

October 26, 2016

Consolidated Second Quarter Earnings Report [IFRS]

For the Six Months Ended September 30, 2016

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

Stock Listing: Tokyo Stock Exchange

Representative Director: Seiji Kawabe, President and CEO

Inquiries: Yoshikazu Ohashi, Executive Officer

Phone: +81-3-3503-2118

Scheduled date of submission of financial reports: November 11, 2016

Scheduled commencement of dividend payment: November 29, 2016

Preparation of supplementary material for quarterly financial results: Yes

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

(All amounts rounded down)

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(1) Consolidated Operating Results (Cumulative)

(year-on-year change %)

	Revenues		Operating income		Profit before tax		Net income		Net income attributable to owners of the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended September 30, 2016	179,214	(1.1)	21,337	(9.5)	22,841	(7.0)	16,631	(7.0)	16,163	(7.0)	(1,919)	—
Six Months Ended September 30, 2015	181,261	3.7	23,569	27.6	24,549	26.5	17,886	27.5	17,378	26.9	17,509	(8.2)

【Important】 "Operating income" on this page represents "Adjusted operating income" which Hitachi Capital uses as an indicator for its consolidated operating results. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses. On other pages, "Operating income" is presented as "Adjusted operating income."

	Earnings per share (basic)	Earnings per share (diluted)	ROE
Six Months Ended September 30, 2016	¥ 138.29	¥ —	% 9.7
Six Months Ended September 30, 2015	148.68	—	10.5

(Ref.) Volume of business: Six Months Ended September 30, 2016: ¥1,141,388 million; Six Months Ended September 30, 2015: ¥1,138,933 million

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio	Equity per share attributable to owners of the parent
	¥ million	¥ million	¥ million	%	¥
As of September 30, 2016	3,019,989	340,951	328,503	10.9	2,810.45
As of March 31, 2016	3,081,201	347,559	335,503	10.9	2,870.33

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
	¥	¥	¥	¥	¥
Year ended March 31, 2016	—	42.00	—	42.00	84.00
Year ending March 31, 2017	—	43.00	—	—	—
Year ending March 31, 2017 (Forecast)	—	—	—	43.00	86.00

Note: Changes from the latest released dividend forecasts: None

3. Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Revenues		Operating income		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	%	¥ million	%	¥
Fiscal year	357,800	(2.1)	42,700	(5.6)	45,000	(3.6)	32,500	(3.3)	31,500	(3.7)	269.49

Note: Changes from the latest released performance forecasts: Yes

(Ref.) Volume of business: Fiscal year: ¥2,160,000 million

* Notes

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

(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: Hitachi Capital Management (China) Ltd.

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

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

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

(iii) Changes to accounting estimates: None

(3) Number of outstanding shares (common shares)

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

As of September 30, 2016: 124,826,552 shares As of March 31, 2016: 124,826,552 shares

(ii) Treasury stock at end of term

As of September 30, 2016: 7,940,059 shares As of March 31, 2016: 7,939,936 shares

(iii) Weighted average number of shares outstanding

Six months ended September 30, 2016: 116,886,550 shares Six months ended September 30, 2015: 116,886,825 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 8.

Hitachi Capital Corporation will have the quarterly financial results meeting to report the financial results for the second quarter ended September 30, 2016 for institutional investors and financial analysts on October 26, 2016.

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1. Qualitative Information Concerning Financial Results for the Second Quarter Ended September 30, 2016

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the six months ended September 30, 2016 were as follows.

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Y on Y Change
Volume of business	1,138,933	1,141,388	0.2
Revenues	181,261	179,214	(1.1)
Gross profit	65,421	62,159	(5.0)
Adjusted operating income	23,569	21,337	(9.5)
Profit before tax	24,549	22,841	(7.0)
Net income attributable to owners of the parent	17,378	16,163	(7.0)

During the six months ended September 30, 2016, while the economy showed solid growth in the U.S. and U.K, British pound significantly weakened due to the U.K.'s Brexit decision, and economic and political uncertainties. In Japan, despite the ongoing monetary easing policy, uncertainty about recovery of corporate earnings and capital investment outlook has been increasing due to the appreciation of the yen and unstable business environment around the world.

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 on October 3, 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) announced in June 2016, the Company is aiming to achieve ROE of 10% through ROA improvement, with Global Business (Europe, the Americas, China, ASEAN) maintaining high and systematic growth (continuing a double-digit growth) and with Japan Business improving profitability (challenging 2% ROA) 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 six months ended September 30, 2016, 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 Sprout 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 European business environment so far, and our U.K. business has made a steady progress focusing on domestic demands and efforts to diversify receivables. 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 with the aim of building a high quality portfolio by increasing public projects through a strategic alliance with state-owned enterprises. In June 2016, we established Hitachi Capital Management (China) Ltd. in Hong Kong.

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. with an aim to contribute to Japanese equipment manufacturers and engineering companies engaging in infrastructure projects, in August 2016.

As a result, consolidated volume of business for the six months ended September 30, 2016 increased 0.2% year on year to ¥1,141,388 million as Global Business increased mainly in the Americas and Europe showed solid performance on a local currency basis, despite a decrease in Japanese Business due to the closing of factoring business.

Revenues decreased 1.1% year on year to ¥179,214 million, gross profit decreased 5.0% year on year to ¥62,159 million, and profit before tax decreased 7.0% year on year to ¥22,841 million due mainly to the appreciation of yen. As a result, net income attributable to owners of the parent decreased 7.0% to ¥16,163 million.

Comprehensive income for the six months ended September 30, 2016 decreased ¥1,919 million due to translation differences related to the financial statements of overseas subsidiaries arising from the appreciation of yen.

Results by segment for the six months ended September 30, 2016 were as follows.

(Account Solution)

Revenues increased 6.3% to ¥102,740 million due to steady performance in information equipment related business for local governments/public sector which is positioned as growing sector in the 2018 Mid-Term Management Plan.

Profit before tax decreased 1.0% year on year to ¥9,902 million due to a decline in gains on sales but still managed to exceed the plan.

(Vendor Solution)

Revenues decreased 5.9% to ¥9,356 million due to a decrease in operating assets.

Profit before tax decreased 18.5% to ¥1,687 million due to a decrease in revenues but still managed to exceed the plan.

(Europe)

Revenues decreased 15.1% to ¥42,217 million and profit before tax decreased 4.1% to ¥8,447 million due to the appreciation of yen, but U.K. business showed solid performance and its revenues increased on a local currency basis, managed to exceed the plan.

(The Americas)

Revenues increased 34.8% to ¥8,050 million due to business acquisition from CreekrIDGE Capital LLC in addition to a strong performance in factoring business and truck business.

Profit before tax decreased 2.3% to ¥1,764 million due to the appreciation of yen although profit increased on a local currency basis.

(China)

Revenues decreased 8.2% to ¥7,715 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 4.0% to ¥3,559 million due to a decrease in bad debt expenses and exceeded the plan.

(ASEAN)

Revenues increased 4.3% to ¥6,508 million due to an increase in volume of business.

Profit before tax decreased 16.1% year on year to ¥131 million due to the appreciation of yen although profit increased on a local currency basis.

2) Key management indicators (Annualized)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
ROE	10.5	9.7
ROA	1.6	1.5
Equity attributable to owners of the parent ratio	11.0	10.9

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of September 30, 2016 was as follows:

	As of March 31, 2016	As of September 30, 2016	Change	
			Amount	%
Total assets	3,081,201	3,019,989	(61,211)	(2.0)
Interest-bearing debt	2,341,683	2,350,546	8,863	0.4
Total equity	347,559	340,951	(6,608)	(1.9)

i . Total assets

Total assets as of September 30, 2016 decreased ¥61,211 million from March 31, 2016 to ¥3,019,989 million due to a decrease in trade and other receivables mainly in Europe and Japan.

ii . Interest-bearing debt

Interest-bearing debt as of September 30, 2016 increased ¥8,863 million from March 31, 2016 to ¥2,350,546 million mainly due to an increase from issuance of bonds in Japan, a decrease from redemption of bonds in Europe, and an increase in short- and long-term debt in the Americas.

iii . Total equity

Total equity as of September 30, 2016 decreased ¥6,608 million from March 31, 2016 to ¥340,951 million, and major components consist of net income attributable to owners of the parent of ¥16,163 million, decrease in foreign currency translation adjustments of ¥17,975 million and cash dividends paid of ¥4,909 million.

2) Cash flows

Cash flows during six months ended September 30, 2016 were as follows:

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	(¥ million) Change
Cash flows from operating activities	(77,911)	(98,071)	(20,160)
Cash flows from investing activities	(3,323)	(7,648)	(4,324)
Cash flows from financing activities	120,933	119,305	(1,627)
Free cash flow	(81,235)	(105,719)	(24,484)

i . Cash flows from operating activities

Net cash used in operating activities was ¥98,071 million. This was primarily due to purchase of operating leased assets of ¥70,150 million, an increase in finance lease receivables of ¥40,587 million, and proceeds from sale of operating leased assets of ¥15,754 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥7,648 million. This was primarily due to payments for transfer of business of ¥9,790 million.

iii . Cash flows from financing activities

Net cash provided by financing activities was ¥119,305 million mainly due to proceeds from long-term borrowings and bonds of ¥309,244 million, payments on long-term borrowings and bonds of ¥223,678 million, and increase in short-term borrowings of ¥38,819 million.

As a result, cash and cash equivalent as of September 30, 2016 increased ¥11,404 million from March 31, 2016 to ¥168,495 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash outflows of ¥105,719 million, an increase of ¥24,484 million from the six months ended September 30, 2015.

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

While all segments generally showed steady performance for the six months ended September 30, 2016, the management environment surrounding the Company remains unpredictable because of the U.K.'s Brexit decision and significantly weakening British pound, and increasing geopolitical risks across the world. In Japan, recovery of corporate earnings and capital investment outlook remains uncertain due to the unstable business environment around the world and appreciation of the yen.

Based on the above, the consolidated earnings forecast for the year ending March 31, 2017 has changed from the previous forecast announced on April 28, 2016 as shown below.

(¥ million)

Fiscal Year Ending March 31, 2017	Previous forecast	Revised forecast	Change	
			Amount	%
Volume of business	2,105,000	2,160,000	55,000	2.6
Revenues	370,000	357,800	(12,200)	(3.3)
Adjusted operating income	45,300	42,700	(2,600)	(5.7)
Profit before tax	47,000	45,000	(2,000)	(4.3)
Net income	34,500	32,500	(2,000)	(5.8)
Net income attributable to owners of the parent	33,000	31,500	(1,500)	(4.5)
Basic earnings per share attributable to owners of the parent	¥282.32	¥269.49	—	—

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 business circumstances.

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 attributable to owners of the parent ratio and gross dividend payout ratio

Under the 2018 Mid-Term Management Plan, we intend to return profits to shareholders, based on the basic policy above, on the premise that we secure sufficient capital to maintain high credit ratings and make strategic investments (M&A, IT, human resources) aggressively to support business growth.

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

From the three months ended June 30, 2016, Hitachi Capital Management (China) Ltd., which was newly established, was included in the scope of consolidation.

(2) Changes to Accounting Policies and Estimates

Not applicable

3. Summary of Quarterly Consolidated Financial Statements

(1) Summary of Quarterly Consolidated Statements of Financial Position

	(¥ million)	
	As of March 31, 2016	As of September 30, 2016
Assets		
Cash and cash equivalents	157,091	168,495
Trade and other receivables	1,358,973	1,222,121
Finance lease receivables	1,054,180	1,062,740
Other financial assets	61,601	66,355
Operating leased assets	341,296	344,861
Investments accounted for using the equity method	20,254	20,836
Other property, plant and equipment	20,162	48,612
Other intangible assets	12,165	23,469
Deferred tax assets	17,950	18,173
Other assets	37,524	44,323
Total assets	3,081,201	3,019,989
Liabilities		
Trade and other payables	228,989	172,487
Borrowings and bonds	2,341,683	2,350,546
Other payables	20,492	18,298
Other financial liabilities	58,724	52,344
Income tax payable	4,494	4,447
Retirement and severance benefits	9,540	9,178
Deferred tax liabilities	1,839	1,356
Other liabilities	67,878	70,379
Total liabilities	2,733,641	2,679,038
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,828	45,828
Retained earnings	289,745	300,999
Accumulated other comprehensive income	4,280	(13,973)
Treasury stock	(14,334)	(14,334)
Total equity attributable to owners of the parent	335,503	328,503
Non-controlling interests	12,056	12,447
Total equity	347,559	340,951
Total liabilities and equity	3,081,201	3,019,989

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

Summary of Quarterly Consolidated Statement of Profit or Loss

(¥ million)

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Revenues	181,261	179,214
Cost of sales	115,839	117,054
Gross profit	65,421	62,159
Selling, general and administrative expenses	41,852	40,822
Adjusted operating income	23,569	21,337
Other income	40	529
Other expenses	80	98
Share of profits of investments accounted for using the equity method	1,019	1,073
Profit before tax	24,549	22,841
Income taxes	6,663	6,209
Net income	17,886	16,631
Net income attributable to:		
Owners of the parent	17,378	16,163
Non-controlling interests	507	467
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥148.68	¥138.29

Summary of Quarterly Consolidated Statement Comprehensive Income

(¥ million)

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net income	17,886	16,631
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	126	153
Share of other comprehensive income of investments accounted for using the equity method	12	4
Total items not to be reclassified to net income	139	157
Items that can be reclassified to net income		
Foreign currency translation adjustments	(1,014)	(18,229)
Cash flow hedges	498	(437)
Share of other comprehensive income of investments accounted for using the equity method	—	(41)
Total items that can be reclassified to net income	(516)	(18,709)
Other comprehensive income	(377)	(18,551)
Comprehensive income	17,509	(1,919)
Comprehensive income attributable to:		
Owners of the parent	17,124	(2,090)
Non-controlling interests	384	171

(3) Summary of Quarterly Consolidated Statements of Changes in Equity
For the Six Months Ended September 30, 2015 (April 1, 2015 - September 30, 2015)

(¥ million)

	Equity attributable to equity holders of the parent					Total equity attributable to equity owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock			
As of April 1, 2015	9,983	45,823	265,152	18,597	(14,333)	325,223	11,607	336,830
Changes in equity								
Net income			17,378			17,378	507	17,886
Other comprehensive income				(253)		(253)	(123)	(377)
Comprehensive income for the period			17,378	(253)		17,124	384	17,509
Dividends to equity owners of the parent			(3,857)			(3,857)		(3,857)
Dividends to non-controlling interests							(92)	(92)
Acquisition of treasury stock					(0)	(0)		(0)
Changes in non-controlling interests		5		(6)		(0)	(161)	(162)
Total changes in equity	—	5	13,520	(259)	(0)	13,265	129	13,395
As of September 30, 2015	9,983	45,828	278,673	18,337	(14,334)	338,489	11,736	350,226

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

(¥ million)

	Equity attributable to equity holders of the parent					Total equity attributable to equity owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock			
As of April 1, 2016	9,983	45,828	289,745	4,280	(14,334)	335,503	12,056	347,559
Changes in equity								
Net income			16,163			16,163	467	16,631
Other comprehensive income				(18,254)		(18,254)	(296)	(18,551)
Comprehensive income for the period			16,163	(18,254)		(2,090)	171	(1,919)
Dividends to equity owners of the parent			(4,909)			(4,909)		(4,909)
Dividends to non-controlling interests							(192)	(192)
Acquisition of treasury stock					(0)	(0)		(0)
Changes in non-controlling interests		0		0		0	20	21
Acquisition of non-controlling interests							391	391
Total changes in equity	—	0	11,254	(18,254)	(0)	(6,999)	391	(6,608)
As of September 30, 2016	9,983	45,828	300,999	(13,973)	(14,334)	328,503	12,447	340,951

(4) Summary of Quarterly Consolidated Statement of Cash Flows

(¥ million)

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Net income	17,886	16,631
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,409	48,438
Income taxes	6,663	6,209
Share of profits of investments accounted for using the equity method	(1,019)	(1,073)
(Increase) decrease in trade and other receivables	(30,471)	(5,098)
(Increase) decrease in finance lease receivables	(46,100)	(40,587)
Purchase of operating leased assets	(67,901)	(70,150)
Proceeds from sale of operating leased assets	15,103	15,754
Increase (decrease) in trade and other payables	(17,054)	(56,909)
Increase (decrease) in payable due to collection of securitized receivables	(2,706)	(2,522)
Other	3,536	(2,946)
Subtotal	(74,656)	(92,253)
Income taxes paid	(3,254)	(5,817)
Net cash provided by (used in) operating activities	(77,911)	(98,071)
Cash flows from investing activities		
Purchase of other property, plant and equipment	(4,539)	(1,806)
Purchase of other intangible assets	(1,375)	(1,837)
Purchase of investments in securities and payments to time deposits	(2,047)	(3,346)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	4,523	1,550
Proceeds from acquisition of subsidiary's shares resulting in changes in scope of consolidation	—	3,087
Purchase of investments accounted for using the equity method	(34)	(520)
Payments for transfer of business	—	(9,790)
Net decrease (increase) in short-term loans receivable	—	5,000
Other	148	14
Net cash provided by (used in) investing activities	(3,323)	(7,648)
Cash flows from financing activities		
Net increase (decrease) increase in short-term borrowings	(20,059)	38,819
Proceeds from long-term borrowings and bonds	309,303	309,244
Payments on long-term borrowings and bonds	(164,198)	(223,678)
Proceeds from payments from non-controlling interests	—	20
Dividends paid to owners of the parent	(3,856)	(4,908)
Dividends paid to non-controlling interests	(92)	(192)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(162)	—
Other	(0)	(0)
Net cash provided by (used in) financing activities	120,933	119,305
Effect of exchange rate changes on cash and cash equivalents	(583)	(2,181)
Net increase (decrease) in cash and cash equivalents	39,114	11,404
Cash and cash equivalents at beginning of period	119,314	157,091
Cash and cash equivalents at end of period	158,429	168,495

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

(Notes concerning going concern)

Not applicable

(Segment information)

I For the Six Months Ended September 30, 2015 (April 1, 2015 - September 30, 2015)

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	95,992	9,907	49,715	5,970	8,403	6,242	176,232	6,186	182,419	(1,157)	181,261
Intersegment	646	31	—	—	—	—	678	1,413	2,091	(2,091)	—
Total	96,639	9,939	49,715	5,970	8,403	6,242	176,910	7,599	184,510	(3,249)	181,261
Profit before tax	9,997	2,070	8,808	1,806	3,422	156	26,262	841	27,103	(2,554)	24,549

(Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit before tax represents company-wide expense that is not allocated to any reportable segments. The company-wide expense mainly comprises general and administrative expenses that are not allocated to reportable segments.
3. The Group does not allocate assets and liabilities to the reportable segment used by the chief operating decision maker.
4. Inter-segment transactions are executed on an arm's length basis.

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

Information on revenues and income or loss for the respective reporting segments

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statement of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	102,160	9,324	42,217	8,050	7,715	6,508	175,977	5,949	181,926	(2,712)	179,214
Intersegment	579	31	—	—	—	—	610	516	1,127	(1,127)	—
Total	102,740	9,356	42,217	8,050	7,715	6,508	176,588	6,465	183,054	(3,839)	179,214
Profit before tax	9,902	1,687	8,447	1,764	3,559	131	25,493	422	25,916	(3,074)	22,841

(Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit before tax represents company-wide expense that is not allocated to any reportable segments. The company-wide expense mainly comprises general and administrative expenses that are not allocated to reportable segments.
3. The Group does not allocate assets and liabilities to the reportable segment used by the chief operating decision maker.
4. Inter-segment transactions are executed on an arm's length basis.

(Significant subsequent events)
Not applicable

4. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2016

(¥ million, %)

	No.	Fiscal Year Ended March 31, 2016		Fiscal Year Ending March 31, 2017			
		Second Quarter (Results)	Six Months Ended September 30, 2016 (Results)	Second Quarter (July to September)		Six Months Ended September 30, 2016 (April to September)	
				(Results)	Y on Y	(Results)	Y on Y
Revenues	1	90,475	181,261	89,929	(0.6)	179,214	(1.1)
Cost of sales	2	57,935	115,839	59,177	2.1	117,054	1.0
Gross profit	3	32,540	65,421	30,751	(5.5)	62,159	(5.0)
Selling, general and administrative expenses	4	21,103	41,852	20,167	(4.4)	40,822	(2.5)
Adjusted operating income	5	11,436	23,569	10,584	(7.5)	21,337	(9.5)
Other income	6	8	40	513	6,006.5	529	1,198.7
Other expenses	7	40	80	34	(14.4)	98	22.8
Share of profits of investments accounted for using the equity method	8	483	1,019	556	15.1	1,073	5.3
Profit before tax	9	11,888	24,549	11,619	(2.3)	22,841	(7.0)
Income taxes	10	2,828	6,663	2,628	(7.1)	6,209	(6.8)
Net income	11	9,059	17,886	8,990	(0.8)	16,631	(7.0)
Net income attributable to:							
Owners of the parent	12	8,829	17,378	8,816	(0.1)	16,163	(7.0)
Non-controlling interests	13	230	507	174	(24.2)	467	(7.9)
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	14	75.54	148.68	75.43	(0.1)	138.29	(7.0)

(2) Contract Segment Information

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

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Volume of business (Composition %) (Y on Y Change %)	1	253,951 (22) (-6)	167,859 (15) (-29)	101,880 (9) (2)	523,691 (46) (-14)	123,597 (11) (-5)	370,676 (32) (40)	123,423 (11) (-11)	617,696 (54) (16)	1,141,388 (100) (0)
Operating assets (Composition %) (Y on Y Change %)	2	1,059,569 (38) (3)	242,471 (9) (-34)	321,682 (11) (-6)	1,623,724 (58) (-7)	391,453 (14) (0)	405,168 (14) (-17)	399,260 (14) (2)	1,195,882 (42) (-6)	2,819,606 (100) (-6)

2. For the Six Months Ended September 30, 2015 (April 1, 2015 - September 30, 2015)

(¥ 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	268,959 (24) (14)	237,624 (21) (8)	99,766 (9) (-10)	606,350 (54) (7)	129,939 (11) (28)	263,916 (23) (28)	138,728 (12) (20)	532,583 (46) (26)	1,138,933 (100) (15)
Operating assets (Composition %) (Y on Y Change %)	2	1,026,319 (34) (1)	368,545 (12) (-7)	342,805 (12) (-19)	1,737,671 (58) (-5)	390,841 (13) (20)	490,681 (16) (27)	390,932 (13) (37)	1,272,455 (42) (27)	3,010,126 (100) (6)

(Notes)

1. "Lease" includes lease rentals, auto leases and other items.
2. "Factoring and loans" includes factoring, business loans (including home loans).
3. "Installments and others" include installment sales, loan sales through alliances, card services and other items.

(3) Segmented Information by Business

(Consolidated Business Volume)

(¥ million, %)

		No.	Six Months Ended September 30, 2015		Six Months Ended September 30, 2016		Y on Y change
				Composition		Composition	
Japan	Account Solution	1	530,273	46.6	448,551	39.3	(15.4)
	Wholesale	2	406,372	35.7	325,431	28.5	(19.9)
	Information equipment related	3	97,441	8.6	109,086	9.5	12.0
	Industrial construction machinery related	4	33,678	3.0	41,808	3.7	24.1
	Commercial logistics related	5	52,676	4.6	24,395	2.1	(53.7)
	Factoring	6	142,763	12.5	78,297	6.9	(45.2)
	Card	7	29,106	2.5	30,660	2.7	5.3
	Others	8	50,704	4.5	41,183	3.6	(18.8)
	Agriculture	9	20,450	1.8	12,475	1.1	(39.0)
	Healthcare	10	16,616	1.5	19,592	1.7	17.9
	Vehicle	11	25,859	2.3	27,196	2.4	5.2
	Residential CMS	12	60,831	5.3	62,877	5.5	3.4
	Others	13	142	0.0	977	0.1	584.2
	Vendor Solution	14	70,551	6.2	70,619	6.2	0.1
Europe	15	270,770	23.8	230,282	20.2	(15.0)	
The Americas	16	97,986	8.6	241,242	21.1	146.2	
China	17	118,190	10.4	99,291	8.7	(16.0)	
ASEAN	18	45,634	4.0	46,879	4.1	2.7	
Others	19	7,201	0.6	5,384	0.5	(25.2)	
Elimination and others	20	(1,676)	(0.2)	(863)	(0.1)	-	
Consolidated business volume	21	1,138,933	100.0	1,141,388	100.0	0.2	

(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, factoring, 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.