

ORIX CORP
Form 6-K
November 13, 2018
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE Act of 1934**

For the month of November 2018.

Commission File Number: 001-14856

ORIX Corporation

(Translation of Registrant's Name into English)

World Trade Center Bldg., 2-4-1 Hamamatsu-cho, Minato-ku,

Tokyo, JAPAN

(Address of Principal Executive Offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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Table of Document(s) Submitted

1. This is an English translation of ORIX Corporation's quarterly financial report (*shihanki houkokusho*) as filed with the Kanto Financial Bureau in Japan on November 13, 2018, which includes unaudited consolidated financial information prepared in accordance with generally accepted accounting principles in the United States as of March 31, 2018 and September 30, 2018 and for the three and six months ended September 30, 2017 and 2018.

Exhibit 101	Instance Document
Exhibit 101	Schema Document
Exhibit 101	Calculation Linkbase Document
Exhibit 101	Definition Linkbase Document
Exhibit 101	Labels Linkbase Document
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORIX Corporation

Date: November 13, 2018

By /s/ HITOMARO YANO
Hitomaro Yano
Director
Executive Officer
ORIX Corporation

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CONSOLIDATED FINANCIAL INFORMATION

Notes to Translation

1. The following is an English translation of ORIX Corporation's quarterly financial report (*shihanki houkokusho*) as filed with the Kanto Financial Bureau in Japan on November 13, 2018, which includes unaudited consolidated financial information prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) as of March 31, 2018 and September 30, 2018 and for the three and six months ended September 30, 2017 and 2018.

2. Significant differences between U.S. GAAP and generally accepted accounting principles in Japan (Japanese GAAP) are stated in Note 1 Overview of Accounting Principles Utilized of the notes to Consolidated Financial Statements.

In preparing its consolidated financial information, ORIX Corporation (the Company) and its subsidiaries have complied with U.S. GAAP.

This document may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on the Company's current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under Risk Factors in the Company's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission.

The Company believes that it may have been a passive foreign investment company for U.S. federal income tax purposes in the year to which these consolidated financial results relate by reason of the composition of its assets and the nature of its income. In addition, the Company may be a PFIC for the foreseeable future. Assuming that the Company is a PFIC, a U.S. holder of the shares or ADSs of the Company will be subject to special rules generally intended to eliminate any benefits from the deferral of U.S. federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized in the Company's annual report.

Table of Contents**1. Information on the Company and its Subsidiaries
(1) Consolidated Financial Highlights**

	Millions of yen (except for per share amounts and ratios)		
	Six months ended	Six months ended	Fiscal year ended
	September 30, 2017	September 30, 2018	March 31, 2018
	¥	¥	¥
Total revenues	1,517,796	1,262,014	2,862,771
Income before income taxes	252,612	220,945	435,501
Net income attributable to ORIX Corporation shareholders	165,970	155,050	313,135
Comprehensive Income attributable to ORIX Corporation shareholders	180,526	167,820	288,148
ORIX Corporation shareholders' equity	2,610,740	2,803,969	2,682,424
Total assets	11,426,036	11,778,544	11,425,982
Earnings per share for net income attributable to ORIX Corporation shareholders			
Basic (yen)	129.40	121.13	244.40
Diluted (yen)	129.29	121.03	244.15
ORIX Corporation shareholders' equity ratio (%)	22.8	23.8	23.5
Cash flows from operating activities	218,562	273,541	568,791
Cash flows from investing activities	(203,752)	(288,036)	(439,120)
Cash flows from financing activities	116,939	(142,236)	141,010
Cash, Cash Equivalents and Restricted Cash at end of Period	1,274,203	1,254,773	1,405,117

- Notes:
- Consumption tax is excluded from the stated amount of total revenues.
 - Prior-year amounts have been adjusted for the retrospective application of Accounting Standards Update 2016-18 (Restricted Cash – ASC 230 (Statement of Cash Flows)) on April 1, 2018.
 - Accounting Standards Update 2014-09 (Revenue from Contracts with Customers – ASC 606 (Revenue from Contracts with Customers)), Accounting Standards Update 2016-01 (Recognition and Measurement of Financial Assets and Financial Liabilities – ASC 825-10 (Financial Instruments – Overall)) and Accounting Standards Update 2016-16 (Intra-Entity Transfers of Assets Other Than Inventory – ASC 740 (Income Taxes)) have been adopted on April 1, 2018. For further information, see Note 2 – Significant Accounting and Reporting Policies (af) New accounting pronouncements.

Millions of yen (except for per share amounts)	
Three months ended	Three months ended
September 30, 2018	September 30, 2018

	2017	
Total revenues	¥ 725,499	¥ 658,097
Net income attributable to ORIX Corporation shareholders	76,258	75,103
Earnings per share for net income attributable to ORIX Corporation shareholders		
Basic (yen)	59.61	58.67

- Notes: 1. Consumption tax is excluded from the stated amount of total revenues.
2. Accounting Standards Update 2014-09 (Revenue from Contracts with Customers ASC 606 (Revenue from Contracts with Customers)), Accounting Standards Update 2016-01 (Recognition and Measurement of Financial Assets and Financial Liabilities ASC 825-10 (Financial Instruments Overall)) and Accounting Standards Update 2016-16 (Intra-Entity Transfers of Assets Other Than Inventory ASC 740 (Income Taxes)) have been adopted on April 1, 2018. For further information, see Note 2 Significant Accounting and Reporting Policies (af) New accounting pronouncements.

(2) Overview of Activities

During the six months ended September 30, 2018, no significant changes were made in the Company and its subsidiaries operations. Additionally, there were no changes of principal subsidiaries and affiliates.

2. Risk Factors

Investing in the Company s securities involves risks. You should carefully consider the information described herein as well as the risks described under Risk Factors in our Form 20-F for the fiscal year ended March 31, 2018 and the other information in that annual report, including, but not limited to, the Company s consolidated financial statements and related notes and Item 11. Quantitative and Qualitative Disclosures about Market Risk. The Company s business activities, financial condition and results of operations and the trading prices of the Company s securities could be adversely affected by any of those factors or other factors.

Table of Contents**3. Analysis of Financial Results and Condition**

The following discussion provides management's explanation of factors and events that have significantly affected the Company's financial condition and results of operations. Also included is management's assessment of factors and trends that could have a material effect on the Company's financial condition and results of operations in the future. However, please be advised that financial conditions and results of operations in the future may also be affected by factors other than those discussed herein. These factors and trends regarding the future were assessed as of the issue date of this quarterly financial report (*shihanki houkokusho*).

**(1) Qualitative Information Regarding Consolidated Financial Results
Financial Highlights****Financial Results for the Six Months Ended September 30, 2018**

Total revenues	¥1,262,014 million (Down 17% year on year)
Total expenses	¥1,066,920 million (Down 20% year on year)
Income before income taxes	¥220,945 million (Down 13% year on year)
Net income attributable to ORIX Corporation Shareholders	¥155,050 million (Down 7% year on year)
Earnings per share for net income attributable to ORIX Corporation Shareholders	
(Basic)	¥121.13 (Down 6% year on year)
(Diluted)	¥121.03 (Down 6% year on year)
ROE (Annualized) *1	11.3% (13.0% during the same period in the previous fiscal year)
ROA (Annualized) *2	2.67% (2.93% during the same period in the previous fiscal year)

*1 ROE is the ratio of Net income attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' Equity.

*2 ROA is the ratio of Net income attributable to ORIX Corporation Shareholders for the period to average Total Assets.

Total revenues for the six months ended September 30, 2018 (hereinafter, "the second consolidated period") decreased 17% to ¥1,262,014 million compared to ¥1,517,796 million during the same period of the previous fiscal year. Operating leases increased due to an increase in gains on sales of real estate under operating leases. In addition, services income increased due primarily to large gains from sales of property under facility operations, and an increase in service revenues generated by subsidiaries in the principal investment business. On the other hand, sales of goods and real estate decreased due primarily to a decrease in related revenues generated by a subsidiary in the principal investment business which recognized significant demand during the same period of the previous fiscal year. In addition, despite an increase in life insurance premiums in line with an increase in policies in force, life insurance premiums and related investment income decreased due to a decrease in investment income from assets under variable annuity and variable life insurance contracts, as compared to the same period of the previous fiscal year during which market conditions had improved significantly.

Total expenses decreased 20% to ¥1,066,920 million compared to ¥1,328,769 million during the same period of the previous fiscal year. Costs of operating leases and services expense increased in line with the aforementioned increase in revenues. Costs of goods and real estate sold decreased in line with the aforementioned decrease in revenues. In

addition, life insurance costs decreased due to a decrease in a provision of liability reserve, despite the aforementioned increase in policies in force.

Equity in net income of affiliates decreased mainly due to the recognition of significant gains on sales of investments in real estate joint ventures during to the same period of the previous fiscal year, and the recognition of losses in an affiliate in India during the second consolidated period.

As a result of the foregoing, income before income taxes for the second consolidated period decreased 13% to ¥220,945 million compared to ¥252,612 million during the same period of the previous fiscal year, and net income attributable to ORIX Corporation shareholders decreased 7% to ¥155,050 million compared to ¥165,970 million during the same period of the previous fiscal year.

Table of Contents**Segment Information**

Total revenues and profits by segment for the six months ended September 30, 2017 and 2018 are as follows:

	Millions of yen							
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change (revenues)		Change (profits)	
	Segment Revenues	Segment Profits	Segment Revenues	Segment Profits	Amount	Percent (%)	Amount	Percent (%)
Corporate Financial Services	¥ 54,059	¥ 22,049	¥ 51,067	¥ 16,788	¥ (2,992)	(6)	¥ (5,261)	(24)
Maintenance Leasing	137,156	20,438	141,642	20,583	4,486	3	145	1
Real Estate	95,755	43,991	113,527	44,183	17,772	19	192	0
Investment and Operation	774,474	38,927	499,007	24,871	(275,467)	(36)	(14,056)	(36)
Retail	219,505	42,950	221,735	49,175	2,230	1	6,225	14
Overseas Business	240,242	81,395	238,763	67,716	(1,479)	(1)	(13,679)	(17)
Total	1,521,191	249,750	1,265,741	223,316	(255,450)	(17)	(26,434)	(11)
Difference between Segment Total and Consolidated Amounts	(3,395)	2,862	(3,727)	(2,371)	(332)	0	(5,233)	0
Total Consolidated Amounts	¥ 1,517,796	¥ 252,612	¥ 1,262,014	¥ 220,945	¥ (255,782)	(17)	¥ (31,667)	(13)

Total assets by segment as of March 31, 2018 and September 30, 2018 are as follows:

	Millions of yen					
	March 31, 2018 Composition		September 30, 2018 Composition		Change	
	Segment Assets	ratio (%)	Segment Assets	ratio (%)	Amount	Percent (%)
Corporate Financial Services	¥ 991,818	9	¥ 966,357	8	¥ (25,461)	(3)
Maintenance Leasing	847,190	7	859,007	7	11,817	1
Real Estate	620,238	5	577,414	5	(42,824)	(7)
Investment and Operation	856,348	8	893,067	8	36,719	4
Retail	3,174,505	28	3,368,956	29	194,451	6
Overseas Business	2,608,819	23	2,955,727	25	346,908	13
Total	9,098,918	80	9,620,528	82	521,610	6

Difference between Segment Total and Consolidated Amounts	2,327,064	20	2,158,016	18	(169,048)	(7)
Total Consolidated Amounts	¥ 11,425,982	100	¥ 11,778,544	100	¥ 352,562	3

Certain line items presented in the consolidated statements of income have been changed starting from the three months ended June 30, 2018. For further information, see Note 2 Significant Accounting and Reporting Policies (ag) Reclassifications.

From the three months ended June 30, 2018, consolidated variable interest entities for securitizing financial assets such as direct financing lease receivable and loan receivable, which had been excluded from segment revenues, segment profits and segment assets until the previous fiscal year, are included in segment revenues, segment profits and segment assets of each segment. As a result of this change, the presented amounts in the financial information of the segments for the previous fiscal year have been retrospectively reclassified to conform to the presentation for the six months ended September 30, 2018.

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Segment information for the six months ended September 30, 2018 is as follows:

Corporate Financial Services Segment: Loan, leasing and fee business

In this segment, we are focusing on fee businesses related to life insurance, environment and energy, auto leasing related products and services provided to domestic small- and medium-sized enterprise customers while engaging in highly competitive businesses such as leasing and lending with a focus on profitability. We also aim to grow our profit by maximizing synergy potential with Yayoi Co., Ltd., a software service provider in the group, and by utilizing our domestic network to create new businesses.

Based on the aforementioned strategy, segment revenues decreased 6% to ¥51,067 million compared to ¥54,059 million during the same period of the previous fiscal year due to a decrease in finance revenues in line with decreases in average investment balances of direct financing leases and installment loans and a decrease in gains on sales of securities, despite an increase in services income resulting from our stable fee businesses provided to domestic small- and medium-sized enterprise customers.

Segment expenses decreased due to decreases in selling, general and administrative expenses and in interest expense despite an increase in services expense.

As a result of the foregoing and due to the recognition of gains on sales of affiliates during the same period of the previous fiscal year, segment profits decreased 24% to ¥16,788 million compared to ¥22,049 million during the same period of the previous fiscal year.

Segment assets decreased 3% to ¥966,357 million compared to the end of the previous fiscal year due to decreases in investment in direct financing leases and installment loans despite an increase in investment in securities.

Although asset efficiency decreased compared to the same period of the previous fiscal year, we maintained stable profit from fee businesses due to more variety of services. Furthermore, to explore new business areas, we have also engaged in online lending services for small businesses.

	Six months ended September 30, 2017		Six months ended September 30, 2018		Change Amount	Percent (%)
	(Millions of yen, except percentage data)					
Segment Revenues:						
Finance revenues	¥	16,200	¥	15,669	¥ (531)	(3)
Operating leases		11,525		11,939	414	4
Services income		19,738		20,453	715	4
Sales of goods and real estate, and other		6,596		3,006	(3,590)	(54)
Total Segment Revenues		54,059		51,067	(2,992)	(6)
Segment Expenses:						
Interest expense		2,629		2,132	(497)	(19)

Provision for doubtful receivables and probable loan losses and write-downs of long-lived assets and securities	682	434	(248)	(36)
Other	30,882	31,223	341	1
Total Segment Expenses	34,193	33,789	(404)	(1)
Segment Operating Income	19,866	17,278	(2,588)	(13)
Equity in Net income (Loss) of Affiliates, and others	2,183	(490)	(2,673)	0
Segment Profits	¥ 22,049	¥ 16,788	¥ (5,261)	(24)

	As of March 31, 2018	As of September 30, 2018	Change Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in direct financing leases	¥ 439,329	¥ 422,576	¥ (16,753)	(4)
Installment loans	369,882	353,712	(16,170)	(4)
Investment in operating leases	26,350	23,513	(2,837)	(11)
Investment in securities	19,208	30,991	11,783	61
Property under facility operations	15,075	15,040	(35)	(0)
Inventories	49	36	(13)	(27)
Advances for investment in operating leases	203	52	(151)	(74)
Investment in affiliates	16,845	16,637	(208)	(1)
Advances for property under facility operations	720	631	(89)	(12)
Goodwill and other intangible assets acquired in business combinations	104,157	103,169	(988)	(1)
Total Segment Assets	¥ 991,818	¥ 966,357	¥ (25,461)	(3)

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Maintenance Leasing Segment: Automobile leasing and rentals, car-sharing, and test and measurement instruments and IT-related equipment rentals and leasing

In the automobile related businesses which cover a large part of this segment, we aim to increase market share by targeting small- and medium-sized enterprises and individuals as well as large corporate customers by leveraging our industry-leading number of fleets under management and our competitive advantages to provide one-stop automobile-related services. Furthermore, we will develop new products and services to make the change of industrial structure into new business opportunities. In the rental business, we strengthened our engineering solution businesses by developing new services for robots and three-dimensional (3D) printing.

Based on the aforementioned strategy, segment revenues increased 3% to ¥141,642 million compared to ¥137,156 million during the same period of the previous fiscal year due to an increase in operating leases revenues.

Segment expenses increased in line with the aforementioned revenue increases.

Segment profits increased 1% to ¥20,583 million compared to ¥20,438 million during the same period of the previous fiscal year.

Segment assets increased 1% to ¥859,007 million compared to the end of the previous fiscal year due to an increase of new executions in investment in operating leases.

Although asset efficiency remained the same level compared to the same period of the previous fiscal year, we have maintained stable profitability as a result of a steady number of new auto leases.

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Revenues:				
Finance revenues	¥ 7,110	¥ 7,095	¥ (15)	(0)
Operating leases	94,505	97,983	3,478	4
Services income	33,705	34,147	442	1
Sales of goods and real estate, and other	1,836	2,417	581	32
Total Segment Revenues	137,156	141,642	4,486	3
Segment Expenses:				
Interest expense	1,687	1,616	(71)	(4)
Provision for doubtful receivables and probable loan losses and write-downs of long-lived assets and securities	104	134	30	29
Other	114,719	119,282	4,563	4

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Total Segment Expenses	116,510	121,032	4,522	4
Segment Operating Income	20,646	20,610	(36)	(0)
Equity in Net income (Loss) of Affiliates, and others	(208)	(27)	181	0
Segment Profits	¥ 20,438	¥ 20,583	¥ 145	1

	As of March 31, 2018	As of September 30, 2018	Change Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in direct financing leases	¥ 319,927	¥ 324,690	¥ 4,763	1
Investment in operating leases	505,472	512,818	7,346	1
Investment in securities	560	575	15	3
Property under facility operations	904	913	9	1
Inventories	461	530	69	15
Advances for investment in operating leases	197	138	(59)	(30)
Investment in affiliates	1,996	1,964	(32)	(2)
Goodwill and other intangible assets acquired in business combinations	17,673	17,379	(294)	(2)
Total Segment Assets	¥ 847,190	¥ 859,007	¥ 11,817	1

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Real Estate Segment: Real estate development and rental, facility operation, REIT asset management, and real estate investment and advisory services

In this segment, we aim to promote portfolio rebalancing by selling rental properties into favorable markets and also to expand the scale of our asset management business such as REIT and real estate investment advisory services to construct a portfolio that is less affected by changes in the real estate market. We also aim to gain stable profits by accumulating expertise through the operation of various facilities such as hotels and Japanese inns and to develop new businesses by taking advantage of the value chain to the extent of real estate development and rental, asset management and facility operations.

Based on the aforementioned strategy, segment revenues increased 19% to ¥113,527 million compared to ¥95,755 million during the same period of the previous fiscal year due to increase in services income from facilities operations which resulted from sales of property under facility operations and in operating leases revenues in line with an increase in gains on sales of rental property.

Segment expenses decreased due to a decrease in write-downs of long-lived assets.

As a result of the foregoing and a decrease in equity in net income of affiliates due to significant gains on sales of investments in real estate joint ventures that were recognized during the same period of the previous fiscal year, segment profits were ¥44,183 million, a slight increase over the ¥43,991 million recorded during the same period of the previous fiscal year.

Segment assets decreased 7% to ¥577,414 million compared to the end of the previous fiscal year due primarily to sales of property under facility operations and rental properties.

Asset efficiency increased compared to the same period of the previous fiscal year. And we had continuously made new investments in carefully selected areas and properties.

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Revenues:				
Finance revenues	¥ 986	¥ 974	¥ (12)	(1)
Operating leases	30,112	38,342	8,230	27
Services income	60,882	71,151	10,269	17
Sales of goods and real estate, and other	3,775	3,060	(715)	(19)
Total Segment Revenues	95,755	113,527	17,772	19
Segment Expenses:				
Interest expense	1,214	1,191	(23)	(2)
Provision for doubtful receivables and probable loan	1,472	20	(1,452)	(99)

losses and write-downs of long-lived assets and securities					
Other	70,156	70,726	570	1	
Total Segment Expenses	72,842	71,937	(905)	(1)	
Segment Operating Income	22,913	41,590	18,677	82	
Equity in Net income (Loss) of Affiliates, and others	21,078	2,593	(18,485)	(88)	
Segment Profits	¥ 43,991	¥ 44,183	¥ 192	0	

	As of March 31, 2018	As of September 30, 2018	Change Amount	Percent (%)	
(Millions of yen, except percentage data)					
Investment in direct financing leases	¥ 33,589	¥ 33,827	¥ 238	1	
Installment loans	312	313	1	0	
Investment in operating leases	247,001	210,311	(36,690)	(15)	
Investment in securities	2,988	3,147	159	5	
Property under facility operations	195,463	200,634	5,171	3	
Inventories	2,850	3,619	769	27	
Advances for investment in operating leases	20,524	22,180	1,656	8	
Investment in affiliates	86,666	90,075	3,409	4	
Advances for property under facility operations	19,351	6,729	(12,622)	(65)	
Goodwill and other intangible assets acquired in business combinations	11,494	6,579	(4,915)	(43)	
Total Segment Assets	¥ 620,238	¥ 577,414	¥ (42,824)	(7)	

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Investment and Operation Segment: Environment and energy, principal investment, loan servicing (asset recovery), and concession

In the environment and energy business, we aim to increase services revenue by promoting renewable energy business and electric power retailing business as a comprehensive energy service provider. In our solar power business, we have a secured one gigawatt of solar power capacity and are operating projects that generate approximately 780 megawatts of electricity as of September 30, 2018, making us one of the largest solar power producers in Japan. We will accelerate renewable energy business overseas by utilizing the expertise gained in the domestic market. In the principal investment business, we aim to earn stable profits from investees and sustainable gains on sales through rebalancing our portfolio. We will diversify our investment methods and expand our target zone. Regarding our concession business, we will strengthen the operations of three airports, Kansai International Airport, Osaka International Airport and Kobe Airport, and will also proactively engage in the operation of public infrastructures other than airports.

Based on the aforementioned strategy, segment revenues decreased 36% to ¥499,007 million compared to ¥774,474 million during the same period of the previous fiscal year due to decreases in sales of goods by a subsidiary in the principal investment business which recognized significant demand during the same period of the previous fiscal year.

Segment expenses decreased compared to the same period of the previous fiscal year in line with the aforementioned revenues decreases.

As a result of the foregoing and due to the recognition of a significant gain on sales of shares of a subsidiary during the same period of the previous fiscal year, segment profits decreased 36% to ¥24,871 million compared to ¥38,927 million during the same period of the previous fiscal year.

Segment assets increased 4% to ¥893,067 million compared to the end of the previous fiscal year due primarily to increases in inventories and property under facility operations in the environment and energy business.

Although asset efficiency decreased compared to the same period of the previous year, the operation rate of solar power generation projects has improved and profit from our concession business has steadily increased. We also established ORIX Renewable Energy Management Corporation, to operate, manage and maintain power plants that use renewable energies and aim to maximize profit by maintaining safe, long-term management of those renewable energy power plants.

	Six months ended September 30,		Six months ended September 30,		Change	
	2017	2018	2017	2018	Amount	Percent (%)
	(Millions of yen, except percentage data)					

Segment Revenues:						
Finance revenues	¥	4,719	¥	5,252	¥	533
Gains on investment securities and dividends		4,356		759		(3,597)
Sales of goods and real estate		601,760		320,208		(281,552)
Services income		157,966		169,400		11,434
Operating leases, and other		5,673		3,388		(2,285)
						11
						(83)
						(47)
						7
						(40)

Total Segment Revenues	774,474	499,007	(275,467)	(36)
Segment Expenses:				
Interest expense	2,676	3,403	727	27
Provision for doubtful receivables and probable loan losses and write-downs of long-lived assets and securities	(536)	(99)	437	0
Other	746,459	478,804	(267,655)	(36)
Total Segment Expenses	748,599	482,108	(266,491)	(36)
Segment Operating Income	25,875	16,899	(8,976)	(35)
Equity in Net income (Loss) of Affiliates, and others	13,052	7,972	(5,080)	(39)
Segment Profits	¥ 38,927	¥ 24,871	¥ (14,056)	(36)

	As of		Change	
	March 31, 2018	September 30, 2018	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in direct financing leases	¥ 25,497	¥ 24,939	¥ (558)	(2)
Installment loans	59,437	52,864	(6,573)	(11)
Investment in operating leases	30,158	32,225	2,067	7
Investment in securities	29,928	31,551	1,623	5
Property under facility operations	208,106	219,054	10,948	5
Inventories	101,518	120,531	19,013	19
Advances for investment in operating leases	1,261	4,240	2,979	236
Investment in affiliates	170,449	171,744	1,295	1
Advances for property under facility operations	44,901	53,975	9,074	20
Goodwill and other intangible assets acquired in business combinations	185,093	181,944	(3,149)	(2)
Total Segment Assets	¥ 856,348	¥ 893,067	¥ 36,719	4

Table of Contents**Retail Segment:** Life insurance, banking and card loan

In the life insurance business, we aim to increase the number of policies in-force and revenues from insurance premiums by offering simple-to-understand products through sales agencies and online. In the banking business, we aim to increase finance revenues by increasing the balance of outstanding housing loans which is a core of our banking business. In the card loan business, we aim to increase revenues from guarantee fees by expanding guarantees against loans disbursed by other financial institutions. We also aim to increase finance revenues by making loans directly by utilizing our experience and expertise in credit screening while taking into account the amendments to the Money Lending Business Act for the purpose of reducing over-indebtedness.

Based on the aforementioned strategy, segment revenues increased 1% to ¥221,735 million compared to ¥219,505 million during the same period of the previous fiscal year due to increases in life insurance premiums in line with an increase in policies in force and in finance revenues in the banking business, which was partially offset by a decrease in investment income from assets under variable annuity and variable life insurance contracts because of the significant market improvement that had occurred during the same period of the previous fiscal year.

Segment expenses decreased due to a decrease in life insurance costs as a provision of liability reserve declined.

As a result of the foregoing, segment profits increased 14% to ¥49,175 million compared to ¥42,950 million during the same period of the previous fiscal year.

Segment assets increased 6% to ¥3,368,956 million compared to the end of the previous fiscal year due primarily to an increase in investment in securities in the life insurance business and an increase in installment loans in the banking business, despite the surrender of variable annuity and variable life insurance contracts.

Asset efficiency increased compared to the same period of the previous fiscal year. We have steadily expanded our businesses by starting the sale of investment trusts for individuals in the banking business and have also achieved 4 million policies in force for individual insurance in the life insurance business.

	Six months ended September 30, 2017		Six months ended September 30, 2018		Change Amount	Percent (%)	
	(Millions of yen, except percentage data)						
Segment Revenues:							
Finance revenues	¥	36,445	¥	38,661	¥	2,216	6
Life insurance premiums and related investment income		181,908		181,293		(615)	(0)
Services income, and other		1,152		1,781		629	55
Total Segment Revenues		219,505		221,735		2,230	1
Segment Expenses:							
Interest expense		1,986		2,037		51	3
Provision for doubtful receivables and probable loan		5,679		5,326		(353)	(6)

losses and write-downs of long-lived assets and securities					
Other	168,890	165,190	(3,700)	(2)	
Total Segment Expenses	176,555	172,553	(4,002)	(2)	
Segment Operating Income	42,950	49,182	6,232	15	
Equity in Net income (Loss) of Affiliates, and others	(0)	(7)	(7)	0	
Segment Profits	¥ 42,950	¥ 49,175	¥ 6,225	14	

	As of March 31, 2018	As of September 30, 2018	Change Amount	Percent (%)	
(Millions of yen, except percentage data)					
Investment in direct financing leases	¥ 208	¥ 112	¥ (96)	(46)	
Installment loans	1,852,761	1,910,396	57,635	3	
Investment in operating leases	44,319	40,804	(3,515)	(8)	
Investment in securities	1,260,291	1,400,851	140,560	11	
Investment in affiliates	702	569	(133)	(19)	
Goodwill and other intangible assets acquired in business combinations	16,224	16,224	0	0	
Total Segment Assets	¥ 3,174,505	¥ 3,368,956	¥ 194,451	6	

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Overseas Business Segment: Leasing, loan, bond investment, asset management and aircraft- and ship-related operations

In the Americas, we aim to expand our business areas by engaging in fee business such as equity investment, fund management in addition to corporate finance and investment in bonds. In our aircraft-related operations, we are focusing on the profit opportunities within operating lease, sales of used aircraft to domestic and overseas investors, asset management services for the aircrafts owned by others, backed by the growing demand of passengers and aircrafts. We will also aim to promote the expansion of functionality and diversification in our overseas group companies.

Based on the aforementioned strategy, segment revenues decreased 1% to ¥238,763 million compared to ¥240,242 million during the same period of the previous fiscal year mainly due to a decrease in sales of goods and real estate because of sales of shares of subsidiaries, despite increases in finance revenues and operating leases.

Segment expenses increased due to an increase in selling, general and administrative expenses.

As a result of the foregoing and due to a decrease in equity in net income of affiliates because of the recognition of losses in an affiliate in India, segment profits decreased 17% to ¥67,716 million compared to ¥81,395 million in the same period of the previous fiscal year.

Segment assets increased 13% to ¥2,955,727 million compared to the end of the previous fiscal year due primarily to an increase in installment loans because of an acquisition of NXT Capital, Inc., which is involved in loan origination and asset management operations in the Americas and an increase in investment in operating leases of aircraft-related operations.

Although asset efficiency decreased compared to the same period of the previous fiscal year, the asset management and the aircraft- and ship-related operations have steadily developed. We also aim to scale up our aircraft leasing business in ways such as signing an agreement to acquire the shares of Avolon Holdings Limited, a leading global aircraft leasing company based in Ireland. Furthermore, we have continued efforts toward increasing profits mainly by making investments in infrastructure related businesses and acquiring the shares of NXT Capital, Inc.

	Six months ended September 30, 2017		Six months ended September 30, 2018		Change Amount	Percent (%)
(Millions of yen, except percentage data)						
Segment Revenues:						
Finance revenues	¥	48,009	¥	49,493	¥ 1,484	3
Gains on investment securities and dividends		11,255		9,421	(1,834)	