

Consolidated Second Quarter Earnings Report [Japan GAAP]

For the Six Months Ended September 30, 2014



Corporate Name: **Hitachi Capital Corporation**
 Stock Code: 8586 URL: <http://www.hitachi-capital.co.jp>
 Stock Listing: Tokyo Stock Exchange
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 Scheduled date of submission of financial reports: November 13, 2014
 Scheduled commencement of dividend payment: November 28, 2014
 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, 2014 (April 1, 2014–September 30, 2014)

(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, 2014	68,874	10.1	18,271	15.2	19,591	18.8	13,625	15.4
Six Months Ended September 30, 2013	62,544	27.5	15,863	34.0	16,494	25.2	11,806	40.7

(Note) Comprehensive income: Six Months Ended September 30, 2014: ¥18,733 million (17.2%); Six Months Ended September 30, 2013: ¥15,985 million (111.3%)

	Net income per share	Diluted net income per share
	¥	¥
Six Months Ended September 30, 2014	116.57	—
Six Months Ended September 30, 2013	101.01	—

(Ref.) Volume of business: Six Months Ended September 30, 2014: ¥991,142 million; Six Months Ended September 30, 2013: ¥934,260 million

(2) Consolidated Financial Position

	Total assets	Net assets	Stockholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2014	2,591,169	323,189	12.1
As of March 31, 2014	2,390,601	307,005	12.4

(Ref.) Stockholders' equity: As of September 30, 2014: ¥312,656 million; As of March 31, 2014: ¥297,136 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
	¥	¥	¥	¥	¥
Year Ended March 31, 2014	—	23.00	—	25.00	48.00
Year Ending March 31, 2015	—	27.00			
Year Ending March 31, 2015 (Forecast)			—	27.00	54.00

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

(Ref.) Previous forecasts: 2nd Quarter of the Year Ending March 31, 2015: ¥25.00; End of the Year Ending March 31, 2015: ¥25.00

3. Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014–March 31, 2015)

(% 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	139,300	8.8	35,000	7.4	36,600	8.9	24,800	11.7	212.17

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

(Ref.) Volume of business: Fiscal year: ¥1,962,000 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: None
- (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: None
 - (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, 2014: 124,826,552 shares As of March 31, 2014: 124,826,552 shares
 - (ii) Treasury stock at end of term
As of September 30, 2014: 7,939,331 shares As of March 31, 2014: 7,939,209 shares
 - (iii) Weighted average number of shares outstanding
Six months ended September 30, 2014: 116,887,293 shares Six months ended September 30, 2013: 116,887,626 shares

* Information regarding the implementation of quarterly review procedures

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

* Explanation for proper use of the forecasts, etc.

Consolidated forecasts stated herein have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results due to a variety of reasons. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to “(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast” on page 5.

Hitachi Capital Corporation will have the quarterly financial results meeting to report the financial results for the second quarter ended September 30, 2014 for institutional investors and financial analysts on October 27, 2014.

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1. Qualitative Information Concerning Financial Results for the Second Quarter Ended September 30, 2014

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the six months ended September 30, 2014 were as follows:

(¥ million, %)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change
Volume of business	934,260	991,142	6.1
Revenues	62,544	68,874	10.1
Operating income	15,863	18,271	15.2
Ordinary income	16,494	19,591	18.8
Net income	11,806	13,625	15.4

In June 2013, the Group announced “Mid-Term Management Plan” for the period ending in FY2015, under which we are working on the transformation into a “highly competitive management base” by focusing primarily on business structural reform through “transformation.” While we aim to achieve growth strategies with the group common strategy (collaboration with the Hitachi Group, vehicle solution, and key account sales) in addition to regional strategy in Japan and in four centers of Global Business (Europe, the Americas, China and ASEAN), we are also working to strengthen our management base by maintaining sound financial structure, improving the quality of operations, and enhancing risk managements.

During the six months ended September 30, 2014, Japan Business pursued enhancement of profitability through business selection and concentration including shifting resources primarily on focused six sectors (social infrastructure, environment and renewable energy, vendor finance, auto leasing, healthcare ,and agriculture) and also downsizing consumer business whose profitability had declined. In September, we completed the relocation of headquarters and consolidating offices of group companies in metropolitan area, and we promoted “Working method transformation” and the improvement of operational efficiency toward enhancement of customer-oriented, key account sales. In Global Business, we worked on “systematic globalization” with a further promotion of growth strategy and enhancement of governance in four centers (Europe, the Americas, China, and ASEAN). In Europe and the Americas, we aimed at expansion of consumer and corporate business in the U.K. and development of vehicle solution business in Poland and Canada. In Mainland China and some regions in ASEAN, we executed capital increase in Hitachi Capital Singapore Pte. Ltd. in June and September 2014 as a measure of business structural reform toward future growth, such as replacement of business portfolio and enhancement of governance, and business promotion in ASEAN area under the leadership of Regional Headquarters of Asia-Pacific in Singapore. In terms of collaboration with the Hitachi Group, we promoted expansion of wind- and solar-power generation business in Japan, and in overseas, we promoted enhancement of support solution for energy cost reduction and factoring business and expansion of sales finance business in various areas through affiliation with external financial institutions.

Consolidated volume of business for the six months ended September 30, 2014 increased 6.1% year on year to ¥991,142 million as Global Business showed double-digit growth year on year in all four centers (i.e. Europe, the Americas, China, and ASEAN) despite downsizing of consumer business, decline in factoring business and decrease in demand due to a backlash after the last-minute rise in demand before the

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consumption tax increase in Japan Business.

Revenues increased 10.1% to ¥68,874 million and operating income increased 15.2% to ¥18,271 million due to expansion of Global Business primarily in Europe. Ordinary income increased 18.8% to ¥19,591 million mainly due to recording of gain on sales of investment securities in addition to an increase in operating income. As a result, net income for the six months increased 15.4% to ¥13,625 million.

2) Key management indicators (annualized)

	(%)	
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
ROE	8.5	8.9
ROA	1.6	1.6
Stockholders' equity ratio	12.9	12.1

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of September 30, 2014 was as follows:

	As of March 31, 2014	As of September 30, 2014	(¥ million, %)	
			Change Amount	%
Total assets	2,390,601	2,591,169	200,568	8.4
Interest-bearing debt	1,444,830	1,646,021	201,190	13.9
Net assets	307,005	323,189	16,183	5.3

i . Total assets

Total assets as of September 30, 2014 increased ¥200,568 million from March 31, 2014 to ¥2,591,169 million due to increases in trade receivables mainly in Europe and increase in investment in direct finance leases mainly in the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of September 30, 2014 increased ¥201,190 million from March 31, 2014 to ¥1,646,021 million due to increases in bonds mainly in Japan and Europe.

iii . Net assets

Net assets as of September 30, 2014 increased ¥16,183 million from March 31, 2014 to ¥323,189 million, and major components consist of net income for the six months of ¥13,625 million, dividend payment of ¥2,922 million and an increase in foreign currency translation adjustments of ¥4,868 million due to weakening yen.

2) Cash flows

Cash and cash equivalents as of September 30, 2014 increased ¥20,058 million from March 31, 2014 to ¥158,208 million.

Cash flows by activity were as follows:

	(¥ million)	
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Cash flows from operating activities	△65,418	△121,731
Cash flows from investing activities	△3,169	△4,068
Cash flows from financing activities	67,665	144,493

i . Cash flows from operating activities

Net cash used in operating activities was ¥121,731 million. This was primarily due to an increase in trade receivables of ¥81,282 million, an increase in investment in direct finance leases of ¥41,377 million, acquisition of equipment for lease of ¥54,112 million, and gain on sale of equipment for lease of ¥24,710 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥4,068 million mainly due to purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥7,019 million and purchase of equipment for company use mainly for renewable energy business of ¥4,108 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥144,493 million mainly due to issuance of bonds of ¥187,371 million and proceeds from long-term borrowings of ¥82,086 million.

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 ¥125,800 million.

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

The global economy is in unpredictable situation despite of solid growth in the U.S. due to improvement in employment and easy monetary policy and continued growth in the U.K. because of increasing geopolitical risk in various countries, continued fiscal austerity in Europe, slowdown in economic recovery due to stagnant economy in Germany as well as concerns over signs of economic slowdown in China and impact of pro-democracy protests in Hong Kong. In Japan, the economy is expected to recover as a result of improvement in employment, upward trend of capital investment, and government policies such as easy monetary policy, but the future of the economy still remains uncertain due to concerns over prolonged impact of the consumption tax increase.

Under such circumstances, the Group strives to transform into “high-profit enterprise”, independent of economic environment changes to achieve sustainable growth by accelerating business structural reform into a “highly competitive management base” through “Smart Transformation Project.”

Consolidated earnings forecast presented below has changed from the previous forecast announced on July 25, 2014, taking account of the situation to date and current business environment.

FY Ending March 31, 2015 (April 1, 2014 – March 31, 2015)	Previous forecast	Revised forecast	Change	
			Amount	%
Volume of business	1,960,000	1,962,000	2,000	0.1
Revenues	137,800	139,300	1,500	1.1
Operating income	33,100	35,000	1,900	5.7
Ordinary income	34,000	36,600	2,600	7.6
Net income	23,100	24,800	1,700	7.4
Net income per share	¥197.63	¥212.17	—	—

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

Not applicable

(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 quarter 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, 2014.

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

Not applicable

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ million)

	As of March 31, 2014	As of September 30, 2014
(Assets)		
Current assets		
Cash on hand and at bank	31,023	43,061
Trade receivables	955,301	1,064,494
Investment in direct finance leases	827,641	888,506
Parent company deposit	117,602	122,891
Short-term investments	7,033	5,013
Advance payments-trade	17,471	16,274
Prepaid expenses	6,280	11,683
Deferred tax assets	11,066	11,113
Other	18,227	19,507
Allowance for losses on receivables	△16,086	△16,813
Total current assets	1,975,561	2,165,734
Fixed assets		
Property and equipment		
Equipment held for lease	230,131	237,325
Equipment for company use		
Building and structures (net)	2,305	2,234
Machinery, equipment and vehicles (net)	3,122	8,031
Furniture and fixtures (net)	1,503	2,163
Land	129	128
Construction in progress	4,199	2,822
Total own-used assets	11,260	15,379
Total property and equipment	241,391	252,704
Intangible fixed assets		
Equipment held for lease	40,012	36,474
Other intangible assets		
Goodwill	3,028	6,499
Other	6,295	5,917
Total other intangible assets	9,323	12,416
Total intangible fixed assets	49,336	48,890
Investments and other assets		
Investments in securities	89,499	86,044
Net defined benefit asset	722	774
Deferred tax assets	12,298	12,227
Other	21,796	24,801
Allowance for doubtful accounts	△5	△7
Total investments and other assets	124,311	123,840
Total fixed assets	415,040	425,435
Total assets	2,390,601	2,591,169

	As of March 31, 2014	As of September 30, 2014
(Liabilities)		
Current liabilities		
Trade payables	276,349	256,941
Short-term bank loans	319,639	353,528
Commercial paper	171,220	188,539
Current portion of bonds	106,757	71,567
Current portion of long-term obligation for securitized lease receivables	81,183	73,921
Accrued Payable	40,322	42,823
Income taxes payable	4,730	5,009
Allowance for losses on guarantees	3,500	2,900
Asset retirement obligations	556	549
Other	58,592	67,463
Total current liabilities	1,062,852	1,063,245
Fixed liabilities		
Bonds	314,720	481,161
Long-term debt	532,491	551,222
Long-term obligation for securitized lease receivables	89,123	84,923
Deferred tax liabilities	2,929	3,361
Retirement benefits for directors	168	132
Reserve for insurance contract	7,228	7,152
Net defined benefit liability	7,766	7,161
Asset retirement obligations	5,761	5,879
Other	60,551	63,737
Total fixed liabilities	1,020,743	1,204,735
Total liabilities	2,083,595	2,267,980
(Net Assets)		
Stockholders' equity		
Common stock	9,983	9,983
Capital surplus	45,972	45,972
Retained earnings	252,581	263,447
Treasury stock	△14,332	△14,332
Total stockholders' equity	294,205	305,070
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,870	5,426
Net unrealized loss on hedging derivatives	△354	△581
Foreign currency translation adjustments	3,702	8,571
Remeasurements of defined benefit plans	△6,288	△5,829
Total accumulated other comprehensive income	2,930	7,585
Minority interests	9,869	10,532
Total net assets	307,005	323,189
Total liabilities and net assets	2,390,601	2,591,169

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

(¥ million)

	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)	Six Months Ended September 30, 2014 (April 1, 2014 to September 30, 2014)
Revenues		
Operating revenues	62,057	68,260
Interest and dividend income	486	614
Total revenues	62,544	68,874
Expenses		
Selling, general and administrative expenses	37,373	39,477
Financing costs	9,307	11,126
Total expenses	46,681	50,603
Operating income	15,863	18,271
Non-operating revenues		
Gain on allotment of stock	643	846
Gain on sales of investment securities	45	489
Other	13	8
Total non-operating income	703	1,344
Non-operating expenses		
Loss on retirement of fixed assets	68	18
Other	3	6
Total non-operating expenses	72	24
Ordinary income	16,494	19,591
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	17,254	19,591
Income taxes	4,902	5,625
Income before minority interests	12,351	13,966
Minority interests	545	341
Net income	11,806	13,625

Quarterly Consolidated statements of Comprehensive Income (Consolidated Second Quarter)

(¥ million)

	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)	Six Months Ended September 30, 2014 (April 1, 2014 to September 30, 2014)
Income before minority interests	12,351	13,966
Other comprehensive income		
Net unrealized holding gains (losses) on securities	△ 645	△487
Net unrealized gains (losses) on hedging derivatives	705	△227
Foreign currency translation adjustments	3,067	4,958
Remeasurements of defined benefit plans	475	476
Share of other comprehensive income of affiliates accounted for by the equity method	29	46
Total other comprehensive income	3,633	4,766
Comprehensive income	15,985	18,733
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	15,418	18,280
Comprehensive income attributable to minority interests	566	452

(3) Quarterly Consolidated Cash Flows

(¥ million)

	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)	Six Months Ended September 30, 2014 (April 1, 2014 to September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	17,254	19,591
Depreciation	43,131	43,424
Gain on sales of investment securities (Δ represents gain)	Δ 45	Δ 489
Gain on negative goodwill	Δ 1,771	—
Loss on step acquisitions (Δ represents gain)	1,011	—
Depreciation of goodwill	2,151	499
Equity in earnings of affiliates (Δ represents gain)	Δ 643	Δ 846
Interest and dividend income	Δ 308	Δ 449
Interest expense	8,013	9,731
Increase (decrease) in trade receivables (Δ represents increase)	Δ 38,641	Δ 81,282
Increase in investment in direct finance leases (Δ represents increase)	Δ 44,460	Δ 41,377
Decrease (increase) in allowance for doubtful accounts(Δ represents decrease)	910	118
Increase in allowance for losses on loan guarantees (Δ represents decrease)	Δ 377	Δ 600
Gain on disposal of equipment for leases (Δ represents gain)	Δ 374	Δ 849
Acquisition of equipment for lease	Δ 55,853	Δ 54,112
Gain on sale of equipment for lease	21,724	24,710
Increase (decrease) in trade payable (Δ represents decrease)	Δ 23,220	Δ 19,032
Decrease in trade payable of collection under fluidity receivables (Δ represents decrease)	7,692	2,263
Decrease in liabilities for retirement benefits (Δ represents decrease)	Δ 380	Δ 604
Other	573	Δ 17,174
Subtotal	Δ 63,614	Δ 116,479
Income taxes paid	Δ 1,803	Δ 5,252
Net cash used in operating activities	Δ 65,418	Δ 121,731
Cash flows from investing activities		
Payments into time deposits	Δ 6,867	Δ 11,073
Proceeds from withdrawal of time deposits	6,275	13,894
Purchase of short-term investments	Δ 3,797	Δ 2,301
Proceeds from sales and repayment of investment securities	4,300	3,500
Purchase of investments in securities	Δ 929	Δ 410
Proceeds from sales and repayment of investment securities	2,714	2,698
Purchase of investments in subsidiaries resulting in change in scope of consolidation	Δ 2,251	Δ 7,019
Proceeds from sales of stocks of subsidiaries and affiliates	—	113
Purchase of equipment for company use	Δ 2,961	Δ 4,108
Purchase of other intangible fixed assets	Δ 1,032	Δ 618
Interest and dividends received	1,352	1,250
Other	26	6
Net cash used in investing activities	Δ 3,169	Δ 4,068

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(¥ million)

	Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)	Six Months Ended September 30, 2014 (April 1, 2014 to September 30, 2014)
Cash flows from financing activities		
Increase (decrease) in short-term loans (Δ represents decrease)	Δ 17,700	12,836
Increase (decrease) in commercial paper (Δ represents decrease)	Δ 45,436	13,688
Proceeds from long-term borrowings	107,654	82,086
Payment of long-term borrowings	Δ 34,296	Δ 76,159
Issuance of bonds	102,731	187,371
Redemption of bonds	Δ 35,011	Δ 62,933
Interest paid	Δ 7,832	Δ 9,672
Proceeds from stock issuance to minority shareholders	—	267
Dividends paid to stockholders	Δ 2,337	Δ 2,922
Other	Δ 106	Δ 69
Net cash provided by financing activities	67,665	144,493
Effect of exchange rate changes on cash and cash equivalents	697	1,365
Net increase (decrease) in cash and cash equivalents (Δ represents decrease)	Δ 225	20,058
Cash and cash equivalents at beginning of period	132,756	138,150
Cash and cash equivalents at end of period	132,530	158,208

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Significant Changes in Stockholders' Equity)

Not applicable

(Segmented information)

I For the Six Months Ended September 30, 2013 (April 1, 2013 - September 30, 2013)

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

(¥ million)

	Reporting segments							Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Quarterly consolidated statement of income
	Japan		Europe	The Americas	China	ASEAN	Subtotal				
	Account Solution	Vendor Solution									
Revenues											
Revenues from third parties	23,209	8,579	14,150	2,192	6,053	3,496	57,682	6,150	63,832	(1,288)	62,544
Intersegment Revenues Revenues and transfers	976	(31)	—	—	—	—	945	866	1,812	(1,812)	—
Total	24,186	8,548	14,150	2,192	6,053	3,496	58,628	7,016	65,644	(3,100)	62,544
Segment profit or loss (represents loss)	7,702	1,929	5,435	538	2,007	(241)	17,372	1,206	18,578	(2,715)	15,863

(Notes)

1. "Others" includes business segments not included in any other reporting segments and includes companies to transform the structure through development and revitalization of business.
2. Adjustment of segment revenues of (1,288) million yen includes revenues associated with liquidation of receivables that are not allocated to any reporting segments.
3. Adjustment of segment profit of (2,715) million yen includes 850 million yen as elimination of intersegment transaction and elimination of transactions with consolidated subsidiaries (e.g. dividends) and (3,566) million yen as company-wide expense that is not allocated to any reporting segments. The company-wide expense mainly means general and administrative expense that is not attributable to reporting segments.
4. The segment profit is reconciled to operating income of consolidated statements of income.

II For the Six Months Ended September 30, 2014 (April 1, 2014 - September 30, 2014)

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

(¥ million)

	Reporting segments							Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Quarterly consolidated statement of income
	Japan		Europe	The Americas	China	ASEAN	Subtotal				
	Account Solution	Vendor Solution									
Revenues											
Revenues from third parties	22,827	7,958	19,650	3,645	6,738	3,951	64,772	5,798	70,571	(1,696)	68,874
Intersegment Revenues Revenues and transfers	890	25	—	—	—	—	916	788	1,704	(1,704)	—
Total	23,718	7,983	19,650	3,645	6,738	3,951	65,688	6,587	72,276	(3,401)	68,874
Segment profit or loss (represents loss)	6,926	1,543	7,665	700	2,353	331	19,522	860	20,383	(2,112)	18,271

(Notes)

1. "Others" includes business segments not included in any other reporting segments and includes companies to transform the structure through development and revitalization of business.
2. Adjustment of segment revenues of (1,696) million yen includes revenues associated with liquidation of receivables that are not allocated to any reporting segments.
3. Adjustment of segment profit of (2,112) million yen includes 1,190 million yen as elimination of intersegment transaction and elimination of transactions with consolidated subsidiaries (e.g. dividends) and (3,302) million yen as company-wide expense that is not allocated to any reporting segments. The company-wide expense mainly means general and administrative expense that is not attributable to reporting segments.
4. The segment profit is reconciled to operating income of consolidated statements of income.

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2. Introduction of New Segment System

Based on the review of business execution system performed on April 1, 2014, business segmentation was changed from the previous four segments of “Financial services,” “Commission services,” “Supply and sales services,” and “Global Business” to the following six segments, effective April 1, 2014.

In Japan Business, as a result of our business model transformation in response to the environmental changes in recent years, we classified our business into the following two segments: “Account Solution” which provides financial services that meet diversifying needs of customers (accounts) and “Vendor Solution” which provides financial services that meet associated vendors’ needs including sales promotion. In Global Business, with an aim to achieve both promotion of growth strategy and strengthening of governance, we introduced a new position in charge of business execution in each area and classified our business into the following four segments: “Europe,” “the Americas,” “China,” and “ASEAN.”

Segment information for the six months ended September 30, 2013 is based on the new segment system.

(Significant subsequent events)

Not applicable

4. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2015

(¥ million)

Item	Quarter		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Six Months Cumulative
	No.		(April 1, 2014 - June 30, 2014)	(July 1, 2014 - September 30, 2014)	(October 1, 2014 - December 31, 2014)	(January 1, 2015 - March 31, 2015)	(April 1, 2014 - September 30, 2014)
Revenues	1		34,500	34,374			68,874
Operating revenues	2		34,227	34,032			68,260
Interest and dividend income	3		273	341			614
Expenses	4		25,343	25,260			50,603
Selling, general and administrative expenses	5		19,804	19,672			39,477
Financing costs	6		5,539	5,587			11,126
Operating income	7		9,157	9,114			18,271
Non-operating revenues	8		950	394			1,344
Non-operating expenses	9		17	6			24
Ordinary income	10		10,089	9,501			19,591
Extraordinary gains/losses	11		—	—			—
Income before income taxes and minority interests	12		10,089	9,501			19,591
Income taxes	13		3,304	2,320			5,625
Income before minority interests	14		6,785	7,181			13,966
Minority interests	15		205	135			341
Net income	16		6,579	7,045			13,625

Consolidated Results for the Year Ended March 31, 2014

(¥ million)

Item	Quarter		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Cumulative
	No.		(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 - March 31, 2014)
Revenues	1		30,990	31,553	31,821	33,613	127,979
Operating revenues	2		30,745	31,311	31,559	33,311	126,927
Interest and dividend income	3		245	241	262	302	1,051
Expenses	4		23,238	23,442	23,444	25,255	95,380
Selling, general and administrative expenses	5		18,699	18,673	18,476	19,395	75,244
Financing costs	6		4,538	4,769	4,968	5,859	20,135
Operating income	7		7,752	8,110	8,377	8,358	32,598
Non-operating revenues	8		420	282	136	340	1,180
Non-operating expenses	9		12	59	42	44	159
Ordinary income	10		8,160	8,333	8,471	8,653	33,619
Extraordinary gains/losses	11		760	—	—	—	760
Income before income taxes and minority interests	12		8,920	8,333	8,471	8,653	34,380
Income taxes	13		3,116	1,786	2,852	3,704	11,459
Income before minority interests	14		5,803	6,547	5,619	4,949	22,920
Minority interests	15		292	252	148	31	724
Net income	16		5,511	6,295	5,470	4,918	22,195

Unaudited

(2) Contract Segment Information

1. For the Six Months Ended September 30, 2014 (April 1, 2014 - September 30, 2014)

(¥ million, %)

	No	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Revenues		24,071	1,528	9,288	34,888	13,338	13,445	7,203	33,986	68,874
(Composition %)	1	(35)	(2)	(14)	(51)	(19)	(20)	(10)	(49)	(100)
(Y on Y Change %)		(Δ8)	(Δ4)	(4)	(Δ5)	(25)	(32)	(43)	(31)	(10)
Volume of business		236,954	220,588	110,356	567,899	101,717	205,480	116,046	423,243	991,142
(Composition %)	2	(24)	(22)	(11)	(57)	(10)	(21)	(12)	(43)	(100)
(Y on Y Change %)		(Δ3)	(Δ12)	(Δ2)	(Δ7)	(11)	(37)	(36)	(30)	(6)
Total accounts receivable		1,284,611	397,754	397,391	2,079,757	322,650	458,261	308,924	1,089,836	3,169,593
(Composition %)	3	(41)	(13)	(12)	(66)	(10)	(14)	(10)	(34)	(100)
(Y on Y Change %)		(3)	(Δ3)	(Δ19)	(Δ3)	(33)	(41)	(54)	(42)	(9)

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

(¥ million, %)

	No	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Revenues		26,152	1,585	8,909	36,648	10,667	10,176	5,050	25,895	62,544
(Composition %)	1	(42)	(3)	(14)	(59)	(17)	(16)	(8)	(41)	(100)
(Y on Y Change %)		(23)	(Δ12)	(7)	(17)	(55)	(47)	(30)	(47)	(28)
Volume of business		243,958	251,035	112,610	607,604	91,443	149,956	85,255	326,655	934,260
(Composition %)	2	(26)	(27)	(12)	(65)	(10)	(16)	(9)	(35)	(100)
(Y on Y Change %)		(28)	(Δ9)	(Δ12)	(2)	(40)	(38)	(85)	(49)	(15)
Total accounts receivable		1,243,557	408,409	488,335	2,140,302	243,048	324,554	200,281	767,885	2,908,188
(Composition %)	3	(43)	(14)	(17)	(74)	(8)	(11)	(7)	(26)	(100)
(Y on Y Change %)		(16)	(Δ17)	(Δ10)	(2)	(58)	(52)	(68)	(58)	(12)

(Notes)

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

(3) Segmented Information by Business

(Consolidated Business Volume)

(¥ million, %)

	No	Six Months Ended September 30, 2013		Six Months Ended September 30, 2014		Y on Y change
			Composition		Composition	
Account Solution	1	509,915	54.6	490,533	49.5	Δ3.8
Wholesale	2	377,595	40.4	377,241	38.1	Δ0.1
Information equipment related	3	84,178	9.0	97,042	9.8	15.3
Industrial construction machinery related	4	31,340	3.4	32,957	3.3	5.2
Commercial logistics related	5	26,468	2.8	37,503	3.8	41.7
Factoring	6	196,522	21.0	153,821	15.5	Δ21.7
Card	7	26,176	2.8	28,013	2.9	7.0
Others	8	12,910	1.4	27,902	2.8	116.1
Agriculture	9	19,941	2.1	15,968	1.6	Δ19.9
Healthcare	10	20,592	2.2	14,345	1.5	Δ30.3
Vehicle	11	38,379	4.1	30,174	3.0	Δ21.4
Residential CMS	12	53,081	5.7	52,604	5.3	Δ0.9
Others	13	325	0.1	198	0.0	Δ38.8
Vendor Solution	14	77,326	8.3	70,692	7.1	Δ8.6
Europe	15	190,592	20.4	236,848	23.9	24.3
The Americas	16	32,855	3.5	64,622	6.5	96.7
China	17	71,110	7.6	86,244	8.7	21.3
ASEAN	18	32,098	3.4	35,527	3.6	10.7
Others	19	22,319	2.4	8,763	0.9	Δ60.7
Elimination and others	20	Δ1,956	Δ0.2	Δ2,089	Δ0.2	—
Consolidated business volume	21	934,260	100.0	991,142	100.0	6.1

(Notes)

As described in (Segmented information), new business segmentation was introduced effective April 1, 2014, and presentation of consolidated business volume was also changed accordingly. Segment information for the six months ended September 30, 2013 is prepared based on the new segment system.

1. Account Solution: Meet various customers' needs by combining our functions such as lease, insurance and trust and financial services in collaboration with the Hitachi Group in Japan Business
2. Vendor Solution: Meet vendors' needs for sales promotion by financial services including lease and Installments in Japan Business
3. Europe, the Americas, China, ASEAN: Provide customers and vendors in each area with wide range of financial services that meet their needs and financial services in collaboration with the Hitachi Group in Global Business

Unaudited