

# Consolidated Second Quarter Earnings Report [Japan GAAP]

## For the Six Months Ended September 30, 2013



Corporate Name: **Hitachi Capital Corporation**  
 Stock Code: 8586 URL: <http://www.hitachi-capital.co.jp>  
 Stock Listing: Tokyo Stock Exchange  
 Representative Director: Kazuya Miura, President and CEO  
 Inquiries: Masao Nishida, Executive Officer  
 Phone: (03)3503-2118  
 Scheduled date of submission of financial reports: November 13, 2013  
 Scheduled commencement of dividend payment: November 27, 2013  
 Preparation of supplementary material for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for investors & analysts)

(All amounts rounded down)

## 1. Consolidated Financial Results for the Second Quarter Ended September 30, 2013 (April 1, 2013–September 30, 2013)

## (1) Consolidated Operating Results (Cumulative) (year-on-year change %)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended September 30, 2013	62,544	27.5	15,863	34.0	16,494	25.2	11,806	40.7
Six Months Ended September 30, 2012	49,053	4.6	11,839	△1.1	13,171	10.4	8,394	25.3

(Note) Comprehensive income: Six Months Ended September 30, 2013: ¥15,985 million (111.3%); Six Months Ended September 30, 2012: ¥7,566 million (70.5%)

	Net income per share	Diluted net income per share
	¥	¥
Six Months Ended September 30, 2013	101.01	—
Six Months Ended September 30, 2012	71.81	—

(Ref.) Volume of business: Six Months Ended September 30, 2013: ¥934,260 million; Six Months Ended September 30, 2012: ¥815,576 million

## (2) Consolidated Financial Position

	Total assets	Net assets	Stockholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2013	2,194,833	293,713	12.9
As of March 31, 2013	1,891,431	288,894	14.8

(Ref.) Stockholders' equity: As of September 30, 2013: ¥284,160 million; As of March 31, 2012: ¥279,427 million

## 2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
Year Ended March 31, 2013	—	18.00	—	20.00	38.00
Year Ending March 31, 2014	—	23.00			
Year Ending March 31, 2014 (Forecast)			—	23.00	46.00

(Note) Changes from the latest released dividend forecasts: Yes

(Ref.) Previous forecasts: 2nd Quarter of the Year Ending March 31, 2014: ¥21.00; End of the Year Ending March 31, 2014: ¥21.00

## 3. Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013–March 31, 2014)

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

	Revenues		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Fiscal year	125,500	21.5	31,000	21.0	32,000	16.8	21,500	29.9	183.94

(Note) Changes from the latest released performance forecasts: Yes

(Ref.) Volume of business: Fiscal year: ¥1,855,000 million

\* Notes

(For details, please refer to "2. Matters concerning Summary Information (Notes)" on page 6)

- (1) Major changes in among subsidiaries in the consolidated cumulative period of the period under review: Yes  
(Transfer of specific subsidiaries accompanying the change of scope of consolidation)  
New: one company: NBL Co., Ltd.
- (2) Application of specified accounting treatment used in preparation of quarterly consolidated financial statements: Yes
- (3) Changes to accounting policies; changes to accounting estimates; restatements  
(i) Changes to accounting policies due to revisions to accounting standards, etc.: None  
(ii) Other changes to accounting policies: Yes  
(iii) Changes to accounting estimates: None  
(iv) Restatements: None
- (4) Number of outstanding shares (common shares)  
(i) Shares issued at end of term (including treasury stock)  
As of September 30, 2013: 124,826,552 shares As of March 31, 2013: 124,826,552 shares  
(ii) Treasury stock at end of term  
As of September 30, 2013: 7,938,961 shares As of March 31, 2013: 7,938,899 shares  
(iii) Weighted average number of shares outstanding  
Six months ended September 30, 2013: 116,887,626 shares Six months ended September 30, 2012: 116,887,800 shares

\* Information regarding the implementation of quarterly review procedures

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

\* Explanation for proper use of the forecasts, etc.

Consolidated forecasts stated herein have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results due to a variety of reasons. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to "1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2013 (3) Explanation on Future Forecast Information including Consolidated Earnings Forecast" on page 5.

Hitachi Capital Corporation will have the quarterly financial results meeting to report the financial results for the second quarter ended September 30, 2013 for institutional investors and financial analysts on October 25, 2013.

## Contents

<b>1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2013</b>	<b>2</b>
(1) Explanation about Operating Results	2
(2) Explanation about Consolidated Financial Position	3
(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast	5
(4) Basic Policy for Profit Sharing	6
<b>2. Matters concerning Summary Information (Notes)</b>	<b>6</b>
(1) Changes in Material Subsidiaries during the Period	6
(2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements	6
(3) Changes in Accounting Policies and Estimates, and Restatements	6
<b>3. Quarterly Consolidated Financial Statements</b>	<b>8</b>
(1) Quarterly Consolidated Balance Sheets	8
(2) Quarterly Consolidated Statements of Income (Consolidated Second Quarter)	10
(3) Quarterly Consolidated Cash Flows	12
<b>4. Segmented information</b>	<b>14</b>
<b>5. Supplementary Information</b>	<b>15</b>
(1) Change in Quarterly Consolidated Performance	15
(2) Contract Segmented Information	16
(3) Segmented Information by Region	16
(4) Segmented Information by Business	17

## 1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2013

### (1) Explanation about Operating Results

#### 1) Summary of operating results

Summarized results for the six months ended September 30, 2013 were as follows:

(¥ million, %)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013	YoY Change
Volume of business	815,576	934,260	14.6
Revenues	49,053	62,544	27.5
Operating income	11,839	15,863	34.0
Ordinary income	13,171	16,494	25.2
Net income	8,394	11,806	40.7

In June 2013, the Group announced “Mid-Term Management Plan” for the period ending in FY2015. In response to the constantly changing business environment, we are currently working on the transformation into a “high-profit enterprise” by focusing primarily on business structural reform through “transformation.” While we carry out our growth strategies such as enhancement of solution capability with the concept of “One Hitachi,” improvement of profitability of Japan (domestic) business through business model reform and expansion of global (overseas) business, we are also working to strengthen our management base by maintaining sound financial structure, improving the quality of operations, and enhancing risk managements.

For the six months ended September 30, 2013, Japan business worked on enhancement of profitability through expansion of the focused areas including social infrastructure and renewable energy, as well as enhancement of financial services such as business investments and BPO and promotion of “Smart Transformation Project.” In solar power system business, we have prepared to start electricity selling business with an aim to further strengthen business alliance with Hitachi Group. In global (overseas) business, while enhancing the governance system, we focused on community-based business localization and a business alliance with Hitachi Group. Starting in June 2013, we have been preparing to establish a factoring company in China as part of “offering optimal financial solutions.”

Volume of Japan businesses for the six months ended September 30, 2013 increased 2.0% year on year to ¥607,656 million as a result of a growth in our focused areas such as information equipment-related sector in financial services business and commercial logistics-related sector despite the decrease in revenues from securitization in commission service business, outsourcing business and personal loan business. Volume of global businesses increased 48.7% year on year to ¥326,604 million as a result of an increase in European & North American business mainly in the U.K. as well as a steady growth in Asian business. As a result, consolidated volume of business increased 14.6% to ¥934,260 million.

Revenues increased 27.5% to ¥62,544 million due to strong global business and consolidation of

NBL Co., Ltd. as a subsidiary. Expenses increased 25.4% to ¥46,681 million due to expansion of global business. As a result, operating income increased 34.0% to ¥15,863 million, and ordinary income increased 25.2% to ¥16,494 million. Net income for the six months increased 40.7% to 11,806 million due to recording extraordinary income arising from consolidation of NBL Co., Ltd.

2) Key management indicators (annualized)

(%)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
ROE	6.3	8.5
ROA	1.5	1.6
Stockholders' equity ratio	14.9	12.9

\*Equity and total asset used for the calculation of ROE and ROA for the six months ended September 30, 2013 are not the ending balance as of March 31, 2013 but the beginning balance of FY2013 reflecting the impact of early adoption of amended accounting standard for retirement benefits.

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of September 30, 2013 was as follows:

(¥ million, %)

	As of March 31, 2013	As of September 30, 2013	Change	
			Amount	%
Total assets	1,891,431	2,194,833	303,401	16.0
Interest-bearing debt	1,092,636	1,319,127	226,490	20.7
Net assets	288,894	293,713	4,818	1.7

i . Total assets

Total assets as of September 30, 2013 increased ¥303,401 million from March 31, 2013 to ¥2,194,833 million due to increases in investment in direct finance leases as a result of consolidating NBL Co., Ltd. and in notes and trade receivables mainly in overseas.

ii . Interest-bearing debt

Interest-bearing debt as of September 30, 2013 increased ¥226,490 million from March 31, 2013 to ¥1,319,127 million due to additions of commercial papers held by NBL Co., Ltd. which was newly consolidated and an increase in bank loans and bonds mainly in overseas.

iii . Net assets

Net assets as of September 30, 2013 increased ¥4,818 million from March 31, 2013 to ¥293,713 million, and major components consist of net income for the six months ended September 30, 2013 of ¥11,806 million, dividend payment of ¥2,337 million, an increase in foreign currency translation adjustments of

¥3,072 million due to weak yen, and accumulated adjustments related to retirement benefits of ¥△7,801 million due to early adoption of amended accounting standard for retirement benefits.

## 2) Cash flows

Cash and cash equivalents as of September 30, 2013 decreased ¥225 million from March 31, 2013 to ¥132,530 million.

Cash flows by activity were as follows:

	(¥ million)	
	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Cash flows from operating activities	△20,368	△65,418
Cash flows from investing activities	△37,092	△3,169
Cash flows from financing activities	56,415	67,665

### i . Cash flows from operating activities

Net cash used in operating activities was ¥65,418 million. This was primarily due to an increase in investment in direct finance leases of ¥44,460 million, payments for acquisition of equipment for lease of ¥55,853 million and proceeds from sales of equipment for lease of ¥21,724 million.

### ii . Cash flows from investing activities

Net cash used in investing activities was ¥3,169 million mainly due to payments related to solar power system business (purchase of equipment for company use).

### iii . Cash flows from financing activities

Net cash provided by financing activities was ¥67,665 million mainly due to a net increase in long-term borrowings and bonds.

As a result of the above, free cash flows, a sum of cash flows from operating activities and investing activities, resulted in an outflow of ¥68,587 million.

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

While the global economy has been showing signs of recovery such as the improvement of employment situation and increased housing investments in the U.S. and bottoming out in European economy, concerns over the future of global economy is rising as the economic growth in emerging countries such as China and Indonesia which had previously shown continued growth is slowing down. In Japan, “Abenomics” effects contributed to improvement of business confidence and the rising expectations for the government economic policy to increase capital investment, and the economy is expected to grow gradually and get out of deflation. Under such circumstances, the Group will steadily carry out “Mid-Term Management Plan” in order to transform into “high-profit enterprise” to achieve sustainable growth.

Fiscal year consolidated earnings forecast is presented below. Even though expenses will increase due to the additional amortization of goodwill in PT. Arthaasia Finance, an Indonesian subsidiary, expansion of global business mainly in Europe and North America and growth in focused areas in Japan business can be expected. As a result, operating income, ordinary income and net income of full year fiscal 2013 are expected to increase by ¥3,600 million, ¥4,000 million and ¥3,200 million respectively compared to the previous forecast announced on July 30, 2013.

As for PT. Arthaasia, we have reviewed the business plan formulated at the time of share acquisition in fiscal 2011 to cope with the slowdown of Indonesia’s economic growth and market environment changes, and we decided to accelerate “Transformation” into a “high-profit enterprise” by accelerating business structural reform with a vision of future growth such as the shift of business portfolio and the development of business base (infrastructures).

(¥ million)

FY Ending March 31, 2014 (April 1, 2013 – March 31, 2014)	Previous forecast	Revised forecast	Change	
			Amount	%
Volume of business	1,750,000	1,855,000	105,000	6.0
Revenues	120,400	125,500	5,100	4.2
Operating income	27,400	31,000	3,600	13.1
Ordinary income	28,000	32,000	4,000	14.3
Net income	18,300	21,500	3,200	17.5
Net income per share	¥156.56	¥183.94	–	–

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

#### (4) Basic Policy for Profit Sharing

##### 1) Cash dividends

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

Also, the following policies were taken into consideration for distribution.

- i . Secure own capital necessary to execute business as a financial service company
- ii . Determine the amount of dividends based on the dividend on equity ratio and gross dividend payout ratio

##### 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

During the three months ended June 30, 2013, the Company acquired additional shares of NBL Co., Ltd. previously accounted for using the equity method and consolidated the company as a subsidiary.

### (2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements

Tax expenses are calculated as income before income taxes and minority interests for the period multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes and minority interests for the consolidated fiscal year including the quarter ended September 30, 2013.

### (3) Changes in Accounting Policies and Estimates, and Restatements

As Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, “Accounting Standard for Retirement Benefits” (May 17, 2012) and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits” (May 17, 2012) (collectively, “Standards”) became effective from the year beginning on or after April 1, 2013, the Group adopted the Standards from the three months ended June 30, 2013, adopted the method to record the difference between retirement benefit obligations and pension assets as liabilities related to retirement benefits, and recorded unrecognized actuarial differences and unrecognized prior service costs as liabilities related to retirement benefits. Also, the Group reviewed the method to record retirement benefit obligations and service costs, and changed the method of attributing expected retirement benefits from straight-line basis to benefit formula basis.

In adopting the Standards, the effect of recording the difference between retirement benefit obligations and pension assets as liabilities related to retirement benefits is included in accumulated adjustments related to

retirement benefits in accumulated other comprehensive income on April 1, 2013 in accordance with the transitional treatment set forth in Article 37 of the Accounting Standard for Retirement Benefits. Also, the effect of changing calculation method of retirement benefit obligations and service costs is included mainly in retained earnings.

As a result, accumulated other comprehensive income as of April 1, 2013 decreased by ¥8,254 million, retained earnings decreased by ¥92 million and minority interests decreased by ¥375 million. The impact on consolidated earnings is insignificant.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(¥ million)

	As of March 31, 2013	As of September 30, 2013
(Assets)		
Current assets		
Cash on hand and at bank	22,561	23,169
Trade receivables	706,993	811,326
Investment in direct finance leases	608,376	793,206
Parent company deposit	114,793	114,605
Short-term investments	6,700	7,225
Advance payments-trade	9,247	12,651
Prepaid expenses	5,961	11,064
Deferred tax assets	10,674	11,815
Other	18,107	17,096
Allowance for losses on receivables	△ 13,699	△ 17,106
Total current assets	1,489,718	1,785,055
Fixed assets		
Property and equipment		
Equipment held for lease	204,051	221,391
Equipment for company use		
Building and structures (net)	717	1,679
Machinery, equipment and vehicles (net)	788	578
Furniture and fixtures (net)	1,522	1,543
Land	133	125
Construction in progress	—	2,162
Total own-used assets	3,161	6,089
Total property and equipment	207,213	227,481
Intangible fixed assets		
Equipment held for lease	39,811	37,088
Other intangible assets		
Goodwill	5,453	3,205
Other	6,140	7,047
Total other intangible assets	11,593	10,253
Total intangible fixed assets	51,405	47,342
Investments and other assets		
Investments in securities	104,908	98,106
Deferred tax assets	8,377	16,293
Other	29,813	20,559
Allowance for doubtful accounts	△ 5	△ 5
Total investments and other assets	143,093	134,953
Total fixed assets	401,713	409,777
Total assets	1,891,431	2,194,833

(¥ million)

	As of March 31, 2013	As of September 30, 2013
<b>(Liabilities)</b>		
Current liabilities		
Trade payables	256,226	232,997
Short-term bank loans	221,315	270,078
Commercial paper	138,626	205,248
Current portion of bonds	42,561	69,172
Current portion of long-term obligation for securitized lease receivables	53,731	75,073
Accrued Payable	41,915	45,105
Income taxes payable	3,517	6,121
Allowance for losses on guarantees	3,978	3,601
Asset retirement obligations	64	161
Other	49,542	56,159
Total current liabilities	811,479	963,718
Fixed liabilities		
Bonds	249,739	294,245
Long-term debt	440,393	480,381
Long-term obligation for securitized lease receivables	36,429	84,250
Deferred tax liabilities	3,762	4,006
Retirement and severance benefits	4,469	—
Retirement benefits for directors	185	186
Reserve for insurance contract	6,724	7,156
Liabilities related to retirement benefits	—	9,860
Asset retirement obligations	5,213	5,209
Other	44,140	52,104
Total fixed liabilities	791,057	937,401
Total liabilities	1,602,537	1,901,120
<b>(Net Assets)</b>		
Stockholders' equity		
Common stock	9,983	9,983
Capital surplus	45,972	45,972
Retained earnings	235,504	244,880
Treasury stock	△ 14,331	△ 14,331
Total stockholders' equity	277,128	286,504
Accumulated other comprehensive income		
Net unrealized holding gain on securities	6,556	5,936
Net unrealized loss on hedge accounting	△ 1,434	△ 728
Foreign currency translation adjustments	△ 2,823	249
Accumulated adjustments related to retirement benefits	—	△ 7,801
Total accumulated other comprehensive income	2,298	△ 2,344
Minority interests	9,466	9,552
Total net assets	288,894	293,713
Total liabilities and net assets	1,891,431	2,194,833

## (2) Quarterly Consolidated Statements of Income (Consolidated Second Quarter)

(¥ million)

	Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Revenues		
Operating revenues	48,687	62,057
Interest and dividend income	366	486
Total revenues	49,053	62,544
Expenses		
Selling, general and administrative expenses	29,636	37,373
Financing costs	7,578	9,307
Total expenses	37,214	46,681
Operating income	11,839	15,863
Non-operating revenues		
Gain on allotment of stock	1,249	643
Gain on sales of investment securities	88	45
Other	23	13
Total non-operating income	1,361	703
Non-operating expenses		
Loss on retirement of fixed assets	9	68
Loss on redemption of short-term investments	11	—
Loss on valuation of investment securities	3	—
Other	6	3
Total non-operating expenses	30	72
Ordinary income	13,171	16,494
Extraordinary income		
Amortization of negative good will	—	1,771
Total extraordinary income	—	1,771
Extraordinary losses		
Loss on step acquisitions	—	1,011
Total extraordinary losses	—	1,011
Income before income taxes and minority interests	13,171	17,254
Income taxes	4,402	4,902
Income before minority interests	8,768	12,351
Minority interests	374	545
Net income	8,394	11,806

Quarterly Consolidated statements of Comprehensive Income (Consolidated Second Quarter)

(¥ million)

	Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Income before minority interests	8,768	12,351
Other comprehensive income		
Net unrealized holding gains (losses) on securities	608	△ 645
Net unrealized gains (losses) on hedging derivatives	△ 271	705
Foreign currency translation adjustments	△ 1,531	3,067
Accumulated adjustments related to retirement benefits	—	475
Share of other comprehensive income of affiliates accounted for by the equity method	△ 8	29
Total other comprehensive income	△ 1,202	3,633
Comprehensive income	7,566	15,985
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	7,228	15,418
Comprehensive income attributable to minority interests	337	566

## (3) Quarterly Consolidated Cash Flows

(¥ million)

	Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	13,171	17,254
Depreciation	38,567	43,131
Loss on step acquisitions ( $\Delta$ represents gain)	—	1,011
Gain on negative goodwill	—	$\Delta$ 1,771
Depreciation of goodwill	551	2,151
Loss on investment in affiliates accounted for by the equity method ( $\Delta$ represents gain)	$\Delta$ 1,249	$\Delta$ 643
Interest and dividend income	$\Delta$ 243	$\Delta$ 308
Interest expense	6,330	8,013
Increase (decrease) notes and accounts receivable-trade ( $\Delta$ represents increase)	$\Delta$ 5,353	$\Delta$ 38,641
Increase in investment in direct finance leases ( $\Delta$ represents increase)	$\Delta$ 35,455	$\Delta$ 44,460
Decrease (increase) in allowance for doubtful accounts( $\Delta$ represents decrease)	$\Delta$ 453	910
Increase in allowance for losses on loan guarantees ( $\Delta$ represents decrease)	$\Delta$ 560	$\Delta$ 377
Gain on sale of equipment for lease ( $\Delta$ represents gain)	$\Delta$ 1,377	$\Delta$ 374
Payments from acquisition of equipment for lease	$\Delta$ 40,972	$\Delta$ 55,853
Proceeds from sale of equipment for lease	25,273	21,724
Increase (decrease) in trade payables ( $\Delta$ represents decrease)	$\Delta$ 9,764	$\Delta$ 23,220
Decrease in accounts payable of collection under securitized receivables ( $\Delta$ represents decrease)	$\Delta$ 3,126	7,692
Increase (decrease) in retirement and severance benefits ( $\Delta$ represents decrease)	61	—
Decrease in liabilities related to retirement benefits ( $\Delta$ represents decrease)	—	$\Delta$ 380
Other	$\Delta$ 4,742	528
Subtotal	$\Delta$ 19,343	$\Delta$ 63,614
Income taxes paid	$\Delta$ 1,024	$\Delta$ 1,803
Net cash used in operating activities	$\Delta$ 20,368	$\Delta$ 65,418
<b>Cash flows from investing activities</b>		
Payments into time deposits	$\Delta$ 4,451	$\Delta$ 6,867
Proceeds from withdrawal of time deposits	4,110	6,275
Purchase of short-term investments	$\Delta$ 6,596	$\Delta$ 3,797
Proceeds from sales and repayment of investment securities	5,517	4,300
Purchase of investments in securities	$\Delta$ 42,044	$\Delta$ 929
Proceeds from sales and repayment of investment securities	11,776	2,714
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	—	$\Delta$ 2,251
Purchase of equipment for company use	$\Delta$ 324	$\Delta$ 2,961
Purchase of other intangible fixed assets	$\Delta$ 1,111	$\Delta$ 1,032
Interest and dividend received	1,071	1,352
Decrease in short-term loan receivable ( $\Delta$ represents increase)	$\Delta$ 5,000	—
Other	$\Delta$ 38	26
Net cash used in investing activities	$\Delta$ 37,092	$\Delta$ 3,169

(¥ million)

	Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Cash flows from financing activities		
Increase (Decrease) in short-term bank loans, net ( $\Delta$ represents decrease)	$\Delta$ 17,843	$\Delta$ 17,700
Increase (Decrease) in commercial paper, net ( $\Delta$ represents decrease)	40,483	$\Delta$ 45,436
Proceeds from long-term borrowings	82,657	107,654
Payment of long-term borrowings	$\Delta$ 67,509	$\Delta$ 34,296
Issuance of bond	66,117	102,731
Redemption of bond	$\Delta$ 39,155	$\Delta$ 35,011
Interest paid	$\Delta$ 6,327	$\Delta$ 7,832
Dividends paid to stockholders	$\Delta$ 1,987	$\Delta$ 2,337
Other	$\Delta$ 18	$\Delta$ 106
Net cash provided by financing activities	56,415	67,665
Effect of exchange rate changes on cash and cash equivalents	$\Delta$ 258	697
Net increase (decrease) in cash and cash equivalents ( $\Delta$ represents decrease)	$\Delta$ 1,303	$\Delta$ 225
Cash and cash equivalents at beginning of period	129,828	132,756
Cash and cash equivalents at end of period	128,524	132,530

#### 4. Segmented information

Information on sales revenue and income and loss for the respective reportable segments

##### 1. For the Six Months Ended September 30, 2012 (April 1, 2012—September 30, 2012)

(¥ million)

	Reporting segments					Others (Note 1)	Total	Adjustment (Note 2)	Quarterly Consolidated statements of income (Note 3)
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal				
<b>Revenues</b>									
Revenues from third parties	18,603	6,987	5,563	17,668	48,822	231	49,053	—	49,053
Intersegment revenues									
Revenues and transfers	728	448	402	—	1,580	—	1,580	(1,580)	—
<b>Total</b>	<b>19,331</b>	<b>7,436</b>	<b>5,966</b>	<b>17,668</b>	<b>50,403</b>	<b>231</b>	<b>50,634</b>	<b>(1,580)</b>	<b>49,053</b>
<b>Segment profit</b>	<b>5,545</b>	<b>681</b>	<b>1,848</b>	<b>5,759</b>	<b>13,834</b>	<b>231</b>	<b>14,065</b>	<b>(2,226)</b>	<b>11,839</b>

- (Note) 1. "Others" section represents the financial revenue of headquarters management division that does not belong to the reportable segment.  
2. Adjustment of segment income (2,226) million yen includes the amount (19) million yen as elimination of intra-segment transaction and elimination of transaction of dividends with consolidated subsidiaries and the amount (2,206) million yen as company-wide expense that is not allocated in respective reportable segments. The company-wide expense mainly means general and administrative expense that does not belong to the reportable segments.  
3. The segment income is adjusted with the sales income of quarterly consolidated income statement.

##### 2. For the Six Months Ended September 30, 2013 (April 1, 2013—September 30, 2013)

(¥ million)

	Reporting segments					Others (Note 1)	Total	Adjustment (Note 2)	Quarterly Consolidated statements of income (Note 3)
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal				
<b>Revenues</b>									
Revenues from third parties	23,719	6,872	5,781	25,894	62,268	275	62,544	—	62,544
Intersegment revenues									
Revenues and transfers	623	315	287	0	1,226	—	1,226	(1,226)	—
<b>Total</b>	<b>24,342</b>	<b>7,187</b>	<b>6,068</b>	<b>25,895</b>	<b>63,495</b>	<b>275</b>	<b>63,771</b>	<b>(1,226)</b>	<b>62,544</b>
<b>Segment profit</b>	<b>8,493</b>	<b>558</b>	<b>1,971</b>	<b>7,740</b>	<b>18,762</b>	<b>275</b>	<b>19,038</b>	<b>(3,175)</b>	<b>15,863</b>

- (Note) 1. "Others" section represents the financial revenue of headquarters management division that does not belong to the reportable segment.  
2. Adjustment of segment income (3,175) million yen includes the amount (721) million yen as elimination of intra-segment transaction and elimination of transaction of dividends with consolidated subsidiaries and the amount (2,454) million yen as company-wide expense that is not allocated in respective reportable segments. The company-wide expense mainly means general and administrative expense that does not belong to the reportable segments.  
3. The segment income is adjusted with the sales income of quarterly consolidated income statement.

(Significant Subsequent Events)

Not applicable

## 5. Supplementary Information

### (1) Change in Quarterly Consolidated Performance

#### Consolidated Results for the Year Ending March 31, 2014

(¥ million)

Item	Quarter	No.	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Six Months Cumulative
			(April 1, 2013 - June 30, 2013)	(July 1, 2013 - September 30, 2013)	(October 1, 2013 - December 31, 2013)	(January 1, 2014 - March 31, 2014)	(April 1, 2013 - September 30, 2013)
Revenues		1	30,990	31,553			62,544
Operating revenues		2	30,745	31,311			62,057
Interest and dividend income		3	245	241			486
Expenses		4	23,238	23,442			46,681
Selling, general and administrative expenses		5	18,699	18,673			37,373
Financing costs		6	4,538	4,769			9,307
Operating income		7	7,752	8,110			15,863
Non-operating revenues		8	420	282			703
Non-operating expenses		9	12	59			72
Ordinary income		10	8,160	8,333			16,494
Extraordinary gains/losses		11	760	—			760
Income before income taxes and minority interests		12	8,920	8,333			17,254
Income taxes		13	3,116	1,786			4,902
Income before minority interests		14	5,803	6,547			12,351
Minority interests		15	292	252			545
Net income		16	5,511	6,295			11,806

#### Consolidated Results for the Year Ended March 31, 2013

(¥ million)

Item	Quarter	No.	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Cumulative
			(April 1, 2012 - June 30, 2012)	(July 1, 2012 - September 30, 2012)	(October 1, 2012 - December 31, 2012)	(January 1, 2013 - March 31, 2013)	(April 1, 2012 - March 31, 2013)
Revenues		1	24,729	24,324	25,396	28,853	103,304
Operating revenues		2	24,569	24,118	25,219	28,485	102,392
Interest and dividend income		3	160	205	177	368	912
Expenses		4	18,410	18,804	20,206	20,262	77,683
Selling, general and administrative expenses		5	14,578	15,058	15,857	15,841	61,335
Financing costs		6	3,831	3,746	4,349	4,420	16,347
Operating income		7	6,319	5,520	5,189	8,591	25,620
Non-operating revenues		8	390	971	291	222	1,875
Non-operating expenses		9	13	16	4	60	94
Ordinary income		10	6,696	6,475	5,477	8,753	27,401
Extraordinary gains/losses		11	—	—	—	△ 2,019	△ 2,019
Income before income taxes and minority interests		12	6,696	6,475	5,477	6,733	25,382
Income taxes		13	2,606	1,795	2,021	1,499	7,923
Income before minority interests		14	4,089	4,679	3,455	5,234	17,458
Minority interests		15	180	193	253	284	911
Net income		16	3,908	4,485	3,202	4,950	16,546

## (2) Contract Segmented Information

### 1. For the Six Months Ended September 30, 2013 (April 1, 2013—September 30, 2013)

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated			Consolidated Total
		Lease	Guarantees	Installments and others	Total	Lease	Installments and others	Total	
Revenues	1	26,152	2,303	8,192	36,648	10,667	15,227	25,895	62,544
(Composition %)		(42)	(4)	(13)	(59)	(17)	(24)	(41)	(100)
(Y on Y Change %)		(23)	(Δ10)	(9)	(17)	(55)	(41)	(47)	(28)
Volume of business	2	243,958	35,647	327,998	607,604	91,443	235,212	326,655	934,260
(Composition %)		(26)	(4)	(35)	(65)	(10)	(25)	(35)	(100)
(Y on Y Change %)		(28)	(Δ35)	(Δ6)	(2)	(40)	(52)	(49)	(15)
Total accounts receivable	3	1,243,557	348,695	548,049	2,140,302	243,048	524,836	767,885	2,908,188
(Composition %)		(43)	(12)	(19)	(74)	(8)	(18)	(26)	(100)
(Y on Y Change %)		(16)	(Δ13)	(Δ13)	(2)	(58)	(58)	(58)	(12)

### 2. For the Six Months Ended September 30, 2012 (April 1, 2012—September 30, 2012)

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated			Consolidated Total
		Lease	Guarantees	Installments and others	Total	Lease	Installments and others	Total	
Revenues	1	21,288	2,569	7,527	31,385	6,867	10,800	17,668	49,053
(Composition %)		(44)	(5)	(15)	(64)	(14)	(22)	(36)	(100)
(Y on Y Change %)		(Δ5)	(Δ12)	(Δ2)	(Δ5)	(32)	(25)	(28)	(5)
Volume of business	2	190,444	54,912	350,606	595,962	65,241	154,372	219,613	815,576
(Composition %)		(23)	(7)	(43)	(73)	(8)	(19)	(27)	(100)
(Y on Y Change %)		(Δ1)	(Δ4)	(15)	(7)	(60)	(28)	(36)	(14)
Total accounts receivable	3	1,071,455	401,855	629,162	2,102,473	153,790	331,891	485,681	2,588,155
(Composition %)		(41)	(16)	(24)	(81)	(6)	(13)	(19)	(100)
(Y on Y Change %)		(Δ6)	(Δ7)	(6)	(Δ3)	(47)	(36)	(39)	(3)

#### Notes:

1. Total accounts receivable include off-balance sheet assets.
2. "Lease" includes lease rentals, auto leases and other items.
3. "Guarantees" include loan sales through alliances and other items.
4. "Installments and others" include installment sales, business loans (including home loans), card services and other items.

## (3) Segmented Information by Region

### 1. For the Six Months Ended September 30, 2013 (April 1, 2013—September 30, 2013)

(¥ million, %)

	No.	Japan	Europe and North America	Asia	Total	Adjustment	Consolidated total
Revenues	1	36,373	16,343	9,551	62,268	275	62,544
Operating income	2	11,022	5,973	1,766	18,762	Δ 2,899	15,863

### 2. For the Six Months Ended September 30, 2012 (April 1, 2012—September 30, 2012)

(¥ million, %)

	No.	Japan	Europe and North America	Asia	Total	Adjustment	Consolidated total
Revenues	1	31,154	11,810	5,858	48,822	231	49,053
Operating income	2	8,074	4,246	1,513	13,834	Δ 1,995	11,839

#### Notes:

1. The classification of country or region is based on similarities in economic activities.
2. Principal countries and regions in each category are as follows.
  - (1) Europe and North America: Britain, Ireland, United States, and Canada
  - (2) Asia: Singapore, China, Thailand, Malaysia, and Indonesia
3. The above are the revenues and operating income from external customers.

#### (4) Segmented Information by Business

(Consolidated Revenues)

(¥ million, %)

	No	Six Months Ended September 30, 2012		Six Months Ended September 30, 2013		Y on Y change
			Composition		Composition	
Financial services	1	19,331	39.4	24,342	38.9	25.9
Farms, agricultural corporations, medical and nursing service providers	2	3,313	6.8	3,144	5.0	△ 5.1
Corporate	3	14,981	30.5	20,323	32.5	35.7
Consumers	4	1,024	2.1	874	1.4	△ 14.6
Financial revenue, and others	5	12	0.0	1	0.0	△ 90.9
Commission services	6	7,436	15.2	7,187	11.5	△ 3.3
Farms, agricultural corporations, medical and nursing service providers	7	684	1.4	651	1.0	△ 4.9
Corporate	8	5,149	10.5	5,248	8.4	1.9
Consumers	9	1,934	3.9	1,596	2.6	△ 17.5
Financial revenue, and others	10	△ 333	△ 0.7	△ 308	△ 0.5	—
Supply and sales services	11	5,966	12.2	6,068	9.7	1.7
Corporate	12	5,956	12.1	6,062	9.7	1.8
Financial revenue, and others	13	9	0.0	5	0.0	△ 41.0
Overseas business	14	17,668	36.0	25,895	41.4	46.6
Total of reportable segments	15	50,403	102.8	63,495	101.5	26.0
Others	16	231	0.5	275	0.4	19.5
Adjustment	17	△ 1,580	△ 3.3	△ 1,226	△ 1.9	—
Consolidated Revenues	18	49,053	100.0	62,544	100.0	27.5

#### Notes:

1. Financial services is based on "products," and includes operating leases and credit with residual value, besides finance leases.
2. Commission services is focused on management and consignment of products, and includes services leveraging our goods management know-how acquired from lease transactions as well as outsourcing business and credit guarantee business, such as collection of accounts receivable and settlement of accounts payable, focusing on the flow of products and making extensive use of our credit and collection capabilities.
3. Supply and sales services is focused on the utility value and circulation of products, and includes rental, auto lease and recycle/reuse transactions.
4. Overseas business includes such businesses as financial leases and auto leases of overseas subsidiaries.

(Consolidated Business Volume)

(¥ million, %)

	No.	Six Months Ended September 30, 2012		Six Months Ended September 30, 2013		Y on Y change
			Composition		Composition	
Financial services	1	240,166	29.5	310,479	33.2	29.3
Agriculture	2	6,528	0.8	10,202	1.1	56.3
Medical and nursing service providers	3	20,810	2.6	19,533	2.1	△ 6.1
Corporate	4	209,136	25.7	281,211	30.1	34.5
Information equipment related	5	98,660	12.1	141,042	15.1	43.0
Industrial construction machinery	6	20,008	2.5	25,122	2.7	25.6
Commercial logistics related	7	21,397	2.6	29,250	3.1	36.7
Residential CMS	8	38,282	4.7	53,081	5.7	38.7
Others	9	30,788	3.8	32,713	3.5	6.3
Consumers	10	4,378	0.5	2,932	0.3	△ 33.0
Elimination and others	11	△ 687	△ 0.1	△ 3,399	△ 0.4	—
Commission services	12	323,803	39.7	267,145	28.6	△ 17.5
Agriculture	13	11,688	1.4	9,742	1.0	△ 16.7
Medical and nursing service providers	14	1,643	0.2	1,153	0.1	△ 29.8
Corporate	15	275,235	33.8	236,244	25.3	△ 14.2
Card business	16	23,386	2.9	26,176	2.8	11.9
Non-life insurance business	17	1,726	0.2	1,633	0.2	△ 5.4
Securitization business	18	79,624	9.8	57,904	6.2	△ 27.3
Outsourcing business	19	162,702	19.9	144,277	15.4	△ 11.3
Information equipment related and others	20	7,795	1.0	6,252	0.7	△ 19.8
Consumers	21	42,523	5.2	25,687	2.8	△ 39.6
Automobile loans and credit	22	32,734	4.0	22,043	2.4	△ 32.7
Home appliances and home refurbishment	23	6,177	0.8	3,623	0.4	△ 41.3
Home loans	24	3,611	0.4	21	0.0	△ 99.4
Elimination and others	25	△ 7,288	△ 0.9	△ 5,683	△ 0.6	—
Supply and sales services	26	31,992	3.9	30,031	3.2	△ 6.1
Corporate	27	33,095	4.0	31,141	3.3	△ 5.9
Information equipment related and others	28	2,705	0.3	3,257	0.3	20.4
Automobile leases	29	27,019	3.3	24,515	2.6	△ 9.3
Outsourcing business	30	3,370	0.4	3,369	0.4	△ 0.1
Elimination and others	31	△ 1,103	△ 0.1	△ 1,109	△ 0.1	—
Domestic consolidated business volume	32	595,962	73.1	607,656	65.0	2.0
Overseas consolidated business volume	33	219,613	26.9	326,604	35.0	48.7
Consolidated business volume	34	815,576	100.0	934,260	100.0	14.6

## Notes:

1. Financial services is based on "products," and includes operating leases and credit with residual value, besides finance leases.
2. Commission services is focused on management and consignment of products, and includes services leveraging our goods management know-how acquired from lease transactions as well as outsourcing business and credit guarantee business, such as collection of accounts receivable and settlement of accounts payable, focusing on the flow of products and making extensive use of our credit and collection capabilities.
3. Supply and sales services is focused on the utility value and circulation of products, and includes rental, auto lease and recycle/reuse transactions.
4. Others shown under Corporate in Financial services includes commercial facilities, scientific instruments, maintenance services, and other items.