

Consolidated Earnings Report [IFRS]

For the Year Ended March 31, 2018



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
 Date of ordinary general meeting of shareholders: June 21, 2018
 Scheduled commencement of dividend payment: May 28, 2018
 Scheduled date of submission of annual securities report: June 22, 2018
 Preparation of supplementary material for financial results: Yes
 Holding of financial results meeting: Yes (for investors & analysts)

(All amounts rounded down)

1. Consolidated Results for the Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	%
Year ended March 31, 2018	404,124	9.0	44,295	(3.8)	33,224	(2.9)	32,057	(2.6)	40,717	58.5
Year ended March 31, 2017	370,860	1.5	46,033	(1.4)	34,229	1.8	32,926	0.7	25,683	31.3

	Earnings per share (basic)	Earnings per share (diluted)	ROE	ROA	Profit before tax margin
	¥	¥	%	%	%
Year ended March 31, 2018	274.26	—	8.8	1.3	11.0
Year ended March 31, 2017	281.69	—	9.6	1.5	12.4

(Ref.) Share of profits of investments accounted for using the equity method:

Year ended March 31, 2018: ¥1,135 million Year ended March 31, 2017: ¥1,787 million
 Volume of business: Year ended March 31, 2018: ¥2,509,327 million Year ended March 31, 2017: ¥2,334,252 million

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	¥ million	¥ million	¥ million	%	¥
Year ended March 31, 2018	3,468,756	393,107	378,855	10.9	3,241.24
Year ended March 31, 2017	3,245,029	363,178	349,844	10.8	2,993.03

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Year ended March 31, 2018	(219,623)	(36,681)	253,577	174,805
Year ended March 31, 2017	(142,653)	(52,388)	216,105	178,081

(Note) Purchase and sale of operating leased assets are included in operating activities.

2. Dividends

	Dividends per share					Total dividends (For the year)	Payout ratio (Consolidated)	Dividends to Equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year			
	¥	¥	¥	¥	¥	¥ million	%	%
Year ended March 31, 2017	—	43.00	—	43.00	86.00	10,052	30.5	2.9
Year ended March 31, 2018	—	43.00	—	43.00	86.00	10,052	31.4	2.8
Year ending March 31, 2019 (Forecast)	—	46.00	—	46.00	92.00		30.1	

3. Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% 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	%	¥
Interim	213,600	9.2	24,500	1.9	18,300	3.9	17,800	3.2	152.29
Fiscal year	442,400	9.5	50,000	12.9	37,200	12.0	35,700	11.4	305.43

(Ref.) Volume of business: Interim: ¥1,144,000 million Fiscal year: ¥2,410,000 million

* Notes

(1) Major changes in subsidiaries during the period under review: None

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

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

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

(iii) Changes to accounting estimates : None

(iv) Restatements : None

(3) Number of outstanding shares (common shares)

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

As of March 31, 2018: 124,826,552 shares As of March 31, 2017: 124,826,552 shares

(ii) Treasury stock at end of term

As of March 31, 2018: 7,940,500 shares As of March 31, 2017: 7,940,222 shares

(iii) Weighted average number of shares outstanding

Year ended March 31, 2018: 116,886,292 shares Year ended March 31, 2017: 116,886,486 shares

* Consolidated Earnings Report is outside the scope of an audit by certified public accountants or an audit corporation.

* Explanation for proper use of earnings forecasts, etc.

Consolidated forecasts stated herein have been prepared based on the information available on the date of release, and the actual results may differ from the forecast due to a variety of reasons.

See page 7 of the accompanying document 3) Consolidated earnings forecasts for the year ending March 31, 2019.

The Company will have a financial results meeting for institutional investors and financial analysts on May 9, 2018.

Contents

1. Analysis of Business Results and Financial Position	4
(1) Analysis of Business Results	4
(2) Analysis of Financial Position	8
(3) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years	10
2. Basic Policy for Selection of Accounting Standards	11
3. Consolidated Financial Statements	12
(1) Consolidated Statements of Financial Position	12
(2) Consolidated Statements of Profit or Loss and Comprehensive Income	13
Consolidated Statements of Profit or Loss	13
Consolidated Statements of Comprehensive Income	14
(3) Consolidated Statements of Changes in Equity	15
(4) Consolidated Statements of Cash Flows	16
(5) Notes to the Consolidated Financial Statements	17
(Notes concerning going concern)	17
(Segment information)	17
(Per share information)	19
(Significant subsequent events)	19
<Supplementary Information>	20
(1) Change in Quarterly Consolidated Performance	20
(2) Contract Segment Information	21
(3) Segment Information by Business	22

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

1) Summary of operating results

Summarized results for the year ended March 31, 2018 were as follows:

	Year Ended March 31, 2017	Year Ended March 31, 2018	Y on Y Change
Volume of business	2,334,252	2,509,327	7.5
Revenues	370,860	404,124	9.0
Gross profit	125,759	131,698	4.7
Profit before tax	46,033	44,295	(3.8)
Net income attributable to owners of the parent	32,926	32,057	(2.6)

(¥ million, %)

During the year ended March 31, 2018, despite growing geopolitical risks and emergence of protectionism around the world, the global economy continued to show a moderate expansion due mainly to steady expansion of the U.S. economy as a result of corporate tax cut and solid growth of the Chinese economy as a result of improvement in employment and income environment. In Japan, the economy showed a moderate recovery including an increase in capital investments 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 richer life for people.”

Under the FY2016-FY2018 Mid-Term Management Plan announced in 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. In August 2016, the Company has established the framework of collaboration by entering into (1) a business alliance agreement regarding an open financial platform with Hitachi, Ltd. (“Hitachi”), Mitsubishi UFJ Financial Group, Inc. (“MUFG”), MUFG Bank, Ltd. (“MUBK”) and Mitsubishi UFJ Lease & Finance Company Limited (“MUL”) with an aim to contribute to Japanese equipment manufacturers and engineering companies engaging in infrastructure projects, and (2) a business alliance agreement with MUL with an aim to expand business domains and strengthen financial service functions including capabilities to provide solutions.

During the year ended March 31, 2018, 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). In Social infrastructure sector, we consolidated the front function of our real estate lease business into Hitachi Capital Community Corporation in October 2017 and have established a system to provide real estate

solutions including real estate leasing and facility development, operation and management. In the Eco- and energy- related sector, we aim to contribute to realization of a low-carbon society through providing energy solutions including the launch of wind power generation plants with total generation capacity of 41.6 MW in Yokohama-machi, Aomori Prefecture, in February 2018 and in Minamisoma City, Fukushima Prefecture, in March 2018. 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 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 a structural reform of operations and advanced IT utilization, with an aim to ensure growth of both our employees and the Company through productivity improvement and effective time management. In March 2018, the Company and Hitachi Transport System, Ltd. (“Hitachi Transport System”) entered into a basic agreement on business alliance to realize new innovation through “Finance, Commerce, Logistics, and Information.” We aim for further business expansion through measures such as initiating a joint development of a smart safety driving management system to realize a zero-accident society and discussing and considering a partial transfer of issued shares of Hitachi Auto Service Co., Ltd., a wholly owned subsidiary of Hitachi Transport System.

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 the Netherlands in September 2017 aiming for a stable growth in continental Europe, and made Lease Visie B.V. in the Netherlands our subsidiary in November 2017 as a part of a strategy to strengthen Vehicle Solution business. In February 2018, we also made Planet Car Lease Polska Sp. z o.o. our subsidiary to strengthen Vehicle Solution business in Poland. In China business, with an aim to enable flexible funding, investments in infrastructure projects and further enhancement of financial arrangement in Chinese market, we conducted a structural reorganization to make our Hong Kong subsidiary Hitachi Capital Management (China) Ltd. an intermediate holding company in November 2017, and issued the first foreign currency denominated green bonds in Asia as a Japanese company in December 2017.

Under the business alliance agreement with the Company, Hitachi, MUFG, MUBK and MUL, 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.), and in April 2018, JII entered into an investment agreement for the Japan-Guam-Australia Optical Submarine Cable project.

As a result, consolidated volume of business for the year ended March 31, 2018 increased 7.5% year on year to ¥2,509,327 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 9.0% year on year to ¥404,124 million and gross profit increased 4.7% year on year to ¥131,698 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), but profit before tax decreased 3.8% year on year to ¥44,295 million and net income attributable to owners of the parent decreased 2.6% year on year to ¥32,057 million due to investments made for future growth.

Results by segment for the year ended March 31, 2018 were as follows.

Effective October 1, 2017, part of healthcare business and agriculture business were transferred to Vendor Solution, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

(Account Solution)

Revenues increased 5.0% year on year to ¥209,374 million due to a steady performance of Social infrastructure (real estate lease).

Profit before tax decreased 2.2% year on year to ¥17,289 million due to investments made for future growth despite an increase in revenues.

(Vendor Solution)

Revenues decreased 4.5% year on year to ¥25,799 million due to a decrease in revenues from re-lease and finance-related income. As a result, profit before tax decreased 7.5% year on year to ¥5,346 million.

(Europe)

Revenues increased 18.6% year on year to ¥104,841 million due to solid performance of U.K. business and consolidation of Noordlease Holding B.V. as a subsidiary in January 2017.

Profit before tax increased 6.7% to ¥16,907 million due to costs associated with permission from the Financial Conduct Authority (FCA) of U.K. despite an increase in revenues and a decrease in bad debt expenses.

(The Americas)

Revenues increased 20.4% to ¥21,505 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 decreased 14.8% to ¥3,701 million due to an increase in bad debt caused by stagnant large truck market despite an increase in revenues.

(China)

Revenues increased 6.8% to ¥16,945 million due to a steady growth of businesses in mainland China and Hong Kong.

Profit before tax increased 3.3% year on year to ¥7,677 million due to an increase in financing costs associated with an interest rate rise despite an increase in revenues and a decrease in bad debt expenses.

(ASEAN)

Revenues increased 19.2% year on year to ¥15,979 million due to increases in revenues in Singapore, Thailand, Malaysia, and Indonesia.

Profit before tax increased 324.6% year on year to ¥998 million due mainly to an increase in revenues as well as a decrease in bad debt expenses as a result of a successful shift to good customers.

2) Key management indicators

(%)

	Year Ended March 31, 2017	Year Ended March 31, 2018
ROE	9.6	8.8
ROA	1.5	1.3
Ratio of equity attributable to owners of the parent	10.8	10.9

3) Consolidated earnings forecasts for the year ending March 31, 2019

The outlook of management environment surrounding the Company is uncertain due to factors including the U.K.'s moves toward the Brexit, globally continuing monetary easing policy, emergence of protectionism, and growing geopolitical risks. We are also required to respond to changing market environment such as the emergence of new technologies including AI, IoT, and Robotics and the impact on the Company's business of changes in IFRS.

Under such circumstances, the Company aims to record ¥50 billion of profit before tax in the "FY2016-FY2018 Mid-Term Management Plan" which is positioned as the "Second Growth Stage" by maintaining high and systematic growth of Global Business, improving profitability of Japan Business through business structural reform and promoting strategic investments to support business growth.

Based on the situation described above, consolidated earnings forecasts for the year ending March 31, 2019 are as follows.

(¥ million)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ending March 31, 2019 (Forecast)
Volume of business	2,509,327	2,410,000
Revenues	404,124	442,400
Gross profit	131,698	139,500
Profit before tax	44,295	50,000
Net income attributable to owners of the parent	32,057	35,700
Basic earnings per share attributable to owners of the parent	¥274.26	¥305.43

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.

(2) Analysis of Financial Position

1) Assets, liabilities and equity

Financial position as of March 31, 2018 was as follows:

(¥ million, %)

	As of March 31, 2017	As of March 31, 2018	Change	
			Amount	%
Total assets	3,245,029	3,468,756	223,726	6.9
Interest-bearing debt	2,546,720	2,812,991	266,270	10.5
Total equity	363,178	393,107	29,929	8.2

i . Total assets

Total assets as of March 31, 2018 increased ¥223,726 million from March 31, 2017 to ¥3,468,756 million due to increases in trade and other receivables and operating leased assets mainly in Europe.

ii . Interest-bearing debt

Interest-bearing debt as of March 31, 2018 increased ¥266,270 million from March 31, 2017 to ¥2,812,991 million due mainly to an increase in corporate bond.

iii . Total equity

Total equity as of March 31, 2018 increased ¥29,929 million from March 31, 2017 to ¥393,107 million, and major components consist of net income attributable to owners of the parent of ¥32,057 million and cash dividends paid of ¥10,052 million, and an increase in accumulated other comprehensive income of ¥7,047 million.

2) Cash flows

Cash flows during the year ended March 31, 2018 were as follows:

(¥ million)

	Year Ended March 31, 2017	Year Ended March 31, 2018	Change
Cash flows from operating activities	(142,653)	(219,623)	(76,969)
Cash flows from investing activities	(52,388)	(36,681)	15,707
Cash flows from financing activities	216,105	253,577	37,471
Free cash flow	(195,042)	(256,304)	(61,262)

i . Cash flows from operating activities

Net cash used in operating activities was ¥219,623 million primarily due to purchase of operating leased assets of ¥203,230 million, increase in trade and other receivables of ¥86,345 million, decrease in trade and other payables of ¥70,719 million, and increase in finance lease receivables of ¥60,478 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥36,681 million primarily due to purchase of other property, plant and equipment of ¥24,204 million, purchase of other intangible assets of ¥6,582 million, and payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation of ¥4,663 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥253,577 million primarily due to proceeds from long-term borrowings and bonds of ¥706,009 million, payments on long-term borrowings and bonds of ¥547,932 million, and an increase in short-term borrowings of ¥106,400 million.

As a result, cash and cash equivalent as of March 31, 2018 decreased ¥3,275 million from March 31, 2017 to ¥174,805 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash outflows of ¥256,304 million, an increase of ¥61,262 million from the year ended March 31, 2017.

(3) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

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.

3) Dividends for the current and next fiscal years

(¥, %)

	Year Ended March 31, 2018	Year Ending March 31, 2019 (Forecast)	Change	
			Amount	%
Annual dividend per share	86.00	92.00	6.00	7.0

2. Basic Policy for Selection of Accounting Standards

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

3. Consolidated Financial Statements

(1) [Consolidated Statements of Financial Position]

(¥ million)

	As of March 31, 2017	As of March 31, 2018
Assets		
Cash and cash equivalents	178,081	174,805
Trade and other receivables	1,288,511	1,385,805
Finance lease receivables	1,124,531	1,149,772
Other financial assets	85,834	82,275
Operating leased assets	393,328	470,644
Investments accounted for using the equity method	33,059	33,644
Other property, plant and equipment	57,249	80,983
Other intangible assets	29,495	34,604
Deferred tax assets	18,479	15,225
Other assets	36,458	40,993
Total assets	3,245,029	3,468,756
Liabilities		
Trade and other payables	175,429	96,308
Borrowings and bonds	2,546,720	2,812,991
Other payables	13,580	16,034
Other financial liabilities	54,477	59,786
Income tax payable	5,186	4,280
Retirement and severance benefits	9,029	5,851
Deferred tax liabilities	2,733	3,740
Other liabilities	74,694	76,654
Total liabilities	2,881,851	3,075,649
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,600	45,215
Retained earnings	312,736	335,085
Accumulated other comprehensive income	(4,139)	2,907
Treasury stock	(14,335)	(14,336)
Total equity attributable to owners of the parent	349,844	378,855
Non-controlling interests	13,333	14,251
Total equity	363,178	393,107
Total liabilities and equity	3,245,029	3,468,756

(2) [Consolidated Statements of Profit or Loss and Comprehensive Income]
 [Consolidated Statements of Profit or Loss]

	(¥ million)	
	For the Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Revenues	370,860	404,124
Cost of sales	245,100	272,425
Gross profit	125,759	131,698
Selling, general and administrative expenses	81,902	86,274
Other income	734	723
Other expenses	345	2,987
Share of profits of investments accounted for using the equity method	1,787	1,135
Profit before tax	46,033	44,295
Income taxes	11,803	11,070
Net income	34,229	33,224
Net income attributable to:		
Owners of the parent	32,926	32,057
Non-controlling interests	1,302	1,167
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥281.69	¥274.26

[Consolidated Statements of Comprehensive Income]

(¥ million)

	For the Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income	34,229	33,224
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	354	1,610
Remeasurements of defined benefit plans	(875)	2,447
Share of other comprehensive income of investments accounted for using the equity method	56	10
Total items not to be reclassified to net income	(465)	4,068
Items that can be reclassified to net income		
Foreign currency translation adjustments	(8,921)	2,033
Cash flow hedges	740	1,354
Share of other comprehensive income of investments accounted for using the equity method	100	36
Total items that can be reclassified to net income	(8,080)	3,424
Other comprehensive income	(8,545)	7,493
Comprehensive income	25,683	40,717
Comprehensive income attributable to:		
Owners of the parent	24,505	39,474
Non-controlling interests	1,177	1,242

(3) [Consolidated Statements of Changes in Equity]
For the Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(¥ million)

	Equity attributable to owners of the parent					Total equity attributable to 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			32,926			32,926	1,302	34,229
Other comprehensive income				(8,420)		(8,420)	(124)	(8,545)
Comprehensive income for the period			32,926	(8,420)		24,505	1,177	25,683
Dividends to equity owners of the parent			(9,935)			(9,935)		(9,935)
Dividends to non-controlling interests							(312)	(312)
Acquisition of treasury stock					(0)	(0)		(0)
Equity transactions with non-controlling interests		(228)		0		(228)	19	(208)
Acquisition of non-controlling interests							391	391
Total changes in equity	—	(228)	22,990	(8,420)	(0)	14,341	1,276	15,618
As of March 31, 2017	9,983	45,600	312,736	(4,139)	(14,335)	349,844	13,333	363,178

For the Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(¥ million)

	Equity attributable to owners of the parent					Total equity attributable to 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			32,057			32,057	1,167	33,224
Other comprehensive income				7,417		7,417	75	7,493
Comprehensive income for the period			32,057	7,417		39,474	1,242	40,717
Dividends to equity owners of the parent			(10,052)			(10,052)		(10,052)
Dividends to non-controlling interests							(417)	(417)
Acquisition of treasury stock					(0)	(0)		(0)
Disposal of treasury stock		0			0	0		0
Transfer to retained earnings				(344)		(344)	0	(343)
Transfer from other comprehensive income			344			344	(0)	343
Equity transactions with non-controlling interests		(385)		(25)		(410)	(179)	(589)
Acquisition of non-controlling interests							271	271
Total changes in equity	—	(385)	22,349	7,047	(0)	29,011	918	29,929
As of March 31, 2018	9,983	45,215	335,085	2,907	(14,336)	378,855	14,251	393,107

(4) [Consolidated Statements of Cash Flows]

(¥ million)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Net income	34,229	33,224
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	103,094	119,229
Income taxes	11,803	11,070
Share of profits of investments accounted for using the equity method	(1,787)	(1,135)
(Increase) decrease in trade and other receivables	(1,149)	(86,345)
(Increase) decrease in finance lease receivables	(88,042)	(60,478)
Purchase of operating leased assets	(148,081)	(203,230)
Proceeds from sale of operating leased assets	31,443	31,918
Increase (decrease) in trade and other payables	(67,284)	(70,719)
Increase (decrease) in payable due to collection of securitized receivables	(5,392)	(924)
Other	(1,350)	17,424
Subtotal	(132,517)	(209,966)
Income taxes paid	(10,135)	(9,656)
Net cash provided by (used in) operating activities	(142,653)	(219,623)
Cash flows from investing activities		
Purchase of other property, plant and equipment	(11,702)	(24,204)
Purchase of other intangible assets	(4,453)	(6,582)
Purchase of investments in securities and payments to time deposits	(23,794)	(5,188)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	5,591	4,398
Proceeds from acquisition of subsidiary's shares resulting in changes in scope of consolidation	3,087	—
Proceeds from sales of subsidiary's shares resulting in changes in scope of consolidation	—	163
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	(4,532)	(4,663)
Purchase of investments accounted for using the equity method	(11,835)	(328)
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	40	81
Net cash provided by (used in) investing activities	(52,388)	(36,681)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	43,358	106,400
Proceeds from long-term borrowings and bonds	670,895	706,009
Payments on long-term borrowings and bonds	(487,922)	(547,932)
Proceeds from payments from non-controlling interests	20	—
Dividends paid to owners of the parent	(9,932)	(9,916)
Dividends paid to non-controlling interests	(312)	(417)
Purchase of shares of consolidated subsidiaries from non-controlling interests	—	(565)
Other	(0)	(0)
Net cash provided by (used in) financing activities	216,105	253,577
Effect of exchange rate changes on cash and cash equivalents	(73)	(548)
Net increase (decrease) in cash and cash equivalents	20,990	(3,275)
Cash and cash equivalents at beginning of period	157,091	178,081
Cash and cash equivalents at end of period	178,081	174,805

(5) Notes to the Consolidated Financial Statements

(Notes concerning going concern)

Not applicable

(Segment information)

Segment information

The Group's reportable segments are components of the Group for which separate financial information is available that are reviewed by the Board of Directors regularly to make decisions regarding the allocation of management resources and evaluate operating performance.

The Group classifies reportable segments into Japan, Europe, the Americas, China and ASEAN, and further classifies Japan into "Account Solution" and "Vendor Solution" in view of its business model and customers to provide solutions, resulting in six reportable segments in total.

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

(1) Account Solution (Japan)

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

(2) Vendor Solution (Japan)

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

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

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

Segment information for the years ended March 31, 2017 and 2018 is as follows.

For the Year Ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statements of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	198,363	26,942	88,391	17,856	15,866	13,403	360,824	14,926	375,751	(4,891)	370,860
Intersegment	977	68	—	—	—	—	1,046	1,038	2,084	(2,084)	—
Total	199,340	27,011	88,391	17,856	15,866	13,403	361,870	15,965	377,835	(6,975)	370,860
Profit before tax	17,677	5,782	15,842	4,343	7,429	235	51,310	1,197	52,508	(6,475)	46,033

(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.
5. Effective October 1, 2017, part of healthcare business and agriculture business were transferred to vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

For the Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statements of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	208,583	25,597	104,841	21,505	16,945	15,979	393,451	13,890	407,342	(3,218)	404,124
Intersegment	791	201	—	—	—	—	992	1,108	2,101	(2,101)	—
Total	209,374	25,799	104,841	21,505	16,945	15,979	394,444	14,999	409,444	(5,320)	404,124
Profit before tax	17,289	5,346	16,907	3,701	7,677	998	51,919	1,267	53,187	(8,891)	44,295

(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.
5. Effective October 1, 2017, part of healthcare business and agriculture business were transferred to vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

(Per share information)

Equity per share attributable to owners of the parent and the basis for calculation and earnings per share attributable to owners of the parent and the basis for calculation are as follows. Diluted earnings per share attributable to owners of the parent is not disclosed as the Company has no dilutive shares.

Items	As of March 31, 2017	As of March 31, 2018
Number of common stock at year-end (shares)	116,886,330	116,886,052
Total equity attributable to owners of the parent (¥ million)	349,844	378,855
Total equity per share attributable to owners of the parent	2,993.03 Yen	3,241.24 Yen

Items	For the Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Weighted average number of common stock during the year (shares)	116,886,486	116,886,292
Net income attributable to owners of the parent (¥ million)	32,926	32,057
Earnings per share attributable to owners of the parent	281.69 Yen	274.26 Yen

(Significant subsequent events)

Based on a comprehensive resolution to issue bonds passed on March 26, 2018, the Company decided to issue its 71st and 72nd unsecured straight bonds (with limited interbond pari passu clause). The details of the bonds are as follows.

	71st	72nd
(1) Total issue amount	¥ 15 billion	¥ 10 billion
(2) Issue price	¥100 per ¥100 bond face value	
(3) Payment date	April 23, 2018	
(4) Redemption date	The principal of the bond will be redeemed in full on March 19, 2021	The principal of the bond will be redeemed in full on April 18, 2025
(5) Interest rate	0.040% per annum	0.280% per annum
(6) Use of proceeds	Redemption fund for short-term bonds	

<Supplementary Information>

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ended March 31, 2018

(¥ million, %)

	No.	Fiscal Year Ended March 31, 2017		Fiscal Year Ended March 31, 2018			
		Fourth Quarter (Results)	Twelve Months Ended March 31, 2017 (Results)	Fourth Quarter (January to March) (Results)		Twelve Months Ended March 31, 2018 (April to March) (Results)	
					Y on Y		Y on Y
Revenues	1	101,757	370,860	107,325	5.5	404,124	9.0
Cost of sales	2	69,276	245,100	74,627	7.7	272,425	11.1
Gross profit	3	32,481	125,759	32,698	0.7	131,698	4.7
Selling, general and administrative expenses	4	20,908	81,902	22,450	7.4	86,274	5.3
Other income	5	19	734	428	2,086.2	723	(1.5)
Other expenses	6	211	345	2,748	1,200.0	2,987	763.8
Share of profits of investments accounted for using the equity method	7	407	1,787	145	(64.3)	1,135	(36.5)
Profit before tax	8	11,788	46,033	8,074	(31.5)	44,295	(3.8)
Income taxes	9	2,551	11,803	2,163	(15.2)	11,070	(6.2)
Net income	10	9,237	34,229	5,910	(36.0)	33,224	(2.9)
Net income attributable to:							
Owners of the parent	11	8,819	32,926	5,595	(36.6)	32,057	(2.6)
Non-controlling interests	12	417	1,302	315	(24.4)	1,167	(10.4)
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	13	¥75.45	¥281.69	¥47.87	(36.6)	¥274.26	(2.6)

(2) Contract Segment Information

1. For the Year ended March 31, 2017 (April 1, 2016 - March 31, 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	538,550 (23) (-2)	339,608 (14) (-26)	203,322 (9) (2)	1,081,481 (46) (-10)	253,444 (11) (-6)	769,932 (33) (39)	229,395 (10) (-13)	1,252,771 (54) (15)	2,334,252 (100) (2)
Operating assets (Composition %) (Y on Y Change %)	2	1,107,510 (37) (5)	231,371 (8) (-28)	305,131 (10) (-0)	1,644,013 (55) (-2)	451,786 (15) (14)	461,733 (15) (-3)	436,955 (15) (10)	1,350,475 (45) (7)	2,994,489 (100) (2)

2. For the Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(¥ 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	547,559 (22) (2)	279,139 (11) (-18)	219,950 (9) (8)	1,046,650 (42) (-3)	272,965 (11) (8)	950,446 (38) (23)	239,264 (9) (4)	1,462,677 (58) (17)	2,509,327 (100) (8)
Operating assets (Composition %) (Y on Y Change %)	2	1,128,913 (36) (2)	172,689 (5) (-25)	321,420 (10) (5)	1,623,024 (51) (-1)	510,075 (16) (13)	590,691 (19) (28)	455,344 (14) (4)	1,556,110 (49) (15)	3,179,135 (100) (6)

(Notes)

1. "Lease" includes auto leases, rentals, 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.	Year ended March 31, 2017		Year ended March 31, 2018		Y on Y change
				Composition		Composition	
Vendor	Account Solution	1	875,279	37.5	850,987	33.9	(2.8)
	Wholesale	2	691,435	29.6	667,631	26.6	(3.4)
	Information equipment related	3	235,314	10.1	235,655	9.4	0.1
	Industrial construction machinery related	4	80,272	3.4	79,138	3.2	(1.4)
	Commercial logistics related	5	59,505	2.6	75,864	3.0	27.5
	Factoring	6	142,978	6.1	65,693	2.6	(54.1)
	Card	7	63,971	2.7	67,852	2.7	6.1
	Others	8	109,392	4.7	143,427	5.7	31.1
	Vehicle	9	54,563	2.3	53,365	2.1	(2.2)
	Residential CMS	10	127,568	5.5	129,051	5.2	1.2
	Others	11	1,712	0.1	939	0.0	(45.2)
Vendor Solution	12	179,958	7.7	177,432	7.1	(1.4)	
Europe	13	490,826	21.0	592,343	23.6	20.7	
The Americas	14	465,491	20.0	533,212	21.2	14.5	
China	15	207,756	8.9	235,416	9.4	13.3	
ASEAN	16	88,696	3.8	101,704	4.1	14.7	
Others	17	27,862	1.2	20,146	0.8	(27.7)	
Elimination and others	18	(1,620)	(0.1)	(1,917)	(0.1)	-	
Consolidated business volume	19	2,334,252	100.0	2,509,327	100.0	7.5	

(Notes)

1. Account Solution: Provide solutions to meet diversifying needs of customers such as corporates and public offices 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.
4. Effective October 1, 2017, part of healthcare business and agriculture business were transferred to vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.