

Consolidated Earnings Report [IFRS]

For the Year Ended March 31, 2017



Corporate Name: **Hitachi Capital Corporation**
 Stock Code: 8586 URL: <http://www.hitachi-capital.co.jp>
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 Date of ordinary general meeting of shareholders: June 23, 2017
 Scheduled commencement of dividend payment: May 29, 2017
 Scheduled date of submission of annual securities report: June 26, 2017
 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, 2017 (April 1, 2016 – March 31, 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	%
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
Year ended March 31, 2016	365,354	2.5	46,667	31.1	33,615	34.8	32,694	35.4	19,565	(42.6)

	Earnings per share (basic)	Earnings per share (diluted)	ROE	ROA	Profit before tax margin
	¥	¥	%	%	%
Year ended March 31, 2017	281.69	—	9.6	1.5	12.4
Year ended March 31, 2016	279.71	—	9.9	1.5	12.8

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

Year ended March 31, 2017: ¥1,787 million Year ended March 31, 2016: ¥1,775 million
 Volume of business: Year ended March 31, 2017: ¥2,334,252 million Year ended March 31, 2016: ¥2,290,156 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	%	¥
Year ended March 31, 2017	3,245,029	363,178	349,844	10.8	2,993.03
Year ended March 31, 2016	3,081,201	347,559	335,503	10.9	2,870.33

(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, 2017	(142,653)	(52,388)	216,105	178,081
Year ended March 31, 2016	(206,372)	(6,408)	252,425	157,091

(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, 2016	—	42.00	—	42.00	84.00	9,818	30.0	3.0
Year ended March 31, 2017	—	43.00	—	43.00	86.00	10,052	30.5	2.9
Year ending March 31, 2018 (Forecast)	—	43.00	—	43.00	86.00		34.2	

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	%	¥
Interim	193,300	7.9	19,900	(12.9)	14,300	(14.0)	14,000	(13.4)	119.77
Fiscal year	398,900	7.6	41,500	(9.8)	30,700	(10.3)	29,400	(10.7)	251.53

(Ref.) Volume of business: Interim: ¥1,096,200 million Fiscal year: ¥2,273,000 million

* Notes

(1) Major changes in subsidiaries during the period under review

(Transfer of specific subsidiaries accompanying the change of scope of consolidation) : Yes

New: one company: Hitachi Capital Management (China) Ltd.

(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)

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

As of March 31, 2017: 124,826,552 shares As of March 31, 2016: 124,826,552 shares

2) Treasury stock at end of term

As of March 31, 2017: 7,940,222 shares As of March 31, 2016: 7,939,936 shares

3) Weighted average number of shares outstanding

Year ended March 31, 2017: 116,886,486 shares Year ended March 31, 2016: 116,886,724 shares

* Implementation status of audit 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 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, 2018.

The Company will have a financial results meeting for institutional investors and financial analysts on April 27, 2017.

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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, 2017 were as follows:

	Year Ended March 31, 2016	Year Ended March 31, 2017	Y on Y Change
Volume of business	2,290,156	2,334,252	1.9
Revenues	365,354	370,860	1.5
Gross profit	130,014	125,759	(3.3)
Profit before tax	46,667	46,033	(1.4)
Net income attributable to owners of the parent	32,694	32,926	0.7

(¥ million, %)

During the year ended March 31, 2017, while the economy showed solid growth in the U.S. and the U.K, economic and political uncertainties remained around the world due to drastic changes such as the U.K.'s Brexit decision and the new administration in the U.S. In Japan, the economy showed signs of recovery as a result of continuous monetary easing policy and economic policy, etc.

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 in 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), 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 will actively execute strategic investment in M&A, IT and human resources to support business growth.

During the year ended March 31, 2017, 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

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European business environment so far, and our U.K. business has made a steady progress focusing on domestic demands and efforts to diversify receivables. Also, as part of our strategy to expand Vehicle Solution business, we made NoordLease Holding B.V. in the Netherlands our subsidiary in January 2017. 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. ("BTMU") with an aim to contribute to Japanese equipment manufacturers and engineering companies engaging in infrastructure projects, in August 2016. Under the business alliance between Hitachi Capital and MUL, the two companies jointly established Renewable Energy Partners LLC Silent Partnership, an investment fund related to renewable energy in February 2017. As for an open financial platform, we established Japan Infrastructure Initiative Company Limited jointly with MUL and BTMU in January 2017, which started its operation in April.

As a result, consolidated volume of business for the year ended March 31, 2017 increased 1.9% year on year to ¥2,334,252 million as Global Business showed a strong growth in the Americas and steady growth in Europe, China, and ASEAN on a local currency basis, despite a decrease in Japan Business due to the closing of factoring business.

Revenues increased 1.5% year on year to ¥370,860 million due mainly to an increase in the Eco- and energy-related sector in Japan Business, but gross profit decreased 3.3% year on year to ¥125,759 million and profit before tax decreased 1.4% year on year to ¥46,033 million due mainly to the appreciation of yen. Net income attributable to owners of the parent increased 0.7% year on year to ¥32,926 million due to a decrease in income taxes.

Results by segment for the year ended March 31, 2017 were as follows.

(Account Solution)

Revenues increased 7.0% year on year to ¥210,819 million due to steady performance in industrial construction machinery related business by an increase in the Eco- and energy-related sector. As a result, profit before tax increased 3.7% year on year to ¥20,096 million.

(Vendor Solution)

Revenues decreased 4.8% year on year to ¥18,480 million due to a decrease in revenues from re-lease and interest and dividend income.

Profit before tax increased 50.2% year on year to ¥3,841 million due to a decrease in IT-related costs.

(Europe)

Revenues decreased 9.6% year on year to ¥88,391 million and profit before tax decreased 8.9% year on year to ¥15,842 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 39.3% year on year to ¥17,856 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 22.9% year on year to ¥4,343 million.

(China)

Revenues decreased 6.6% year on year to ¥15,866 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 3.3% year on year to ¥7,429 million due to a decrease in bad debt expenses.

(ASEAN)

Revenues increased 11.9% year on year to ¥13,403 million due to an increase in volume of business. Profit before tax decreased 4.3% year on year to ¥235 million due to the fluctuation of foreign exchange rates.

2) Key management indicators

	Year Ended March 31, 2016	Year Ended March 31, 2017
ROE	9.9	9.6
ROA	1.5	1.5
Equity attributable to owners of the parent ratio	10.9	10.8

(%)

3) Consolidated earnings forecasts for the year ending March 31, 2018

The outlook of management environment surrounding the Company remains unpredictable due to factors including growing geopolitical risks around the world in addition to developments after formal notice by the U.K. government of withdrawal from the EU and the change of administration in the U.S. In Japan, recovery of corporate earnings and capital investment outlook remains uncertain due to the unstable business environment around the world.

Under such circumstances, the Company will aim to achieve sustainable growth and increase in topline through profitability improvement of Japan Business and high and systematic growth of Global Business, as well as promote investments to strengthen management base through “Smart Transformation Project.”

Based on the situation described above, consolidated earnings forecasts for the year ending March 31, 2018 are as follows.

	(¥ million)	
	Fiscal Year Ended March 31, 2017	Fiscal Year Ending March 31, 2018 (Forecast)
Volume of business	2,334,252	2,273,000
Revenues	370,860	398,900
Gross profit	125,759	131,900
Profit before tax	46,033	41,500
Net income attributable to owners of the parent	32,926	29,400
Basic earnings per share attributable to owners of the parent	¥281.69	¥251.53

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, 2017 was as follows:

(¥ million, %)

	As of March 31, 2016	As of March 31, 2017	Change	
			Amount	%
Total assets	3,081,201	3,245,029	163,828	5.3
Interest-bearing debt	2,341,683	2,546,720	205,037	8.8
Total equity	347,559	363,178	15,618	4.5

i . Total assets

Total assets as of March 31, 2017 increased ¥163,828 million from March 31, 2016 to ¥3,245,029 million due to an increase in finance lease receivables mainly in the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of March 31, 2017 increased ¥205,037 million from March 31, 2016 to ¥2,546,720 million due to increases in long-term debt mainly in Japan and the Americas.

iii . Total equity

Total equity as of March 31, 2017 increased ¥15,618 million from March 31, 2016 to ¥363,178 million, and major components consist of net income attributable to owners of the parent of ¥32,926 million and cash dividends paid of ¥9,935 million, and a decrease in accumulated other comprehensive income of ¥8,420 million due mainly to a decrease in foreign currency translation adjustments.

2) Cash flows

Cash flows during the year ended March 31, 2017 were as follows:

(¥ million)

	Year Ended March 31, 2016	Year Ended March 31, 2017	Change
Cash flows from operating activities	(206,372)	(142,653)	63,718
Cash flows from investing activities	(6,408)	(52,388)	(45,979)
Cash flows from financing activities	252,425	216,105	(36,320)
Free cash flow	(212,781)	(195,042)	17,739

i . Cash flows from operating activities

Net cash used in operating activities was ¥142,653 million. This was primarily due to an increase in finance lease receivables of ¥88,042 million, and purchase of operating leased assets of ¥148,081 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥52,388 million. This was primarily due to purchase of investments in securities and payments to time deposits of ¥23,794 million, purchase of other property, plant and equipment of ¥11,702 million, and purchase of investments accounted for using the equity method of ¥11,835 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥216,105 million due mainly to proceeds from long-term borrowings and bonds of ¥670,895 million and payments on long-term borrowings and bonds of ¥487,922 million.

As a result, cash and cash equivalent as of March 31, 2017 increased ¥20,990 million from March 31, 2016 to ¥178,081 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash outflows of ¥195,042 million, an increase of ¥17,739 million from the year ended March 31, 2016.

(3) Basic Policy for Profit Sharing 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, 2017	Year Ending March 31, 2018 (Forecast)	Change	
			Amount	%
Annual dividend per share	86.00	86.00	0.00	0.0

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, 2016	As of March 31, 2017
Assets		
Cash and cash equivalents	157,091	178,081
Trade and other receivables	1,358,973	1,288,511
Finance lease receivables	1,054,180	1,124,531
Other financial assets	61,601	85,834
Operating leased assets	341,296	393,328
Investments accounted for using the equity method	20,254	33,059
Other property, plant and equipment	20,162	57,249
Other intangible assets	12,165	29,495
Deferred tax assets	17,950	18,479
Other assets	37,524	36,458
Total assets	3,081,201	3,245,029
Liabilities		
Trade and other payables	228,989	175,429
Borrowings and bonds	2,341,683	2,546,720
Other payables	20,492	13,580
Other financial liabilities	58,724	54,477
Income tax payable	4,494	5,186
Retirement and severance benefits	9,540	9,029
Deferred tax liabilities	1,839	2,733
Other liabilities	67,878	74,694
Total liabilities	2,733,641	2,881,851
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,828	45,600
Retained earnings	289,745	312,736
Accumulated other comprehensive income	4,280	(4,139)
Treasury stock	(14,334)	(14,335)
Total equity attributable to owners of the parent	335,503	349,844
Non-controlling interests	12,056	13,333
Total equity	347,559	363,178
Total liabilities and equity	3,081,201	3,245,029

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

	(¥ million)	
	For the Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Revenues	365,354	370,860
Cost of sales	235,340	245,100
Gross profit	130,014	125,759
Selling, general and administrative expenses	84,783	81,902
Other income	82	734
Other expenses	421	345
Share of profits of investments accounted for using the equity method	1,775	1,787
Profit before tax	46,667	46,033
Income taxes	13,051	11,803
Net income	33,615	34,229
Net income attributable to:		
Owners of the parent	32,694	32,926
Non-controlling interests	920	1,302
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥279.71	¥281.69

[Consolidated Statement of Comprehensive Income]

(¥ million)

	For the Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net income	33,615	34,229
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	181	354
Remeasurements of defined benefit plans	(3,607)	(875)
Share of other comprehensive income of investments accounted for using the equity method	1	56
Total items not to be reclassified to net income	(3,425)	(465)
Items that can be reclassified to net income		
Foreign currency translation adjustments	(10,743)	(8,921)
Cash flow hedges	119	740
Share of other comprehensive income of investments accounted for using the equity method	—	100
Total items that can be reclassified to net income	(10,624)	(8,080)
Other comprehensive income	(14,049)	(8,545)
Comprehensive income	19,565	25,683
Comprehensive income attributable to:		
Owners of the parent	19,048	24,505
Non-controlling interests	516	1,177

(3) [Consolidated Statements of Changes in Equity]
For the Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(¥ 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, 2015	9,983	45,823	265,152	18,597	(14,333)	325,223	11,607	336,830
Changes in equity								
Net income			32,694			32,694	920	33,615
Other comprehensive income				(13,646)		(13,646)	(403)	(14,049)
Comprehensive income for the period			32,694	(13,646)		19,048	516	19,565
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)
Disposal of treasury stock		0			0	0		0
Transfer to retained earnings				(664)		(664)		(664)
Transfer from accumulated other comprehensive income			664			664		664
Equity transactions with non-controlling interests		5		(6)		(1)	142	141
Total changes in equity	—	5	24,592	(14,316)	(1)	10,280	449	10,729
As of March 31, 2016	9,983	45,828	289,745	4,280	(14,334)	335,503	12,056	347,559

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

Unaudited

(4) [Consolidated Statement of Cash Flows]

	(¥ million)	
	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Net income	33,615	34,229
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	95,591	103,094
Income taxes	13,051	11,803
Share of profits of investments accounted for using the equity method	(1,775)	(1,787)
(Increase) decrease in trade and other receivables	(67,682)	(1,149)
(Increase) decrease in finance lease receivables	(102,011)	(88,042)
Purchase of operating leased assets	(148,186)	(148,081)
Proceeds from sale of operating leased assets	28,344	31,443
Increase (decrease) in trade and other payables	(41,367)	(67,284)
Increase (decrease) in payable due to collection of securitized receivables	(4,463)	(5,392)
Other	(5,752)	(1,350)
Subtotal	(200,637)	(132,517)
Income taxes paid	(5,734)	(10,135)
Net cash provided by (used in) operating activities	(206,372)	(142,653)
Cash flows from investing activities		
Purchase of other property, plant and equipment	(6,180)	(11,702)
Purchase of other intangible assets	(2,859)	(4,453)
Purchase of investments in securities and payments to time deposits	(6,181)	(23,794)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	8,685	5,591
Income for acquisition of subsidiary's shares resulting in changes in scope of consolidation	—	3,087
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	—	(4,532)
Purchase of investments accounted for using the equity method	(34)	(11,835)
Payments for transfer of business	—	(9,790)
Net decrease (increase) in short-term loans receivable	—	5,000
Other	160	40
Net cash provided by (used in) investing activities	(6,408)	(52,388)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,383)	43,358
Proceeds from long-term borrowings and bonds	650,483	670,895
Payments on long-term borrowings and bonds	(387,840)	(487,922)
Proceeds from payments from non-controlling interests	14	20
Dividends paid to owners of the parent	(8,764)	(9,932)
Dividends paid to non-controlling interests	(209)	(312)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(175)	—
Proceeds from sales of shares of consolidated subsidiaries to non-controlling interests	302	—
Other	(1)	(0)
Net cash provided by (used in) financing activities	252,425	216,105
Effect of exchange rate changes on cash and cash equivalents	(1,868)	(73)
Net increase (decrease) in cash and cash equivalents	37,776	20,990
Cash and cash equivalents at beginning of period	119,314	157,091
Cash and cash equivalents at end of period	157,091	178,081

Unaudited

(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, 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 (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, 2016 and 2017 is as follows.

For the Year Ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(¥ 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	195,570	19,358	97,814	12,823	16,984	11,982	354,534	12,232	366,766	(1,411)	365,354
Intersegment	1,396	63	—	—	—	—	1,460	2,316	3,776	(3,776)	—
Total	196,967	19,421	97,814	12,823	16,984	11,982	355,994	14,548	370,542	(5,188)	365,354
Profit before tax	19,388	2,557	17,398	3,534	7,193	245	50,318	1,214	51,532	(4,865)	46,667

(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.

For the Year ended March 31, 2017 (April 1, 2016 - March 31, 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	209,841	18,411	88,391	17,856	15,866	13,403	363,771	11,979	375,751	(4,891)	370,860
Intersegment	977	68	—	—	—	—	1,046	1,038	2,084	(2,084)	—
Total	210,819	18,480	88,391	17,856	15,866	13,403	364,817	13,017	377,835	(6,975)	370,860
Profit before tax	20,096	3,841	15,842	4,343	7,429	235	51,788	719	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.

Unaudited

(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, 2016	As of March 31, 2017
Number of common stock at year-end (shares)	116,886,616	116,886,330
Total equity attributable to owners of the parent (¥ million)	335,503	349,844
Total equity per share attributable to owners of the parent	2,870.33 Yen	2,993.03 Yen

Items	For the Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Weighted average number of common stock during the year (shares)	116,886,724	116,886,486
Net income attributable to owners of the parent (¥ million)	32,694	32,926
Earnings per share attributable to owners of the parent	279.71 Yen	281.69 Yen

(Significant subsequent events)

Not applicable

<Supplementary Information>

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ended March 31, 2017

(¥ million, %)

	No.	Fiscal Year Ended March 31, 2016		Fiscal Year Ended March 31, 2017			
		Fourth Quarter (Results)	Twelve Months Ended March 31, 2016 (Results)	Fourth Quarter (January to March) (Results)		Twelve Months Ended March 31, 2017 (April to March) (Results)	
					Y on Y		Y on Y
Revenues	1	92,430	365,354	101,757	10.1	370,860	1.5
Cost of sales	2	60,588	235,340	69,276	14.3	245,100	4.1
Gross profit	3	31,842	130,014	32,481	2.0	125,759	(3.3)
Selling, general and administrative expenses	4	21,068	84,783	20,908	(0.8)	81,902	(3.4)
Other income	5	24	82	19	(20.0)	734	788.2
Other expenses	6	318	421	211	(33.5)	345	(18.1)
Share of profits of investments accounted for using the equity method	7	422	1,775	407	(3.7)	1,787	0.7
Profit before tax	8	10,903	46,667	11,788	8.1	46,033	(1.4)
Income taxes	9	3,352	13,051	2,551	(23.9)	11,803	(9.6)
Net income	10	7,550	33,615	9,237	22.3	34,229	1.8
Net income attributable to:							
Owners of the parent	11	7,392	32,694	8,819	19.3	32,926	0.7
Non-controlling interests	12	158	920	417	163.5	1,302	41.6
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	13	63.24	279.71	75.45	19.3	281.69	0.7

(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, 2016 (April 1, 2015 - March 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	549,412 (24) (9)	456,720 (20) (-7)	198,431 (9) (-1)	1,204,565 (53) (1)	270,378 (12) (23)	552,754 (24) (22)	262,458 (11) (5)	1,085,591 (47) (18)	2,290,156 (100) (8)
Operating assets (Composition %) (Y on Y Change %)	2	1,055,365 (36) (2)	319,532 (11) (-26)	305,315 (10) (-19)	1,680,213 (57) (-9)	395,114 (13) (9)	476,193 (16) (7)	395,625 (14) (14)	1,266,933 (43) (9)	2,947,146 (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.

Unaudited

(3) Segmented Information by Business

(Consolidated Business Volume)

(¥ million, %)

	No.	Year ended March 31, 2016		Year ended March 31, 2017		Y on Y change	
			Composition		Composition		
Japan	Account Solution	1	1,059,603	46.2	935,405	40.1	(11.7)
	Wholesale	2	809,396	35.3	687,018	29.4	(15.1)
	Information equipment related	3	245,385	10.7	236,618	10.1	(3.6)
	Industrial construction machinery related	4	68,620	3.0	80,347	3.4	17.1
	Commercial logistics related	5	69,159	3.0	60,520	2.6	(12.5)
	Factoring	6	266,231	11.6	142,978	6.1	(46.3)
	Card	7	61,239	2.7	63,971	2.7	4.5
	Others	8	98,756	4.3	102,581	4.5	3.9
	Agriculture	9	38,459	1.7	26,029	1.1	(32.3)
	Healthcare	10	37,365	1.6	38,898	1.7	4.1
	Vehicle	11	51,188	2.2	54,564	2.3	6.6
	Residential CMS	12	122,942	5.4	127,568	5.5	3.8
	Others	13	250	0.0	1,326	0.1	429.6
	Vendor Solution	14	134,464	5.9	136,430	5.8	1.5
Europe	15	528,447	23.1	490,826	21.0	(7.1)	
The Americas	16	234,210	10.2	465,491	20.0	98.7	
China	17	236,482	10.3	207,756	8.9	(12.1)	
ASEAN	18	86,451	3.8	88,696	3.8	2.6	
Others	19	13,363	0.6	11,265	0.5	(15.7)	
Elimination and others	20	(2,866)	(0.1)	(1,620)	(0.1)	-	
Consolidated business volume	21	2,290,156	100.0	2,334,252	100.0	1.9	

(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.