

January 27, 2017

Consolidated Third Quarter Earnings Report [IFRS]

For the Nine Months Ended December 31, 2016



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 Scheduled date of submission of financial reports: February 13, 2017
 Scheduled commencement of dividend payment: –
 Preparation of supplementary material for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(All amounts rounded down)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(1) Consolidated Operating Results (Cumulative)

(year-on-year change %)

	Revenues		Operating income		Profit before tax		Net income		Net income attributable to owners of the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine Months Ended December 31, 2016	269,102	(1.4)	32,283	(6.3)	34,244	(4.2)	24,991	(4.1)	24,106	(4.7)	21,900	(14.1)
Nine Months Ended December 31, 2015	272,924	2.7	34,456	20.1	35,763	26.4	26,064	27.6	25,302	27.7	25,487	(19.2)

【Important】 "Operating income" on this page represents "Adjusted operating income" which Hitachi Capital uses as an indicator for its consolidated operating results. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses. On other pages, "Operating income" is presented as "Adjusted operating income."

	Earnings per share (basic)	Earnings per share (diluted)	ROE
	¥	¥	%
Nine Months Ended December 31, 2016	206.24	—	9.4
Nine Months Ended December 31, 2015	216.47	—	10.1

(Ref.) Volume of business: Nine Months Ended December 31, 2016: ¥1,697,699 million; Nine Months Ended December 31, 2015: ¥1,695,214 million

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio	Equity per share attributable to owners of the parent
	¥ million	¥ million	¥ million	%	¥
As of December 31, 2016	3,228,807	359,636	346,629	10.7	2,965.52
As of March 31, 2016	3,081,201	347,559	335,503	10.9	2,870.33

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
	¥	¥	¥	¥	¥
Year ended March 31, 2016	—	42.00	—	42.00	84.00
Year ending March 31, 2017	—	43.00	—		
Year ending March 31, 2017 (Forecast)				43.00	86.00

Note: Changes from the latest released dividend forecasts: None

3. Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% is year-on-year for the fiscal year)

Fiscal year	Revenues		Operating income		Profit before tax		Net income		Net income attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
	357,800	(2.1)	42,700	(5.6)	45,000	(3.6)	32,500	(3.3)	31,500	(3.7)	269.49

Note: Changes from the latest released performance forecasts: None

(Ref.) Volume of business: Fiscal year: ¥2,160,000 million

* Notes

(For details, please refer to "2. Matters concerning Summary Information (Notes)" on page 9)

(1) Major changes in among subsidiaries in the consolidated cumulative period of the period under review: None

(2) Changes to accounting policies; changes to accounting estimates

(i) Changes to accounting policies required by IFRS : None

(ii) Changes other than (i) above : None

(iii) Changes to accounting estimates : None

(3) Number of outstanding shares (common shares)

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

As of December 31, 2016: 124,826,552 shares As of March 31, 2016: 124,826,552 shares

(ii) Treasury stock at end of term

As of December 31, 2016: 7,940,125 shares As of March 31, 2016: 7,939,936 shares

(iii) Weighted average number of shares outstanding

Nine months ended December 31, 2016: 116,886,528 shares Nine months ended December 31, 2015: 116,886,770 shares

* Information regarding the implementation of quarterly review procedures

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

* Explanation for proper use of the forecasts, etc.

Consolidated forecasts stated herein have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results due to a variety of reasons. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to "(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast" on page 8.

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1. Qualitative Information Concerning Financial Results for the Third Quarter Ended December 31, 2016

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the nine months ended December 31, 2016 were as follows.

(¥ million, %)

	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Y on Y Change
Volume of business	1,695,214	1,697,699	0.1
Revenues	272,924	269,102	(1.4)
Gross profit	98,171	93,277	(5.0)
Adjusted operating income	34,456	32,283	(6.3)
Profit before tax	35,763	34,244	(4.2)
Net income attributable to owners of the parent	25,302	24,106	(4.7)

During the nine months ended December 31, 2016, while the economy showed solid growth in the U.S. and the U.K., drastic changes such as the U.K.'s Brexit decision and the moves toward the new administration in the U.S. have further increased economic and political uncertainties around the world. In Japan, despite some signs of recovery in economy, there remains uncertainty over the recovery of corporate earnings and the capital investment outlook due to unstable business environment around the world.

Under such circumstances, Hitachi Capital aims to achieve the target through "Change" and "Growth" insusceptible to the business environment and fulfill our Mission "We will be conscientious of the global environment and aim to become a Social Values Creating Company that provides new values to realize social development and richer life for people."

Hitachi Capital entered into a Memorandum of Understanding regarding capital and business alliance with Mitsubishi UFJ Financial Group, Inc. ("MUFG") and Mitsubishi UFJ Lease & Finance Company Limited ("MUL") in May 2016 for the purpose of strengthening the Company's financial functions and ability to provide solutions toward the Company's sustainable growth. As a result of the share transfer of a portion of common stocks of Hitachi Capital owned by Hitachi, Ltd. (Hitachi), executed on October 2016, Hitachi now holds 33.40%, MUFG holds 23.01% and MUL holds 4.20% of the voting rights of Hitachi Capital, and Hitachi Capital became an affiliate of both Hitachi and MUFG accounted for using the equity method.

Under the FY2016-FY2018 Mid-Term Management Plan (2018 Mid-Term Management Plan) announced in June 2016, the Company is aiming to achieve ROE of 10% through ROA improvement, with Global Business (Europe, the Americas, China, ASEAN) maintaining high and systematic growth (continuing a double-digit growth) and with Japan Business improving profitability (challenging 2% ROA) by focusing on growing sectors and improving operational efficiency. Also, we will actively execute strategic investment in M&A, IT and human resources to support business growth.

During the nine months ended December 31, 2016, Japan Business reviewed focused sectors under the 2018 Mid-Term Management Plan and redefined Social infrastructure, Eco- and energy- related, Vehicle, Local governments/public as Growing sectors to be enhanced and Food, Security and BPO as Start-up (green shoots) sectors to be developed, and promoted those sectors.

In Global Business, the decision of U.K.'s exit from EU in June 2016 did not have much impact on the European business environment so far, and our U.K. business has made a steady progress focusing on domestic demands and efforts to diversify receivables. In the Americas, as part of our strategic investment, the Company entered into a business transfer agreement with Creekridge Capital LLC in May 2016. In China, we invested in a joint venture with a government-affiliated leasing company in Nanjing, etc. with the aim of building a high quality portfolio by increasing public projects through a strategic alliance with state-owned enterprises.

Hitachi Capital has been working for further collaboration by entering into (1) a business alliance agreement with MUL with an aim to expand business domains and strengthen financial service functions including solutions, and (2) a business alliance agreement regarding an open financial platform with MUL, Hitachi, MUFG and the Bank of Tokyo-Mitsubishi UFJ, Ltd. with an aim to contribute to Japanese equipment manufacturers and engineering companies engaging in infrastructure projects, in August 2016. And in January 2017, we established Japan Infrastructure Initiative Company Limited as an open financial platform.

As a result, consolidated volume of business for the nine months ended December 31, 2016 increased 0.1% year on year to ¥1,697,699 million as Global Business increased mainly in the Americas and Europe showed solid performance on a local currency basis, despite a decrease in Japan Business due to the closing of factoring business.

Revenues decreased 1.4% year on year to ¥269,102 million, gross profit decreased 5.0% year on year to ¥93,277 million, and profit before tax decreased 4.2% year on year to ¥34,244 million due mainly to the appreciation of yen. As a result, net income attributable to owners of the parent decreased 4.7% to ¥24,106 million.

Comprehensive income for the nine months ended December 31, 2016 decreased 14.1% year on year to ¥21,900 million due to translation differences related to the financial statements of overseas subsidiaries arising from the appreciation of yen.

Results by segment for the nine months ended December 31, 2016 were as follows.

(Account Solution)

Revenues increased 5.2% year on year to ¥153,883 million due to steady performance in information equipment related and industrial construction machinery related businesses.

Profit before tax decreased 0.5% year on year to ¥14,755 million due to a decline in gains on sales but still managed to exceed the plan.

(Vendor Solution)

Revenues decreased 5.9% year on year to ¥13,919 million due to a decrease in operating assets.

Profit before tax increased 22.0% year on year to ¥2,716 million due to a decrease in IT-related costs.

(Europe)

Revenues decreased 16.1% year on year to ¥62,580 million and profit before tax decreased 8.2% year on year to ¥12,133 million due to the appreciation of yen, but U.K. business showed solid performance and its revenues and profits increased on a local currency basis.

(The Americas)

Revenues increased 39.0% year on year to ¥12,852 million due to business acquisition from Creekridge Capital LLC in addition to a strong performance primarily in factoring business. As a result, profit before tax increased 6.8% year on year to ¥2,919 million.

(China)

Revenues decreased 7.2% year on year to ¥11,903 million due to the appreciation of yen although the business in mainland China showed a steady growth and its revenues increased on a local currency basis. Profit before tax increased 8.8% year on year to ¥5,715 million due to a decrease in bad debt expenses.

(ASEAN)

Revenues increased 10.7% year on year to ¥9,841 million due to an increase in volume of business. Profit before tax decreased 31.8% year on year to ¥181 million due to the fluctuation of foreign exchange rates.

2) Key management indicators (Annualized)

(%)

	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016
ROE	10.1	9.4
ROA	1.6	1.4
Equity attributable to owners of the parent ratio	10.7	10.7

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of December 31, 2016 was as follows:

(¥ million, %)

	As of March 31, 2016	As of December 31, 2016	Change	
			Amount	%
Total assets	3,081,201	3,228,807	147,606	4.8
Interest-bearing debt	2,341,683	2,549,851	208,168	8.9
Total equity	347,559	359,636	12,076	3.5

i . Total assets

Total assets as of December 31, 2016 increased ¥147,606 million from March 31, 2016 to ¥3,228,807 million due mainly to an increase in finance lease receivables in the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of December 31, 2016 increased ¥208,168 million from March 31, 2016 to ¥2,549,851 million due mainly to an increase from issuance of bonds in Japan and the Americas, a decrease in long-term debt in Europe, and an increase in long-term debt in the Americas.

iii .Total equity

Total equity as of December 31, 2016 increased ¥12,076 million from March 31, 2016 to ¥359,636 million, and major components consist of net income attributable to owners of the parent of ¥24,106 million and cash dividends paid of ¥9,935 million.

2) Cash flows

Cash flows during nine months ended December 31, 2016 were as follows:

	(¥ million)		
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change
Cash flows from operating activities	(186,489)	(135,671)	50,817
Cash flows from investing activities	229	(30,141)	(30,371)
Cash flows from financing activities	231,704	189,253	(42,451)
Free cash flow	(186,259)	(165,813)	20,446

i . Cash flows from operating activities

Net cash used in operating activities was ¥135,671 million. This was primarily due to decrease in trade and other payables of ¥69,490 million, purchase of operating leased assets of ¥105,310 million, and proceeds from sale of operating leased assets of ¥24,187 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥30,141 million. This was primarily due to purchase of investments in securities and payments to time deposits of ¥15,282 million, payments for transfer of business of ¥9,790 million, and payments for setup of an entity accounted for using the equity method of ¥9,510 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥189,253 million due mainly to proceeds from long-term borrowings and bonds of ¥458,185 million, payments on long-term borrowings and bonds of ¥353,491 million, and an increase in short-term borrowings of ¥94,766 million.

As a result, cash and cash equivalent as of December 31, 2016 increased ¥24,322 million from March 31, 2016 to ¥181,413 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash outflows of ¥165,813 million, a decrease of ¥20,446 million from the nine months ended December 31, 2015.

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

The outlook of the management environment surrounding the Company remains unpredictable because of drastic changes in the economy and politics around the world including the U.K.'s moves towards the Brexit and the new administration in the U.S. despite of a solid growth in the U.S. and the U.K. In Japan, recovery of corporate earnings and capital investment outlook remains uncertain due to the unstable business environment around the world.

Consolidated earnings forecast based on the situations described above is presented below, which has not changed from the forecast announced on October 26, 2016.

	(¥ million)
	Fiscal Year Ending March 31, 2017
Volume of business	2,160,000
Revenues	357,800
Adjusted operating income	42,700
Profit before tax	45,000
Net income	32,500
Net income attributable to owners of the parent	31,500
Basic earnings per share attributable to owners of the parent	¥269.49

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

(4) Basic Policy for Profit Sharing

1) Cash dividends

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

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 attributable to owners of the parent ratio and gross dividend payout ratio

Under the 2018 Mid-Term Management Plan, we intend to return profits to shareholders, based on the basic policy above, on the premise that we secure sufficient capital to maintain high credit ratings and make strategic investments (M&A, IT, human resources) aggressively to support business growth.

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.

2. Matters concerning Summary Information (Notes)

(1) Changes in Material Subsidiaries during the Period

Not applicable

(2) Changes to Accounting Policies and Estimates

Not applicable

3. Summary of Quarterly Consolidated Financial Statements

(1) Summary of Quarterly Consolidated Statements of Financial Position

	(¥ million)	
	As of March 31, 2016	As of December 31, 2016
Assets		
Cash and cash equivalents	157,091	181,413
Trade and other receivables	1,358,973	1,315,742
Finance lease receivables	1,054,180	1,110,357
Other financial assets	61,601	81,787
Operating leased assets	341,296	361,075
Investments accounted for using the equity method	20,254	21,771
Other property, plant and equipment	20,162	49,851
Other intangible assets	12,165	25,937
Deferred tax assets	17,950	17,488
Other assets	37,524	63,382
Total assets	3,081,201	3,228,807
Liabilities		
Trade and other payables	228,989	159,646
Borrowings and bonds	2,341,683	2,549,851
Other payables	20,492	13,687
Other financial liabilities	58,724	58,748
Income tax payable	4,494	3,792
Retirement and severance benefits	9,540	9,027
Deferred tax liabilities	1,839	1,634
Other liabilities	67,878	72,782
Total liabilities	2,733,641	2,869,170
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,828	45,828
Retained earnings	289,745	303,916
Accumulated other comprehensive income	4,280	1,235
Treasury stock	(14,334)	(14,335)
Total equity attributable to owners of the parent	335,503	346,629
Non-controlling interests	12,056	13,007
Total equity	347,559	359,636
Total liabilities and equity	3,081,201	3,228,807

(2) Summary of Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Summary of Quarterly Consolidated Statement of Profit or Loss

	(¥ million)	
	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Revenues	272,924	269,102
Cost of sales	174,752	175,824
Gross profit	98,171	93,277
Selling, general and administrative expenses	63,715	60,994
Adjusted operating income	34,456	32,283
Other income	58	715
Other expenses	103	134
Share of profits of investments accounted for using the equity method	1,352	1,380
Profit before tax	35,763	34,244
Income taxes	9,699	9,252
Net income	26,064	24,991
Net income attributable to:		
Owners of the parent	25,302	24,106
Non-controlling interests	761	885
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥216.47	¥206.24

Summary of Quarterly Consolidated Statement Comprehensive Income

	(¥ million)	
	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Net income	26,064	24,991
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	466	1,232
Share of other comprehensive income of investments accounted for using the equity method	47	56
Total items not to be reclassified to net income	513	1,289
Items that can be reclassified to net income		
Foreign currency translation adjustments	(2,404)	(4,963)
Cash flow hedges	1,314	575
Share of other comprehensive income of investments accounted for using the equity method	—	6
Total items that can be reclassified to net income	(1,090)	(4,381)
Other comprehensive income	(576)	(3,091)
Comprehensive income	25,487	21,900
Comprehensive income attributable to:		
Owners of the parent	24,870	21,061
Non-controlling interests	617	838

(3) Summary of Quarterly Consolidated Statements of Changes in Equity
For the Nine Months Ended December 31, 2015 (April 1, 2015 - December 31, 2015)

(¥ million)

	Equity attributable to equity holders of the parent					Total equity attributable to equity owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock			
As of April 1, 2015	9,983	45,823	265,152	18,597	(14,333)	325,223	11,607	336,830
Changes in equity								
Net income			25,302			25,302	761	26,064
Other comprehensive income				(432)		(432)	(144)	(576)
Comprehensive income for the period			25,302	(432)		24,870	617	25,487
Dividends to equity owners of the parent			(8,766)			(8,766)		(8,766)
Dividends to non-controlling interests							(209)	(209)
Acquisition of treasury stock					(1)	(1)		(1)
Transfer to retained earnings				(328)		(328)		(328)
Transfer from accumulated other comprehensive income			328			328		328
Changes in non-controlling interests		5		(6)		(1)	126	125
Total changes in equity	—	5	16,864	(766)	(1)	16,101	534	16,636
As of December 31, 2015	9,983	45,828	282,016	17,830	(14,334)	341,324	12,141	353,466

For the Nine Months Ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(¥ million)

	Equity attributable to equity holders of the parent					Total equity attributable to equity owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock			
As of April 1, 2016	9,983	45,828	289,745	4,280	(14,334)	335,503	12,056	347,559
Changes in equity								
Net income			24,106			24,106	885	24,991
Other comprehensive income				(3,045)		(3,045)	(46)	(3,091)
Comprehensive income for the period			24,106	(3,045)		21,061	838	21,900
Dividends to equity owners of the parent			(9,935)			(9,935)		(9,935)
Dividends to non-controlling interests							(300)	(300)
Acquisition of treasury stock					(0)	(0)		(0)
Changes in non-controlling interests		0		0		0	20	21
Acquisition of non-controlling interests							391	391
Total changes in equity	—	0	14,171	(3,045)	(0)	11,126	950	12,076
As of December 31, 2016	9,983	45,828	303,916	1,235	(14,335)	346,629	13,007	359,636

(4) Summary of Quarterly Consolidated Statement of Cash Flows

(¥ million)

	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Cash flows from operating activities		
Net income	26,064	24,991
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	71,579	74,678
Income taxes	9,699	9,252
Share of profits of investments accounted for using the equity method	(1,352)	(1,380)
(Increase) decrease in trade and other receivables	(107,934)	(5,572)
(Increase) decrease in finance lease receivables	(77,896)	(58,529)
Purchase of operating leased assets	(101,001)	(105,310)
Proceeds from sale of operating leased assets	24,999	24,187
Increase (decrease) in trade and other payables	(16,849)	(69,490)
Increase (decrease) in payable due to collection of securitized receivables	1,818	(3,689)
Other	(10,993)	(15,431)
Subtotal	(181,866)	(126,293)
Income taxes paid	(4,622)	(9,377)
Net cash provided by (used in) operating activities	(186,489)	(135,671)
Cash flows from investing activities		
Purchase of other property, plant and equipment	(5,689)	(3,258)
Purchase of other intangible assets	(2,203)	(2,929)
Purchase of investments in securities and payments to time deposits	(3,747)	(15,282)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	6,685	3,567
Proceeds from acquisition of subsidiary's shares resulting in changes in scope of consolidation	—	3,087
Purchase of investments accounted for using the equity method	(34)	(1,048)
Payments for transfer of business	—	(9,790)
Payments for setup of an entity accounted for using the equity method	—	(9,510)
Net decrease (increase) in short-term loans receivable	5,000	5,000
Other	219	23
Net cash provided by (used in) investing activities	229	(30,141)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	51,873	94,766
Proceeds from long-term borrowings and bonds	487,552	458,185
Payments on long-term borrowings and bonds	(298,888)	(353,491)
Proceeds from payments from non-controlling interests	—	20
Dividends paid to owners of the parent	(8,761)	(9,927)
Dividends paid to non-controlling interests	(209)	(300)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(163)	—
Proceeds from sales of shares of consolidated subsidiaries to non-controlling interests	301	—
Other	(1)	(0)
Net cash provided by (used in) financing activities	231,704	189,253
Effect of exchange rate changes on cash and cash equivalents	(658)	882
Net increase (decrease) in cash and cash equivalents	44,785	24,322
Cash and cash equivalents at beginning of period	119,314	157,091
Cash and cash equivalents at end of period	164,100	181,413

(5) Summary of Notes to the Quarterly Consolidated Financial Statements

(Notes concerning going concern)

Not applicable

(Segment information)

I For the Nine Months Ended December 31, 2015 (April 1, 2015 - December 31, 2015)

Information on revenues and income or loss for the respective reportable segments

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statement of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	145,132	14,736	74,567	9,243	12,827	8,892	265,400	9,165	274,566	(1,641)	272,924
Intersegment	1,146	48	—	—	—	—	1,194	1,880	3,074	(3,074)	—
Total	146,278	14,785	74,567	9,243	12,827	8,892	266,594	11,046	277,640	(4,716)	272,924
Profit before tax	14,832	2,226	13,213	2,733	5,255	266	38,528	1,090	39,618	(3,855)	35,763

(Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit before tax represents company-wide expense that is not allocated to any reportable segments. The company-wide expense mainly comprises general and administrative expenses that are not allocated to reportable segments.
3. The Group does not allocate assets and liabilities to the reportable segment used by the chief operating decision maker.
4. Inter-segment transactions are executed on an arm's length basis.

II For the Nine Months Ended December 31, 2016 (April 1, 2016 - December 31, 2016)

Information on revenues and income or loss for the respective reportable segments

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statement of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	153,077	13,871	62,580	12,852	11,903	9,841	264,126	8,899	273,026	(3,924)	269,102
Intersegment	805	48	—	—	—	—	854	770	1,625	(1,625)	—
Total	153,883	13,919	62,580	12,852	11,903	9,841	264,981	9,670	274,651	(5,549)	269,102
Profit before tax	14,755	2,716	12,133	2,919	5,715	181	38,422	599	39,022	(4,777)	34,244

(Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit before tax represents company-wide expense that is not allocated to any reportable segments. The company-wide expense mainly comprises general and administrative expenses that are not allocated to reportable segments.
3. The Group does not allocate assets and liabilities to the reportable segment used by the chief operating decision maker.
4. Inter-segment transactions are executed on an arm's length basis.

(Significant subsequent events)
Not applicable

4. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2017

(¥ million, %)

	No.	Fiscal Year Ended March 31, 2016		Fiscal Year Ending March 31, 2017			
		Third Quarter (Results)	Nine Months Ended December 31, 2015 (Results)	Third Quarter (October to December)		Nine Months Ended December 31, 2016 (April to December)	
				(Results)	Y on Y	(Results)	Y on Y
Revenues	1	91,662	272,924	89,887	(1.9)	269,102	(1.4)
Cost of sales	2	58,912	174,752	58,770	(0.2)	175,824	0.6
Gross profit	3	32,750	98,171	31,117	(5.0)	93,277	(5.0)
Selling, general and administrative expenses	4	21,863	63,715	20,171	(7.7)	60,994	(4.3)
Adjusted operating income	5	10,887	34,456	10,945	0.5	32,283	(6.3)
Other income	6	17	58	185	965.8	715	1,128.9
Other expenses	7	23	103	35	52.3	134	29.4
Share of profits of investments accounted for using the equity method	8	332	1,352	306	(7.8)	1,380	2.0
Profit before tax	9	11,214	35,763	11,402	1.7	34,244	(4.2)
Income taxes	10	3,035	9,699	3,042	0.2	9,252	(4.6)
Net income	11	8,178	26,064	8,360	2.2	24,991	(4.1)
Net income attributable to:							
Owners of the parent	12	7,924	25,302	7,942	0.2	24,106	(4.7)
Non-controlling interests	13	253	761	417	64.4	885	16.2
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	14	¥67.79	¥216.47	¥67.95	0.2	¥206.24	(4.7)

(2) Contract Segment Information

1. For the Nine Months Ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Volume of business (Composition %) (Y on Y Change %)	1	360,216 (21) (-6)	250,754 (15) (-28)	148,505 (9) (-2)	759,475 (45) (-14)	197,080 (12) (-6)	567,603 (33) (41)	173,539 (10) (-14)	938,223 (55) (15)	1,697,699 (100) (0)
Operating assets (Composition %) (Y on Y Change %)	2	1,055,625 (36) (3)	237,114 (8) (-37)	313,545 (11) (-2)	1,606,286 (55) (-7)	453,034 (15) (11)	454,025 (15) (-10)	448,553 (15) (8)	1,355,613 (45) (2)	2,961,900 (100) (-3)

2. For the Nine Months Ended December 31, 2015 (April 1, 2015 - December 31, 2015)

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Volume of business (Composition %) (Y on Y Change %)	1	382,528 (23) (9)	346,500 (20) (1)	151,095 (9) (-5)	880,125 (52) (3)	210,658 (12) (27)	401,923 (24) (20)	202,506 (12) (13)	815,088 (48) (20)	1,695,214 (100) (11)
Operating assets (Composition %) (Y on Y Change %)	2	1,024,942 (34) (2)	375,222 (12) (-16)	321,580 (10) (-19)	1,721,746 (56) (-7)	406,854 (13) (12)	505,546 (17) (15)	415,487 (14) (22)	1,327,888 (44) (16)	3,049,634 (100) (2)

(Notes)

1. "Lease" includes lease rentals, auto leases and other items.
2. "Factoring and loans" includes factoring, business loans (including home loans).
3. "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.	Nine Months Ended December 31, 2015		Nine Months Ended December 31, 2016		Y on Y change	
			Composition		Composition		
Japan	Account Solution	1	771,174	45.5	650,828	38.4	(15.6)
	Wholesale	2	587,765	34.7	468,004	27.6	(20.4)
	Information equipment related	3	151,700	9.0	152,562	9.0	0.6
	Industrial construction machinery related	4	52,353	3.1	52,506	3.1	0.3
	Commercial logistics related	5	56,437	3.3	32,706	2.0	(42.0)
	Factoring	6	203,932	12.0	111,817	6.6	(45.2)
	Card	7	45,352	2.7	47,686	2.8	5.1
	Others	8	77,986	4.6	70,724	4.1	(9.3)
	Agriculture	9	30,800	1.8	19,628	1.1	(36.3)
	Healthcare	10	24,347	1.4	27,883	1.7	14.5
	Vehicle	11	39,305	2.3	39,260	2.3	(0.1)
	Residential CMS	12	88,777	5.3	94,704	5.6	6.7
	Others	13	177	0.0	1,346	0.1	658.0
	Vendor Solution	14	101,007	6.0	101,658	6.0	0.6
Europe	15	398,790	23.5	348,389	20.5	(12.6)	
The Americas	16	158,019	9.3	354,395	20.9	124.3	
China	17	191,324	11.3	168,753	9.9	(11.8)	
ASEAN	18	66,954	3.9	66,685	3.9	(0.4)	
Others	19	10,218	0.6	8,195	0.5	(19.8)	
Elimination and others	20	(2,275)	(0.1)	(1,205)	(0.1)	-	
Consolidated business volume	21	1,695,214	100.0	1,697,699	100.0	0.1	

(Notes)

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, 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.