

Consolidated Second Quarter Earnings Report [IFRS]

For the Six Months Ended September 30, 2017

Corporate Name: **Hitachi Capital Corporation**Stock Code: 8586 URL: <http://www.hitachi-capital.co.jp>

Stock Listing: Tokyo Stock Exchange

Representative Director: Seiji Kawabe, President and CEO

Inquiries: Satoshi Inoue, Executive Officer

Phone: +81-3-3503-2118

Scheduled date of submission of financial reports: November 13, 2017

Scheduled commencement of dividend payment: November 28, 2017

Preparation of supplementary material for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts rounded down)

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(1) Consolidated Operating Results (Cumulative)

(year-on-year change %)

	Revenues		Profit before tax		Net income		Net income attributable to owners of the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended September 30, 2017	195,688	9.2	24,049	5.3	17,621	5.9	17,243	6.7	27,191	—
Six Months Ended September 30, 2016	179,214	(1.1)	22,841	(7.0)	16,631	(7.0)	16,163	(7.0)	(1,919)	—

	Earnings per share (basic)	Earnings per share (diluted)	ROE
	¥	¥	%
Six Months Ended September 30, 2017	147.52	—	9.6
Six Months Ended September 30, 2016	138.29	—	9.7

(Ref.) Volume of business: Six Months Ended September 30, 2017: ¥1,176,861 million; Six Months Ended September 30, 2016: ¥1,141,388 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 September 30, 2017	3,367,619	384,562	371,204	11.0	3,175.78
As of March 31, 2017	3,245,029	363,178	349,844	10.8	2,993.03

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
	¥	¥	¥	¥	¥
Year ended March 31, 2017	—	43.00	—	43.00	86.00
Year ending March 31, 2018	—	43.00			
Year ending March 31, 2018 (Forecast)			—	43.00	86.00

Note: Changes from the latest released dividend forecasts: None

3. Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

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

	Revenues		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	%	¥
Fiscal year	400,600	8.0	43,000	(6.6)	31,800	(7.1)	30,500	(7.4)	260.94

Note: Changes from the latest released performance forecasts: Yes

(Ref.) Volume of business: Fiscal year: ¥2,300,000 million

* Notes

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

(1) Significant 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 to accounting policies 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 September 30, 2017: 124,826,552 shares As of March 31, 2017: 124,826,552 shares

(ii) Treasury stock at end of term

As of September 30, 2017: 7,940,166 shares As of March 31, 2017: 7,940,222 shares

(iii) Weighted average number of shares outstanding

Six months ended September 30, 2017: 116,886,377 shares Six months ended September 30, 2016: 116,886,550 shares

* Consolidated Earnings Report is out of scope of the quarterly review.

This Consolidated Earnings Report is out of scope of the quarterly review procedures by our independent auditor in accordance with the Financial Instruments and Exchange Act.

* 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.

Hitachi Capital Corporation will have the quarterly financial results meeting to report the financial results for the second quarter ended September 30, 2017 for institutional investors and financial analysts on October 31, 2017.

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1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2017

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the six months ended September 30, 2017 were as follows.

(¥ million, %)

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017	Y on Y Change
Volume of business	1,141,388	1,176,861	3.1
Revenues	179,214	195,688	9.2
Gross profit	62,159	65,083	4.7
Profit before tax	22,841	24,049	5.3
Net income attributable to owners of the parent	16,163	17,243	6.7

During the six months ended September 30, 2017, while the economy in the U.S. and the U.K. showed solid growth, the global economy remained unpredictable due to factors including growing geopolitical risks around the world in addition to the U.K.'s moves towards the Brexit and the tightening of monetary policies by China's financial authorities. In Japan, the economy showed a moderate recovery due to continuing monetary easing policy and economic policy.

Under such circumstances, Hitachi Capital aims to achieve its 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 a richer life for people."

Under the FY2016-FY2018 Mid-Term Management Plan announced on June 2016, the Company is aiming to increase ROE through ROA improvement, with Global Business (Europe, the Americas, China, ASEAN) maintaining high and systematic growth and with Japan Business improving profitability by focusing on growing sectors and improving operational efficiency. Also, we actively execute strategic investment in M&A, IT and human resources to support business growth. From April 2017, we added "sales finance," our strength, to the group common strategy to pursue low cost operation and provide added value. The Company has been working for further collaboration by entering into (1) a business alliance agreement with Mitsubishi UFJ Lease & Finance Company Limited ("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, Ltd. ("Hitachi"), Mitsubishi UFJ Financial Group, Inc. ("MUFG") and the Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") with an aim to contribute to Japanese equipment manufacturers and engineering companies engaging in infrastructure projects, in August 2016.

During the six months ended September 30, 2017, Japan Business promoted expansion of its focused sectors consisting of Growing sectors (Social infrastructure, Eco- and energy-related, Vehicle, Local governments/public) and Start-up (green shoots) sectors to be developed (Food, Security, and BPO). We are promoting structural reform in fundamental/restructuring sectors (vendor solution, healthcare, and agriculture), and in October 2017, we consolidated the front function of vendor solution business in information/telecommunication sector, healthcare sector, and agriculture sector into Hitachi Capital NBL Corporation. In the future, we will integrate core systems and aim to enhance competitiveness of vendor solution business by improving service quality. In addition, we launched a fully fledged "Working method transformation" project in April 2017 and have worked on standardization of operations and IT utilization, in order to ensure growth of both our employees and the Company through productivity improvement and effective time

management.

In Global Business, the U.K. government sent formal notice of its intention to withdraw from the EU in March 2017, but it had little impact on the business environment of our Europe business, and our U.K. business has grown steadily. In addition, we established a new sales office in Amsterdam, the Netherlands in September 2017 as a base for sales finance in continental Europe aiming for a stable growth in Europe through expansion of Hitachi Group Business, etc. In China business, Hitachi Capital plans to complete structural reorganization by around November 2017 to make its Hong Kong subsidiary Hitachi Capital Management (China) Ltd., an intermediate holding company, with an aim to enable flexible funding, investments in infrastructure projects and further enhancement of financial arrangement in Chinese market.

Under the business alliance agreement with the Company, MUL, Hitachi, MUFG, and BTMU, Japan Infrastructure Initiative Company Limited ("JII") started operations in April 2017 and has promoted an open financial platform. As a result of such efforts, JII made an investment, in September 2017, in High Speed 1 of the high-speed rail in the U.K. (operation and maintenance of 109-kilometer high-speed railway connecting St Pancras International in London to the Channel Tunnel and four stations along the routes, etc.).

As a result, consolidated volume of business for the six months ended September 30, 2017 increased 3.1% year on year to ¥1,176,861 million as each area of Global Business showed solid performance mainly in Europe, despite a decrease in Japan Business due to the closing of factoring business.

Revenues increased 9.2% year on year to ¥195,688 million, gross profit increased 4.7% year on year to ¥65,083 million, profit before tax increased 5.3% year on year to ¥24,049 million and net income attributable to owners of the parent increased 6.7% year on year to ¥17,243 million, due to almost solid performance in each area of Global Business in addition to solid performance of Japan Business with an increase in Social infrastructure (real estate lease.)

Results by segment for the six months ended September 30, 2017 were as follows.

(Account Solution)

Revenues increased 5.4% year on year to ¥108,315 million due to a steady performance of Social infrastructure (real estate lease). As a result, profit before tax increased 3.6% to ¥10,262 million.

(Vendor Solution)

Revenues decreased 2.3% year on year to ¥9,144 million due to a decrease in revenues from re-lease and finance income.

Profit before tax increased 9.7% to ¥1,851 million due to a decrease in selling, general and administrative expenses.

(Europe)

Revenues increased 14.6% year on year to ¥48,375 million due to solid performance of U.K. business and consolidation of Noordlease Holding B.V. as a subsidiary.

Profit before tax increased only 2.4% to ¥8,654 million due to costs associated with permission from the Financial Conduct Authority (FCA) despite an increase in revenues.

(The Americas)

Revenues increased 30.7% to ¥10,523 million due to business acquisition from Creekridge Capital LLC in June 2016, in addition to a strong performance in factoring business and Canada business.

Profit before tax increased only 12.7% to ¥1,988 million due to an increase in bad debt caused by stagnant large truck market despite an increase in revenues.

(China)

Revenues increased 6.2% to ¥8,194 million due to a steady growth of businesses in mainland

China and Hong Kong.

Profit before tax increased 7.9% to ¥3,841 million due to a decrease in bad debt expenses in addition to an increase in revenues.

(ASEAN)

Revenues increased 15.6% year on year to ¥7,527 million due to increases in revenues in Singapore, Thailand, Malaysia, and Indonesia.

Profit before tax increased 270.4% to ¥486 million due to a decrease in bad debt expenses as a result of reinforced credit collection efforts in addition to an increase in revenues.

2) Key management indicators (Annualized)

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017
ROE	9.7	9.6
ROA	1.5	1.5
Equity attributable to owners of the parent	10.9	11.0

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of September 30, 2017 was as follows:

	As of March 31, 2017	As of September 30, 2017	Change	
			Amount	%
Total assets	3,245,029	3,367,619	122,589	3.8
Interest-bearing debt	2,546,720	2,712,393	165,672	6.5
Total equity	363,178	384,562	21,384	5.9

i . Total assets

Total assets as of September 30, 2017 increased ¥122,589 million from March 31, 2017 to ¥3,367,619 million due to an increase in trade and other receivables mainly in Europe and the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of September 30, 2017 increased ¥165,672 million from March 31, 2017 to ¥2,712,393 million due mainly to issuance of bonds in Europe and increase in short-term borrowings in the Americas.

iii . Total equity

Total equity as of September 30, 2017 increased ¥21,384 million from March 31, 2017 to ¥384,562 million, and major components consist of net income attributable to owners of the parent of ¥17,243 million and cash dividends paid of ¥5,026 million, and an increase in accumulated other comprehensive income of ¥9,536 million due mainly to an increase in foreign currency translation adjustments.

2) Cash flows

Cash flows during six months ended September 30, 2017 were as follows:

(¥ million)

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017	Change
Cash flows from operating activities	(98,071)	(103,029)	(4,957)
Cash flows from investing activities	(7,648)	(6,580)	1,067
Cash flows from financing activities	119,305	120,329	1,024
Free cash flow	(105,719)	(109,609)	(3,890)

i . Cash flows from operating activities

Net cash used in operating activities was ¥103,029 million primarily due to purchase of operating leased assets of ¥92,746 million, decrease in trade and other payables of ¥53,550 million, an increase in trade and other receivables of ¥36,253 million, and proceeds from sale of operating leased assets of ¥17,619 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥6,580 million primarily due to purchase of other property, plant and equipment of ¥3,930 million, and purchase of other intangible assets of ¥2,133 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥120,329 million primarily due to proceeds from long-term borrowings and bonds of ¥366,373 million, payments on long-term borrowings and bonds of ¥300,269 million, and an increase in short-term borrowings of ¥60,003 million.

As a result, cash and cash equivalent as of September 30, 2017 increased ¥11,293 million from March 31, 2017 to ¥189,374 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash outflows of ¥109,609 million, an increase of ¥3,890 million from the six months ended September 30, 2016.

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

The outlook of management environment surrounding the Company is unpredictable due to factors including an interest rate rise in the U.S., the U.K.'s moves towards the Brexit, and growing geopolitical risks around the world.

Under such circumstances, earnings forecast for the year ending March 31, 2018 has been revised from the previous forecast (announced on April 27, 2017) to reflect an increase in investment costs towards future growth, such as those related to M&As, etc. despite solid performance during the six months ended September 30, 2017.

(¥ million)

Fiscal Year Ending March 31, 2018	Previous forecast	Revised forecast	Change	
			Amount	%
Volume of business	2,273,000	2,300,000	27,000	1.2
Revenues	398,900	400,600	1,700	0.4
Gross profit	131,900	132,600	700	0.5
Profit before tax	41,500	43,000	1,500	3.6
Net income attributable to owners of the parent	29,400	30,500	1,100	3.7
Basic earnings per share attributable to owners of the parent	¥251.53	¥260.94	¥9.41	3.7

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 Distribution

1) Cash dividends

The Company will secure internal reserves necessary to ensure a sound financial position and proactively execute strategic investment corresponding to changes in business environment, in order to enhance corporate value and achieve sustainable growth. Also, we position returning profits to the shareholders as one of the most important management measures and maintain a stable distribution of dividends.

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 and Major Notes

(1) Summary of Quarterly Consolidated Statements of Financial Position

	(¥ million)	
	As of March 31, 2017	As of September 30, 2017
Assets		
Cash and cash equivalents	178,081	189,374
Trade and other receivables	1,288,511	1,367,874
Finance lease receivables	1,124,531	1,127,464
Other financial assets	85,834	77,070
Operating leased assets	393,328	420,274
Investments accounted for using the equity method	33,059	33,058
Other property, plant and equipment	57,249	59,578
Other intangible assets	29,495	30,684
Deferred tax assets	18,479	17,701
Other assets	36,458	44,538
Total assets	3,245,029	3,367,619
Liabilities		
Trade and other payables	175,429	106,971
Borrowings and bonds	2,546,720	2,712,393
Other payables	13,580	11,942
Other financial liabilities	54,477	58,625
Income tax payable	5,186	5,099
Retirement and severance benefits	9,029	8,654
Deferred tax liabilities	2,733	2,855
Other liabilities	74,694	76,515
Total liabilities	2,881,851	2,983,057
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,600	45,206
Retained earnings	312,736	324,953
Accumulated other comprehensive income	(4,139)	5,396
Treasury stock	(14,335)	(14,335)
Total equity attributable to owners of the parent	349,844	371,204
Non-controlling interests	13,333	13,357
Total equity	363,178	384,562
Total liabilities and equity	3,245,029	3,367,619

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

Summary of Quarterly Consolidated Statements of Profit or Loss

(¥ million)

	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Revenues	179,214	195,688
Cost of sales	117,054	130,605
Gross profit	62,159	65,083
Selling, general and administrative expenses	40,822	41,878
Other income	529	79
Other expenses	98	73
Share of profits of investments accounted for using the equity method	1,073	838
Income before income taxes	22,841	24,049
Income taxes	6,209	6,427
Net income	16,631	17,621
Net income attributable to:		
Owners of the parent	16,163	17,243
Non-controlling interests	467	377
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥138.29	¥147.52

Summary of Quarterly Consolidated Statement of Comprehensive Income

(¥ million)

	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Net income	16,631	17,621
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	153	1,160
Share of other comprehensive income of investments accounted for using the equity method	4	42
Total items not to be reclassified to net income	157	1,202
Items that can be reclassified to net income		
Foreign currency translation adjustments	(18,229)	8,329
Cash flow hedges	(437)	(4)
Share of other comprehensive income of investments accounted for using the equity method	(41)	42
Total items that can be reclassified to net income	(18,709)	8,367
Other comprehensive income	(18,551)	9,570
Comprehensive income	(1,919)	27,191
Comprehensive income attributable to:		
Owners of the parent	(2,090)	26,805
Non-controlling interests	171	385

(3) Summary of Quarterly Consolidated Statements of Changes in Equity
For the Six Months Ended September 30, 2016 (April 1, 2016 - September 30, 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			16,163			16,163	467	16,631
Other comprehensive income				(18,254)		(18,254)	(296)	(18,551)
Comprehensive income for the period			16,163	(18,254)		(2,090)	171	(1,919)
Dividends to equity owners of the parent			(4,909)			(4,909)		(4,909)
Dividends to non-controlling interests							(192)	(192)
Acquisition of treasury stock					(0)	(0)		(0)
Equity transactions with non-controlling interests		0		0		0	20	21
Acquisition of non-controlling interests							391	391
Total changes in equity	—	0	11,254	(18,254)	(0)	(6,999)	391	(6,608)
As of September 30, 2016	9,983	45,828	300,999	(13,973)	(14,334)	328,503	12,447	340,951

For the Six Months Ended September 30, 2017 (April 1, 2017 - September 30, 2017)

(¥ 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, 2017	9,983	45,600	312,736	(4,139)	(14,335)	349,844	13,333	363,178
Changes in equity								
Net income			17,243			17,243	377	17,621
Other comprehensive income				9,562		9,562	8	9,570
Comprehensive income for the period			17,243	9,562		26,805	385	27,191
Dividends to equity owners of the parent			(5,026)			(5,026)		(5,026)
Dividends to non-controlling interests							(186)	(186)
Acquisition of treasury stock					(0)	(0)		(0)
Disposal of treasury stock		0			0	0		0
Equity transactions with non-controlling interests		(394)		(25)		(419)	(175)	(595)
Total changes in equity		(394)	12,217	9,536	0	21,360	23	21,384
As of September 30, 2017	9,983	45,206	324,953	5,396	(14,335)	371,204	13,357	384,562

(4) Summary of Quarterly Consolidated Statements of Cash Flows

(¥ million)

	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Net income	16,631	17,621
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	48,438	57,144
Income taxes	6,209	6,427
Share of profits of investments accounted for using the equity method	(1,073)	(838)
(Increase) decrease in trade and other receivables	(5,098)	(36,253)
(Increase) decrease in finance lease receivables	(40,587)	(22,097)
Purchase of operating leased assets	(70,150)	(92,746)
Proceeds from sale of operating leased assets	15,754	17,619
Increase (decrease) in trade and other payables	(56,909)	(53,550)
Increase (decrease) in payable due to collection of securitized receivables	(2,522)	(843)
Other	(2,946)	10,560
Subtotal	(92,253)	(96,955)
Income taxes paid	(5,817)	(6,074)
Net cash provided by (used in) operating activities	(98,071)	(103,029)
Cash flows from investing activities		
Purchase of other property, plant and equipment	(1,806)	(3,930)
Purchase of other intangible assets	(1,837)	(2,133)
Purchase of investments in securities and payments to time deposits	(3,346)	(999)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	1,550	813
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	(520)	(0)
Payments for transfer of business	(9,790)	—
Net decrease (increase) in short-term loans receivable	5,000	—
Payments of long-term loans receivable	—	(356)
Other	14	24
Net cash provided by (used in) investing activities	(7,648)	(6,580)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	38,819	60,003
Proceeds from long-term borrowings and bonds	309,244	366,373
Payments on long-term borrowings and bonds	(223,678)	(300,269)
Proceeds from payments from non-controlling interests	20	—
Dividends paid to owners of the parent	(4,908)	(5,025)
Dividends paid to non-controlling interests	(192)	(186)
Purchase of shares of consolidated subsidiaries from non-controlling interests	—	(565)
Other	(0)	0
Net cash provided by (used in) financing activities	119,305	120,329
Effect of exchange rate changes on cash and cash equivalents	(2,181)	573
Net increase (decrease) in cash and cash equivalents	11,404	11,293
Cash and cash equivalents at beginning of period	157,091	178,081
Cash and cash equivalents at end of period	168,495	189,374

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

(Notes concerning going concern)

Not applicable

(Segment information)

I For the Six Months Ended September 30, 2016 (April 1, 2016 - September 30, 2016)

Information on revenues and income or loss for the respective reporting 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	102,160	9,324	42,217	8,050	7,715	6,508	175,977	5,949	181,926	(2,712)	179,214
Intersegment	579	31	—	—	—	—	610	516	1,127	(1,127)	—
Total	102,740	9,356	42,217	8,050	7,715	6,508	176,588	6,465	183,054	(3,839)	179,214
Profit before tax	9,902	1,687	8,447	1,764	3,559	131	25,493	422	25,916	(3,074)	22,841

(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 Six Months Ended September 30, 2017 (April 1, 2017 - September 30, 2017)

Information on revenues and income or loss for the respective reporting 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	108,033	9,097	48,375	10,523	8,194	7,527	191,751	5,819	197,571	(1,882)	195,688
Intersegment	282	47	—	—	—	—	329	540	870	(870)	—
Total	108,315	9,144	48,375	10,523	8,194	7,527	192,081	6,359	198,441	(2,752)	195,688
Profit before tax	10,262	1,851	8,654	1,988	3,841	486	27,085	355	27,440	(3,391)	24,049

(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, 2018

(¥ million, %)

	No.	Fiscal Year Ended March 31, 2017		Fiscal Year Ending March 31, 2018			
		Second Quarter (Results)	Six Months Ended September 30, 2016 (Results)	Second Quarter (July to September)		Six Months Ended September 30, 2017 (April to September)	
				(Results)	Y on Y	(Results)	Y on Y
Revenues	1	89,929	179,214	97,376	8.3	195,688	9.2
Cost of sales	2	59,177	117,054	64,759	9.4	130,605	11.6
Gross profit	3	30,751	62,159	32,617	6.1	65,083	4.7
Selling, general and administrative expenses	4	20,167	40,822	20,794	3.1	41,878	2.6
Other income	5	513	529	10	(97.9)	79	(84.9)
Other expenses	6	34	98	15	(55.7)	73	(25.2)
Share of profits of investments accounted for using the equity method	7	556	1,073	429	(22.9)	838	(21.9)
Profit before tax	8	11,619	22,841	12,247	5.4	24,049	5.3
Income taxes	9	2,628	6,209	2,993	13.9	6,427	3.5
Net income	10	8,990	16,631	9,254	2.9	17,621	5.9
Net income attributable to:							
Owners of the parent	11	8,816	16,163	9,089	3.1	17,243	6.7
Non-controlling interests	12	174	467	165	(5.3)	377	(19.3)
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	13	75.43	138.29	77.76	3.1	147.52	6.7

(2) Contract Segment Information

1. For the Six Months Ended September 30, 2016 (April 1, 2016 - September 30, 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	253,951 (22) (-6)	167,859 (15) (-29)	101,880 (9) (2)	523,691 (46) (-14)	123,597 (11) (-5)	370,676 (32) (40)	123,423 (11) (-11)	617,696 (54) (16)	1,141,388 (100) (0)
Operating assets (Composition %) (Y on Y Change %)	2	1,059,569 (38) (3)	242,471 (9) (-34)	321,682 (11) (-6)	1,623,724 (58) (-7)	391,453 (14) (0)	405,168 (14) (-17)	399,260 (14) (2)	1,195,882 (42) (-6)	2,819,606 (100) (-6)

2. For the Six Months Ended September 30, 2017 (April 1, 2017 - September 30, 2017)

(¥ 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	254,119 (22) (0)	136,594 (11) (-19)	90,679 (8) (-11)	481,392 (41) (-8)	124,546 (10) (1)	454,802 (39) (23)	116,119 (10) (-6)	695,468 (59) (13)	1,176,861 (100) (3)
Operating assets (Composition %) (Y on Y Change %)	2	1,085,630 (35) (2)	186,767 (6) (-23)	306,047 (10) (-5)	1,578,445 (51) (-3)	484,795 (16) (24)	537,170 (17) (33)	476,815 (16) (19)	1,498,782 (49) (25)	3,077,228 (100) (9)

(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) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

		No.	Six Months Ended September 30, 2016		Six Months Ended September 30, 2017		Y on Y change
			Composition		Composition		
Japan	Account Solution	1	448,551	39.3	406,876	34.6	(9.3)
	Wholesale	2	325,431	28.5	286,139	24.3	(12.1)
	Information equipment related	3	109,086	9.5	96,534	8.2	(11.5)
	Industrial construction machinery related	4	41,808	3.7	28,082	2.4	(32.8)
	Commercial logistics related	5	24,395	2.1	44,020	3.7	80.4
	Factoring	6	78,297	6.9	34,140	2.9	(56.4)
	Card	7	30,660	2.7	32,798	2.8	7.0
	Others	8	41,183	3.6	50,563	4.3	22.8
	Agriculture	9	12,475	1.1	11,634	1.0	(6.7)
	Healthcare	10	19,592	1.7	17,730	1.5	(9.5)
	Vehicle	11	27,196	2.4	26,674	2.3	(1.9)
	Residential CMS	12	62,877	5.5	64,560	5.5	2.7
	Others	13	977	0.1	137	0.0	(85.9)
	Vendor Solution	14	70,619	6.2	70,199	6.0	(0.6)
Europe	15	230,282	20.2	275,584	23.4	19.7	
The Americas	16	241,242	21.1	260,398	22.1	7.9	
China	17	99,291	8.7	109,857	9.4	10.6	
ASEAN	18	46,879	4.1	49,628	4.2	5.9	
Others	19	5,384	0.5	5,489	0.4	2.0	
Elimination and others	20	(863)	(0.1)	(1,173)	(0.1)	-	
Consolidated business volume	21	1,141,388	100.0	1,176,861	100.0	3.1	

(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, 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.