Relations Department

Stock Listing: Tokyo Stock Exchange

Head Office: Tokyo

TEL (03) 3503-2118

## 1. Notes on Presentation of Quarterly Operating Results

### (1) Adoption of the simplified accounting standards: Yes

Accounting standard for income taxes: simplified accounting standard by using the legal effective tax rate

Simplified accounting standards are also used elsewhere where the effect is marginal.

### (2) Changes in accounting standards for financial accounts in the most recent fiscal year: None

### (3) Changes in number of consolidated subsidiaries or equity-method affiliates: Yes

[Number of Consolidated Subsidiaries and Application of Equity Method]

Consolidated subsidiaries: 24      Equity-method non-consolidated subsidiaries: 1      Equity-method affiliates: 2

[Changes in Consolidated Subsidiaries and Affiliates]

Consolidated (New): 2 / Hitachi Capital Leasing (China) Co., Ltd. and Hitachi Capital Trust Corporation were established and became consolidated subsidiaries on April 15, 2005 and April 28, 2005, respectively.

Deconsolidated: 1/Hitachi Triple Win Corp. acquired Hitachi Capital Data Service Co., Ltd. through a merger on June 1, 2005.

## 2. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2006 (April 01, 2005 to June 30, 2005)

### (1) Consolidated Operating Results

(All amounts rounded down, YoY change %)

	Revenues (Note:(1))		Operating income (Note:(1))		Ordinary income (Note:(1))		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended June 30, 2005	27,658	2.7	6,007	13.7	5,937	-	3,074	12.3
Three Months Ended June 30, 2004	26,938	0.7	5,283	12.2	-	-	2,736	11.6
(Ref.) Year Ended March 31, 2005	111,611	1.9	24,697	13.8	24,132	-	13,287	76.4

	Net income per share		Diluted net income per share		Volume of business	
	Yen		Yen		Million yen	%
Three Months Ended June 30, 2005	26.16		-		494,125	3.5
Three Months Ended June 30, 2004	22.90		22.08		477,230	4.2
(Ref.) Year Ended March 31, 2005	110.55		108.02		1,934,819	6.1

Notes: (1) Due to changes in accounting principle in the year ended March 31, 2005, "revenues," "operating income," and "ordinary income" have been adjusted. "Revenues," "operating income," and "ordinary income" after the adjustment and their YoY changes are shown below.

Three Months Ended June 30, 2005    Revenues: ¥27,658 million (3.0%)    Operating income: ¥6,007 million (12.8%)    Ordinary income: ¥5,937 million (12.4%)

Three Months Ended June 30, 2004    Revenues: ¥26,858 million ( 0.9%)    Operating income: ¥5,325 million (12.6%)    Ordinary income: ¥5,283 million (12.2%)

### (2) Average number of shares of common stock outstanding (after excluding treasury stock)

Three Months Ended June 30, 2005: 117,549,204 shares

Three Months Ended June 30, 2004: 119,542,971 shares

(Reference) Year Ended March 31, 2005: 119,663,080 shares

## (2) Consolidated Financial Position

	Total assets	Total stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share	
	Million yen	Million yen	%	Yen	
Three Months Ended June 30, 2005	2,302,484	216,083	9.4	1,848	55
Three Months Ended June 30, 2004	2,204,894	212,570	9.6	1,787	99
(Ref.) Year Ended March 31, 2005	2,190,188	218,855	10.0	1,854	25

Note: Number of shares outstanding (after excluding treasury stock)

Three Months Ended June 30, 2005: 116,893,803 shares

Three Months Ended June 30, 2004: 118,888,281 shares

(Reference) Year Ended March 31, 2005: 117,997,719 shares

Total assets at the end of the three months ended June 30, 2005 increased ¥112,296 from the year ended March 31, 2005 to ¥2,302,484 million primarily due to an increase in trade receivables from a rise in home loans.

Total stockholders' equity decreased by ¥2,771 million from the year ended March 31, 2005 to ¥216,083 million due, among other reasons, to the acquisition of treasury stock.

### (3) Overview of Results

During the three months ended June 30, 2005, volume of business increased 3.5% year on year to ¥494,125 million as such conventional businesses as IT equipment and outsourcing service businesses grew. Volume of the 5 Expanding Businesses under the Medium-term Management Plan made a noteworthy contribution by growing 7.4% year on year.

In terms of earnings during the three months ended June 30, 2005, the increases in leasing and financing businesses more than made up for the shortfall in auto loans business, as revenues rose 3.0% year on year (after adjustment of the figures of the three months ended June 30, 2004, pursuant to the changes in accounting standards) to ¥27,658 million. As a result of our continuing efforts to reduce financing costs, operating income rose 12.4% year on year to ¥5,937 million.

#### (Reference) Volume of Business in the 5 Expanding Businesses

Item	Three Months Ended June 30, 2004	Three Months Ended June 30, 2005	YoY Change
	Million yen	Million yen	%
Auto leases	20,386	22,938	12.5
Medical equipment	26,284	25,628	2.5
Agricultural finance	16,125	18,062	12.0
Home appliances	17,676	16,718	5.4
(Home refurbishment loans)	(5,630)	(4,626)	17.8
Home loans	19,249	23,784	23.6
Total volume of 5 expanding businesses	99,723	107,132	7.4
Total volume of business	477,230	494,125	3.5
Share of total volume of business	(20.9%)	(21.7%)	—

### 3. Forecasts for the Fiscal Year Ending March 31, 2006 (April 1, 2005 to March 31, 2006)

Consolidated forecast for the year ending March 31, 2006 is as shown below. No changes have been made to the previous forecast.

(Percentages are year on year changes)

	Revenues		Operating income (Ordinary income)		Net income	
	Million yen	%	Million yen	%	Million yen	%
Interim	56,500	3.0	12,500	11.2	6,900	10.8
Fiscal year	115,200	3.2	26,700	10.6	14,700	10.6

(Reference) (1) Volume of business Interim: ¥980,000 million (2.9%) Fiscal year: ¥2,000,000 million (3.4%)

(2) Projected net income per share for the fiscal year: ¥125.76

Consolidated forecasts have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results due to a variety of factors.

## Consolidated Balance Sheets

(¥million, rounded down)

Period Item	As of June 30, 2005 (A)	As of March 31, 2005 (B)	Change from March 31, 2005 (A)-(B)	Period Item	As of June 30, 2005 (A)	As of March 31, 2005 (B)	Change from March 31, 2005 (A)-(B)
(Assets)				(Liabilities)			
Current assets	675,043	594,221	80,821	Current liabilities	1,066,090	1,019,511	46,578
Cash	27,830	26,337	1,492	Trade payables	236,786	229,513	7,273
Trade receivables	529,427	453,535	75,891	Short-term bank loans	117,410	134,718	17,308
Parent company deposit	48,752	48,736	16	Commercial paper	287,930	215,870	72,059
Short-term investments	1,092	1,092	0	Current portion of bonds	80,869	106,642	25,772
Deferred tax assets	7,507	7,395	112	Current portion of long-term obligation for securitization of lease receivables	258,067	261,333	3,265
Other	70,140	66,373	3,766	Income taxes payable	3,982	6,477	2,495
Allowance for doubtful accounts	9,706	9,249	457	Deferred tax liabilities	1,149	1,137	11
Fixed assets	1,627,441	1,595,966	31,474	Reserve for loan guarantees	5,100	5,255	154
Property and equipment	1,301,035	1,285,844	15,191	Other	74,793	58,563	16,229
Equipment held for leases	1,294,821	1,279,773	15,048	Long-term liabilities	1,014,966	945,913	69,053
Buildings and structures	1,510	1,517	7	Bonds	356,047	360,994	4,946
Machinery, equipment and vehicles	1,299	1,322	23	Long-term debt	138,706	134,864	3,842
Furniture and fixtures	1,993	1,819	173	Long-term obligation for securitization of lease receivables	488,391	422,073	66,318
Land	1,410	1,410	0	Deferred tax liabilities	97	92	5
Intangible fixed assets	284,541	270,232	14,309	Retirement and severance benefits	6,494	5,135	1,359
Equipment held for leases	276,702	261,914	14,787	Retirement benefits for directors	958	1,137	178
Other	7,839	8,317	477	Reserve for insurance contract	8,346	6,617	1,729
Investments and other assets	41,863	39,889	1,974	Other	15,923	14,998	925
Investments in securities	14,199	14,417	217	Total liabilities	2,081,056	1,965,425	115,631
Deferred tax assets	4,056	4,000	56	(Minority interests)			
Other	23,623	21,490	2,132	Minority interests	5,344	5,907	563
Allowance for doubtful accounts	15	19	3	(Stockholders' equity)			
				Common stock	9,983	9,983	-
				Capital surplus	45,972	45,972	-
				Retained earnings	172,860	173,384	524
				Net unrealized holding gain on investments in securities	2,289	2,371	82
				Net foreign currency translation adjustments	699	800	100
				Treasury stock	14,321	12,055	2,265
				Total stockholders' equity	216,083	218,855	2,771
Total assets	2,302,484	2,190,188	112,296	Total liabilities, minority interests and stockholders' equity	2,302,484	2,190,188	112,296

## Consolidated Statements of Income

<Three Months Ended June 30, 2005 (April 1 - June 30)>

(¥million, rounded down)

Item	Three Months Ended June 30, 2005 <small>(1st April, 2005 to 30th June, 2005)</small>		YoY change	Three Months Ended June 30, 2004 <small>(April 1, 2004 to June 30, 2004)</small>		(After adjustment) Three Months Ended June 30, 2004 <small>(April 1, 2004 to June 30, 2004)</small>	
	Period	%		%	%	%	
Revenues	27,658	100.0	2.7	26,938	100.0	26,858	100.0
Operating revenues	27,565		3.1	26,726		26,727	
Interest and dividend income	93		56.1	212		130	
Expenses	21,651	78.3	0.0	21,655	80.4	21,532	80.2
Selling, general and administrative expenses	16,063		0.8	15,930		15,919	
Financing costs	5,588		2.4	5,724		5,613	
Operating income	6,007	21.7	13.7	5,283	19.6	5,325	19.8
Non-operating revenues	0	0.0	-	-	-	87	0.3
Non-operating expenses	71	0.2	-	-	-	129	0.4
Ordinary income	5,937	21.5	-	-	-	5,283	19.7
Income before income taxes and minority interests	5,937	21.5	12.4	5,283	19.6	5,283	19.7
Income taxes	2,839	10.3	31.6	2,157	8.0	2,157	8.0
Deferred income taxes	73	0.3	-	201	0.7	201	0.8
Minority interests	95	0.4	48.9	187	0.7	187	0.7
Net income	3,074	11.1	12.3	2,736	10.2	2,736	10.2

Note: (After adjustment)

Due to changes in accounting principle in the year ended March 31, 2005, the results of the three months ended June 30, 2004 have been adjusted.

As a result, operating income for the three months ended March 31, 2004 would have increased by ¥42 million, but this would not have affected ordinary income or income before income taxes and minority interests.

<Supplementary Information>

## 1. Quarterly Consolidated Statements of Income

<Year Ending March 31, 2006>

(¥million, rounded down)

Type	No.	1st Quarter April 1, 2005 to June 30, 2005	2nd Quarter July 1, 2005 to September 30, 2005	3rd Quarter October 1, 2005 to December 31, 2005	4th Quarter January 1, 2006 to March 31, 2006	3 Months Cumulative April 1, 2005 to June 30, 2005
Revenues	1	27,658				27,658
Operating revenues	2	27,565				27,565
Interest and dividend income	3	93				93
Expenses	4	21,651				21,651
Selling, general and administrative expenses	5	16,063				16,063
Financing costs	6	5,588				5,588
Operating income	7	6,007				6,007
Non-operating revenues	8	0				0
Non-operating expenses	9	71				71
Ordinary income	10	5,937				5,937
Extraordinary gains/losses	11	—				—
Income before income taxes and minority interests	12	5,937				5,937
Income taxes	13	2,839				2,839
Deferred income taxes	14	73				73
Minority interests	15	95				95
Net income	16	3,074				3,074

<Year Ended March 31, 2005>

(¥million, rounded down)

Period	No.	1st Quarter April 1, 2005 to June 30, 2005	2nd Quarter July 1, 2005 to September 30, 2005	3rd Quarter October 1, 2005 to December 31, 2005	4th Quarter January 1, 2006 to March 31, 2006	Annual Cumulative April 1, 2004 to March 31, 2005
Revenues	1	26,858	28,021	27,607	29,123	111,611
Operating revenues	2	26,727	27,946	27,447	28,986	111,108
Interest and dividend income	3	130	75	159	136	502
Expenses	4	21,532	21,937	21,451	21,992	86,914
Selling, general and administrative expenses	5	15,919	16,392	15,785	16,532	64,629
Financing costs	6	5,613	5,545	5,666	5,459	22,284
Operating income	7	5,325	6,084	6,156	7,130	24,697
Non-operating revenues	8	87	16	5	29	138
Non-operating expenses	9	129	143	286	143	703
Ordinary income	10	5,283	5,957	5,875	7,016	24,132
Extraordinary gains/losses	11	—	—	—	—	—
Income before income taxes and minority interests	12	5,283	5,957	5,875	7,016	24,132
Income taxes	13	2,157	116	2,421	1,942	6,405
Deferred income taxes	14	201	2,280	82	939	3,503
Minority interests	15	187	302	259	187	935
Net income	16	2,736	3,491	3,112	3,946	13,287

Note: Due to changes in accounting principle in the year ended March 31, 2005, the results of the three months ended June 30, 2004 have been adjusted

## 2. Contract Segment Information

### (1) For the Three Months Ended June 30, 2005

(¥million, rounded down)

	No.	Lease	Change (%)	Guarantees	Change (%)	Installments and others	Change (%)	Total	Change (%)
Revenues (Composition %)	1	16,052 (58)	4.2	2,815 (10)	25.9	8,790 (32)	14.9	27,658 (100)	3.0
Volume of business (Composition %)	2	220,824 (45)	8.0	59,781 (12)	21.8	213,519 (43)	8.8	494,125 (100)	3.5
Trade receivables, loan guarantees and leases (Composition %)	3	1,856,120 (54)	5.3	700,385 (20)	10.7	898,281 (26)	15.8	3,454,787 (100)	4.0

### (2) For the Three Months Ended June 30, 2004

(¥million, rounded down)

	No.	Lease	Change (%)	Guarantees	Change (%)	Installments and others	Change (%)	Total	Change (%)
Revenues (Composition %)	1	15,403 (57)	0.3	3,800 (14)	12.7	7,653 (29)	4.6	26,858 (100)	0.9
Volume of business (Composition %)	2	204,523 (43)	2.9	76,468 (16)	9.5	196,238 (41)	12.2	477,230 (100)	4.2
Trade receivables, loan guarantees and leases (Composition %)	3	1,762,635 (53)	1.9	784,161 (24)	8.0	775,454 (23)	13.1	3,322,251 (100)	1.7

Note:

1. Operating incomes have been adjusted to reflect a change in accounting principle.
2. Trade receivables, loan guarantees and leases include off-balance sheet assets.
3. "Lease" includes lease rentals, auto leases and other items.
4. "Guarantees" include loan sales through alliances and other items.
5. "Installments and others" include installment sales, business loans, card services and other items.

## 3. Volume of Business by Product

(¥million, round down)

	No.	Three Months Ended June 30, 2004	Three Months Ended June 30, 2005	Change (%)
Finance business	1	396,954	400,321	0.8
Automobile finance services	2	87,478	81,806	6.5
Home appliances and home refurbishment	3	33,853	37,589	11.0
Home loans	4	19,249	23,784	23.6
Information equipment	5	101,661	119,266	17.3
Industrial machinery	6	59,542	37,221	37.5
Construction machinery	7	6,802	6,478	4.8
Medical devices	8	26,284	25,628	2.5
Agricultural equipment	9	16,125	18,062	12.0
Others	10	45,957	50,483	9.8
Other financial services	11	82,936	96,600	16.5
Card business	12	9,428	11,279	19.6
Non-life insurance	13	1,143	3,333	191.5
Securitization business	14	16,287	13,932	14.5
Outsourcing business	15	56,076	68,054	21.4
Elimination and/or corporate	16	2,660	2,796	-
Total	17	477,230	494,125	3.5

Note: "Others" show under the finance business includes commercial facilities, scientific instruments, maintenance services and other items.