

Consolidated First Quarter Earnings Report For the Three Months Ended June 30, 2006



July 27, 2006

Corporate Name: Hitachi Capital Corporation

Stock Code: 8586

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Stock Listing: Tokyo Stock Exchange

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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: 23 Equity-method non-consolidated subsidiaries: 1 Equity-method affiliates: 1

[Changes in Consolidated Subsidiaries and Affiliates]

Deconsolidated: One company was deconsolidated when the voluntary liquidation of Hitachi Leasing Singapore Pte, Ltd., was completed on June 20, 2006.

Equity method affiliate (deconsolidated):

One company was deconsolidated when part of the stock in the Mortgage Corporation of Japan, Ltd., was sold on June 22, 2006.

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		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended June 30, 2006	27,944	1.0	6,065	1.0	6,614	11.4	3,502	13.9
Three Months Ended June 30, 2005	26,658	2.7	6,007	13.7	5,937	-	3,074	12.3
(Ref.) Year Ended March 31, 2006	112,725	1.0	26,189	6.0	26,129	8.3	14,219	7.0

	Net income per share		Diluted net income per share		Volume of business	
	Yen		Yen		Million yen	%
Three Months Ended June 30, 2006	29.97		-		498,233	0.8
Three Months Ended June 30, 2005	26.16		-		494,125	3.5
(Ref.) Year Ended March 31, 2006	121.11		-		1,989,161	2.8

Notes: Average number of shares of common stock outstanding (after excluding treasury stock)

Three Months Ended June 30, 2006: 116,892,915 shares

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

(Reference) Year Ended March 31, 2006: 117,057,392 shares

(2) Consolidated Financial Position

	Total assets	Total stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2006	2,459,808	237,421	9.4	1,982 .63
As of June 30, 2005	2,302,484	216,083	9.4	1,848 .55
(Ref.) Year Ended March 31, 2006	2,436,132	230,814	9.5	1,974 .21

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

As of June 30, 2006: 116,892,838 shares

As of June 30, 2005: 116,893,803 shares

(Reference) Year Ended March 31, 2006: 116,892,979 shares

Total assets as of the end of the first quarter increased by ¥23,675 million to ¥2,459,808 million from the last quarter due in part to increase in accounts receivable. Net assets increased by ¥6,607 million to ¥237,421 million as a result of posting a quarterly net profit and applying the "accounting standards concerning presentation of net assets in the Balance Sheet" (Corporate Accounting Standard No. 5).

(3) Overview of Results

Volume of finance business in the first quarter fell 1.7% year-on-year to ¥393,334 million, as industrial machinery and the core field, medical equipment, saw strong gains, but management shifted its weight to quality by reviewing long-term home loan portfolio to portfolio to better match the financial environment in which interest rates are on the rise. In other financial services, card business, securitization business, and outsourcing business remained robust to boost volume of business by 10.3% year-on-year to ¥106,571 million. As a result, total volume of business increased by 0.8% year-on-year to ¥498,233 million.

In terms of revenues in the first quarter, the reduced revenues from guarantees were covered by lease and installment and others. As a result, operating revenues rose by 1.0% year-on-year to ¥27,944 million. Combined with the increase in operating revenues, nonoperating revenues from the sale of shares in affiliated company boosted ordinary income by 11.4% to ¥6,614 million and net profit for the quarter by 13.9% year-on-year to ¥3,502 million.

3. Forecasts for the Fiscal Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

Consolidated forecast for the year ending March 31, 2007 is as shown below. No changes have been made to the previous forecast.

(Percentages are year on year changes)

	Revenues		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%
Interim	57,000	2.5	13,000	3.6	7,100	2.2
Fiscal year	116,800	3.6	27,500	5.2	15,000	5.5

(Reference) (1) Volume of business Interim: ¥1,020,000 million (2.9%) Fiscal year: ¥2,100,000 million (3.4%)

(2) Projected net income per share for the fiscal year: ¥128.32

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 March 31, 2006 (A)	As of June 30, 2006 (B)	Change from March 31, 2006 (B)-(A)	Period Item	As of March 31, 2006 (A)	As of June 30, 2006 (B)	Change from March 31, 2006 (B)-(A)
(Assets)				(Liabilities)			
Current assets	744,185	755,011	10,825	Current liabilities	1,059,071	1,092,430	33,358
Cash	37,753	26,185	11,567	Trade payables	278,563	300,532	21,969
Trade receivables	586,298	606,802	20,503	Short-term bank loans	110,575	90,743	19,832
Parent company deposit	47,229	48,515	1,286	Commercial paper	224,376	251,012	26,636
Short-term investments	792	792	0	Current portion of bond	76,221	87,077	10,856
Deferred tax assets	7,317	7,031	285	Current portion of long-term obligation for securitization of lease receivables	306,709	300,865	5,843
Other	74,857	76,297	1,440	Income taxes payable	5,922	3,900	2,021
Allowance for doubtful accounts	10,061	10,613	551	Deferred tax liabilities	1,006	1,147	141
Fixed assets	1,691,946	1,704,796	12,849	Reserve for loan guaran	3,685	3,436	249
Property and equipment	1,350,065	1,364,561	14,496	Other	52,012	53,713	1,701
Equipment held for leases	1,343,781	1,358,148	14,366	Long-term liabilities	1,140,073	1,129,956	10,116
Buildings and structures	1,517	1,514	2	Bonds	324,928	327,417	2,488
Machinery, equipment and vehicles	1,323	1,385	62	Long-term debt	200,341	213,443	13,101
Furniture and fixtures	2,032	2,038	5	Long-term obligation for securitization of lease receivables	575,373	550,206	25,166
Land	1,410	1,474	63	Deferred tax liabilities	2,919	2,089	829
Intangible fixed assets	287,522	287,371	150	Retirement and severance benefits	5,103	5,051	51
Equipment held for leases	280,715	279,999	716	Retirement benefits for directors	1,042	1,069	26
Other	6,806	7,372	566	Reserve for Insurance contract	9,654	9,858	204
Investments and other assets	54,359	52,862	1,496	Other	20,710	20,819	109
Investments in securities	24,567	21,999	2,568	Total liabilities	2,199,144	2,222,387	23,242
Deferred tax assets	1,763	1,763	0	(Minority interests)			
Other	28,037	29,110	1,072	Minority interests	6,173		
Allowance for doubtful accounts	9	9	-	(Stockholders' equity)			
				Common stock	9,983		
				Capital surplus	45,972		
				Retained earnings	181,954		
				Net unrealized holding gain on investments in securities	6,856		
				Net foreign currency translation	370		
				Treasury stock	14,323		
				Total stockholders' equity	230,814		
				Total liabilities, minority interests and stockholders' equity	2,436,132		
				(Net Assets)			
				Total stockholder's equity		224,968	
				Common stock		9,983	
				Capital surplus		45,972	
				Retained earnings		183,336	
				Treasury stock		14,323	
				Total ()		6,786	
				Net unrealized holding gain on investments in securities		5,376	
				Net deferred unrealized gain/loss on hedge accounting		928	
				Net foreign currency translation		481	
				(Minority interests)		5,665	
				Total net assets		237,421	
Total assets	2,436,132	2,459,808	23,675	Total liabilities, minority interests and stockholders' equity		2,459,808	

Total: Total net unrealized holding gain on securities, net deferred unrealized gain/loss on hedge accounting and foreign currency translation adjustment

Consolidated Statements of Income

<Three months ended June 30, 2006(April 1 - June 30)>

(¥ million, rounded down)

Item	Period		Three Months Ended		Y to Y change
	Three Months Ended June 30, 2005 (April 1, 2005-June 30 2005)		Three Months Ended June 30, 2006 (April 1, 2006-June 30 2006)		
Revenues	27,658	100.0	27,944	100.0	1.0
Operating revenues	27,565		27,515		0.2
Interest and dividend income	93		428		360.4
Expenses	21,651	78.3	21,879	78.3	1.1
Selling, general and administrative expenses	16,063		15,701		2.2
Financing costs	5,588		6,178		10.5
Operating income	6,007	21.7	6,065	21.7	1.0
Non-operating revenues	0	0.0	580	2.1	-
Non-operating expenses	71	0.2	31	0.1	55.9
Ordinary income	5,937	21.5	6,614	23.7	11.4
Income before income taxes and minority interests	5,937	21.5	6,614	23.7	11.4
Income taxes	2,839	10.3	3,032	10.9	6.8
Deferred income taxes	73	0.3	24	0.1	66.8
Minority interests	95	0.4	103	0.4	7.7
Net income	3,074	11.1	3,502	12.5	13.9

<Supplementary Information>

1. Quarterly Consolidated Statements of Income

Year Ending March 31, 2007

(¥ million, rounded down)

Item	Period No.	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Three Months Cumulative
		April 1, 2006 - June 30, 2006	July 1, 2006 - September 30, 2006	October 1, 2006 - December 31, 2006	January 1, 2007 - March 31, 2007	April 1, 2006 - June 30, 2006
Revenues	1	27,944				27,944
Operating revenues	2	27,515				27,515
Interest and dividend income	3	428				428
Expenses	4	21,879				21,879
Selling, general and administrative expenses	5	15,701				15,701
Financing costs	6	6,178				6,178
Operating income	7	6,065				6,065
Non-operating revenues	8	580				580
Non-operating expenses	9	31				31
Ordinary income	10	6,614				6,614
Extraordinary gains/losses	11					
Income before income taxes and minority interests	12	6,614				6,614
Income taxes	13	3,032				3,032
Deferred income taxes	14	24				24
Minority interests	15	103				103
Net income	16	3,502				3,502

Year Ending March 31, 2006

(¥ million, rounded down)

Item	Period No.	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Cumulative
		April 1, 2005 - June 30, 2005	July 1, 2005 - September 30, 2005	October 1, 2005 - December 31, 2005	January 1, 2006 - March 31, 2006	April 1, 2005 - March 31, 2006
Revenues	1	27,658	27,933	27,966	29,166	112,725
Operating revenues	2	27,565	27,826	27,895	28,984	112,272
Interest and dividend income	3	93	106	71	182	453
Expenses	4	21,651	21,292	21,456	22,135	86,536
Selling, general and administrative expenses	5	16,063	15,992	15,882	15,835	63,774
Financing costs	6	5,588	5,300	5,574	6,299	22,762
Operating income	7	6,007	6,640	6,509	7,031	26,189
Non-operating revenues	8	0	6	151	68	227
Non-operating expenses	9	71	37	28	150	287
Ordinary income	10	5,937	6,609	6,633	6,949	26,129
Extraordinary gains/losses	11					
Income before income taxes and minority interests	12	5,937	6,609	6,633	6,949	26,129
Income taxes	13	2,839	559	2,935	1,472	7,807
Deferred income taxes	14	73	2,031	21	1,470	3,449
Minority interests	15	95	141	170	244	652
Net income	16	3,074	3,876	3,505	3,762	14,219

2.Contract Segment Information (Consolidated)

(1) For the Three Month Ended June 30, 2006 (April 1, 2006 - June 30, 2006)

(¥ million, rounded down)

	No.	Lease	Change (%)	Guarantees	Change (%)	Installments and others	Change (%)	Total	Change (%)
Revenues (Composition %)	1	16,174 (58)	0.8	1,948 (7)	30.8	9,821 (35)	11.7	27,944 (100)	1.0
Volume of business (Composition %)	2	206,755 (41)	6.4	54,014 (11)	9.6	237,463 (48)	11.2	498,233 (100)	0.8
Trade receivables, (Composition %)	3	1,909,889 (54)	2.9	618,673 (17)	11.7	1,021,639 (29)	13.7	3,550,201 (100)	2.8

(2) For the Three Month Ended June 3, 2005 (April 1, 2005 - 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, (Composition %)	3	1,856,120 (54)	5.3	700,385 (20)	10.7	898,281 (26)	15.8	3,454,787 (100)	4.0

Notes:

- 1 Due to change in accounting principle," corresponding ratio to the previous year on Revenues" have been adjusted on three month ended June 30,2006.
- 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 (including home loans), card services and other items.

3. Volume of Business by Product

(¥ million, %)

	No.	Three Months ended June 30,2005	Three Months ended June30,2006	Y to Y change
Finance business	1	400,321	393,334	1.7
Automobile finance	2	81,806	72,985	10.8
Home appliances and home refurbishment	3	37,589	37,519	0.2
Home loans	4	23,784	15,782	33.6
Information equipment related	5	119,266	90,650	24.0
Industrial machinery	6	37,221	45,843	23.2
Construction machinery	7	6,478	7,612	17.5
General services for the medical field	8	25,628	29,009	13.2
Agricultural finance	9	18,062	17,249	4.5
Others	10	50,483	76,681	51.9
Other financial services	11	96,600	106,571	10.3
Card business	12	11,279	12,559	11.3
Non-life insurance	13	3,333	1,864	44.1
Securitization business	14	13,932	15,879	14.0
Outsourcing business	15	68,054	76,268	12.1
Elimination and/or corporate	16	2,796	1,672	-
Total	17	494,125	498,233	0.8

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