Review of Operations

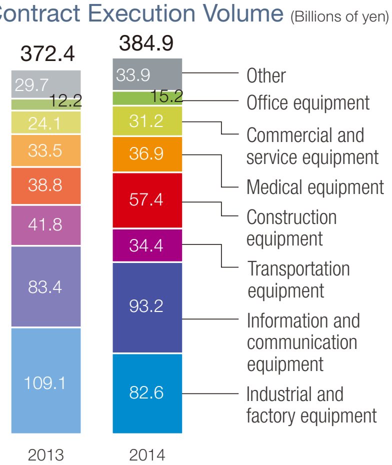
In fiscal 2013, the Japanese economy recovered gradually, driven chiefly by growing internal demand. During the first half of the fiscal year, rising share prices led to improved consumer sentiment, and toward the end of the fiscal year demand for consumer durables surged ahead of the consumption tax hike. Personal income also increased, and public-sector investment grew as a result of large-scale government pump-priming. In the corporate sector, production expanded on the back of stronger internal demand, and yen depreciation made exports more profitable, leading to ongoing improvements in corporate earnings. As a result, capital investment staged a recovery, albeit slight. In the leasing industry, the recovery in capital investment led to continued robust leasing demand. Accordingly, overall industry leasing volume expanded 7.5% year on year.

Under these circumstances, the IBJ Leasing Group responded to changes in its business environment and the social structure by striving to expand its customer base and business domains, while concentrating on the accumulation of high-quality assets. As a result, contracts executed for the Group as a whole continued to expand. Operating assets grew steadily, exceeding the Group's target of ¥1.3 trillion to end the fiscal year at ¥1,343.0 billion.

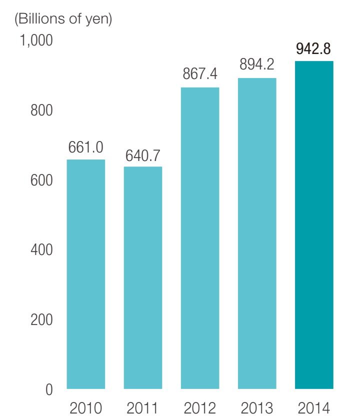
Leasing and Installment Sales

The contract execution volume for leasing and installment sales in fiscal 2013 increased 3% year on year. A drop-off in large projects led to a decline in the industrial and factory and transportation categories, but the Group made up for this decease by determining companies' capital investment needs and generating double-digit growth in leasing and installment sales for other types of equipment. In domestic manufacturing, an area of redoubled transaction focus, progress was steady in distribution and retailing, as well as the medical field, and our transaction volume increased in the categories of medical equipment and commercial and service equipment. In the distribution and retailing category, we supported customers' shop strategies by helping them to even out cash flow and move assets off the balance sheet. By enhancing our comprehensive proposal-based sales to meet broad-based financial management needs, we succeeded in expanding real estate leasing transactions and boosted contract volume in the "other" category. We increased our transaction volumes in the medical and nursing care field by responding to funding needs for hospital reconstruction and beginning to address real estate leasing needs on assisted living centers for the elderly. In the mainstay category of information and communication equipment, we facilitated large-scale capital investment by prominent telecommunications operators and worked with government agencies on major projects. In the construction equipment category, we responded to last-minute demand by clients working to meet increasingly stringent emissions regulations, boosting our contract execution volume substantially. As a result of these activities, operating assets expanded steadily throughout the year, rising a net ¥48.6 billion during the fiscal year, to ¥942.8 billion.

Leasing and Installment Sales Contract Execution Volume (Billions of yen)



Balance of Operating Assets in Leasing and Installment Sales

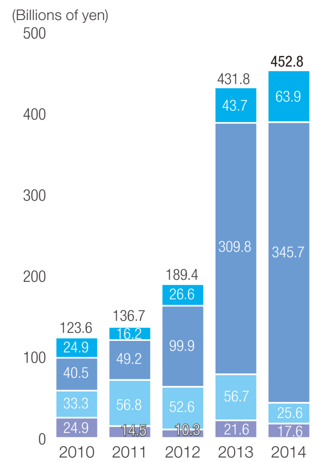


Financing

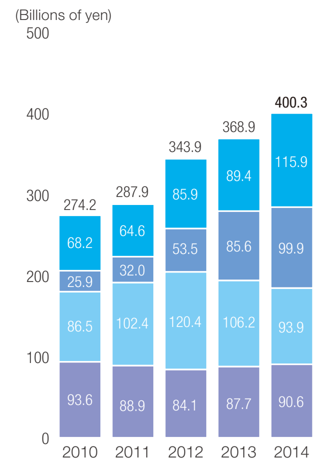
In fiscal 2013, the Group's contract execution volume in the financial sector was ¥452.8 billion, up ¥21.0 billion year on year, and operating assets at fiscal year-end totaled ¥400.3 billion, up ¥31.4 billion from a year earlier, resulting in the steady expansion of our business structure.

In specialized financing, we sought to respond assiduously and appropriately to financial market needs that are constantly changing due to economic globalization and increasingly diverse corporate funding. We responded proactively to the wide range of opportunities that this situation presented. As a result, we expanded the number of fields in which we conduct transactions, such as aircraft finance and overseas project finance, and steadily increased our transaction volume. In factoring, we continued mounting proactive efforts to address companies' financial management needs, causing execution volumes and balances to grow steadily. In real estate financing, short-term business loans on new projects for conglomerates and major real estate firms decreased, causing the transaction balance and asset volume to decline. In vessel finance, we carefully screened projects for traditional Japanese ship owners, maintaining our focus on exchange rate and market trends. In addition to these conventional initiatives, we expanded our scope of transactions through initiatives such as dollar-denominated overseas projects and for financing LNG tankers, an area slated for demand increases.

Contract Execution Volume in the Financial Sector



Operating Assets in the Financing Sector



■ Vessel financing ■ Real estate financing ■ Factoring ■ Specialized financing

Overseas Operations

The IBJ Leasing Group continues working to provide broad-based support for Japanese corporate clients seeking to expand their operations overseas, particularly within Asia. To address this demand, we conduct proactive sales activities pairing overseas bases with domestic departments. We currently operate sales bases in China, Thailand, Indonesia and the Philippines, and we have established an Asia Desk in Bangkok, Thailand, to respond to broad-based financing needs in Singapore, Vietnam, Myanmar and other ASEAN countries where we have no sales bases.

In fiscal 2013, in addition to stepping up involvement in a growing number of projects on which we continued to address the capital investment needs of customers in Japan, our overseas bases took the initiative in cultivating local business. These efforts culminated in the Group concluding large-scale projects with prominent manufacturers, causing our transaction volume to move steadily upward.

With regard to overseas business for the Toshiba Group, we took advantage of the expertise that our subsidiary, IBJL-TOSHIBA Leasing Company, Limited, has cultivated over many years to swiftly ramp up our involvement in superior transactions with this group. In fiscal 2013, we made significant advances on this front.

Fee Businesses

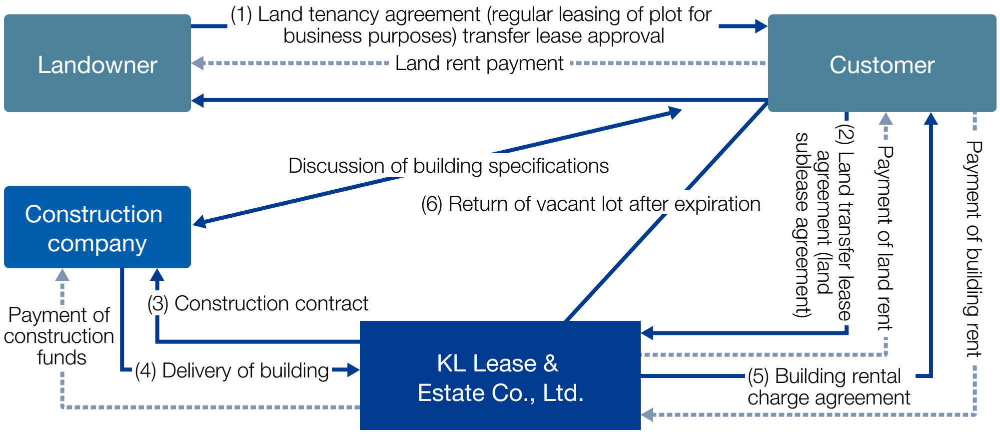
In its mainstay businesses related to leasing, installment sales and financing, the IBJ Leasing Group engages in the purchase and sale of used equipment and the sale of investment products, as it works to meet the varied needs of its customers in the course of their business activities.

In the used equipment business, the IBJ Leasing Group makes use of the expertise in valuing moveable assets that it has cultivated through its business in leasing and installment sales. In this category, we are focusing on initiatives from the viewpoint of differentiating ourselves from banks and other financial institutions. An IBJ Leasing Group subsidiary, KL & Co., Ltd., actively meets client needs for the acquisition of used equipment and facilities and the disposal of idle assets during facility updates, utilizing property appraisal expertise and a network of trading companies specialized in used equipment and facilities.

Real Estate Leasing

The IBJ Leasing Group has met the needs of a host of customers since entering the real estate leasing business in 1993. In the distribution and retailing sector, as personal income has recovered in recent years the Group has witnessed increasingly vigorous capital investment as companies add new stores. In the distribution category as well, we are helping to build the infrastructure to meet demand arising from the advent of online shopping and home delivery, companies' efforts to develop their businesses overseas, and boost the efficiency of distribution systems in line with the expansion of road transport networks. The IBJ Leasing Group is augmenting its real estate leasing operations to meet these customers' investment needs. Specifically, we focus on long-term leases for land and buildings and supporting the introduction of equipment to be used in these buildings. Using our services helps customers to reduce their initial lump-sum investment amount. We also enable customers to free up long-term funds and make effective use of owned real estate, providing proposals tailored to diverse customer needs. Going forward, we will strive to help customers resolve issues they face in such areas as stable cash flow management and funding and financing strategies as we promote proposal-based sales that make effective use of real estate.

Real Estate Leasing Scheme



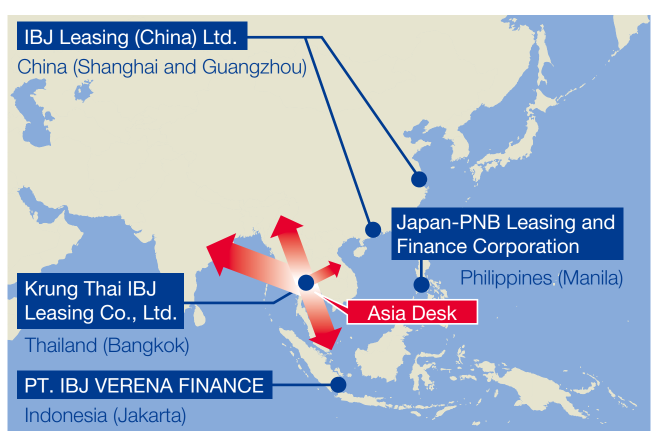
Asia Desk

In recent years, Japanese companies have been expanding their business overseas at an increasing rate. Accompanying this trend is a growing need for support for getting equipment into place in countries outside Japan. Increasingly, Japanese companies are looking at Asian markets in particular not just as production hubs but also as new consumer locations. In response to these growing customer needs, in October 2012 the IBJ Leasing Group set up its Asia Desk in Bangkok, Thailand, to meet the financing demands of customers in ASEAN countries where the Group does not have sales offices, such as Singapore, Vietnam, Malaysia and Myanmar.

Asia Desk
Toshiaki Ito, Head

The Asia Desk maintains close ties with individual Group companies in order to provide detailed services that assist customers in developing their businesses in the ASEAN region. Going forward, the Group will continue working to meet customers' diverse financing needs through coordinated efforts in Japan and overseas.

Asia Desk's Scope of Activity



Funding

1. Funding Policies

The IBJ Leasing Group offers wide-ranging financial services to meet customers' needs through funding that ensures stability and curtails costs. The Group also raises funds based on its annual cash plans and in a flexible manner that responds to fluctuations in the financial environment based on its asset liability management (ALM) policies.

When procuring funds, we use a combination of borrowings from financial institutions and raising funds in the market, thereby achieving a balance between short- and long-term funding. We borrow funds from more than 100 financial institutions, including city banks and regional banks, as well as insurance companies, and we maintain stable transactions with these institutions through relationship management. The Company obtains funding from financial markets through the issuance of commercial paper and corporate bonds and the securitization of lease receivables. In addition to ourselves, IBJL-TOSHIBA Leasing also issues commercial paper. IBJ Leasing has an issue limit of ¥350 billion, and IBJL-TOSHIBA Leasing of ¥150 billion.

With regard to ALM operations, the Company's ALM Committee holds monthly meetings to analyze current interest rate trends and their future outlook. We also perform detailed analyses of the impact of interest rate volatilities on the present value of assets and liabilities, using indicators such as Delta and Value at Risk (VaR). We have formulated ALM policies based on these analyses, and work to ensure smooth funding and cost control by flexibly implementing those policies in day-to-day operations.

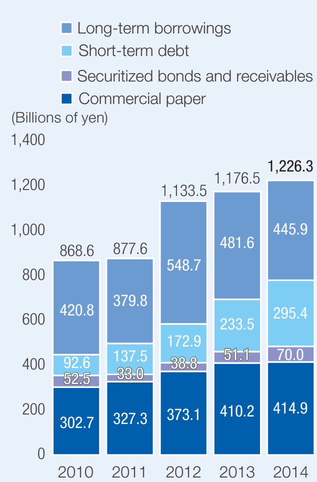
2. Funding in Fiscal 2013

Looking at yen interest rate trends in fiscal 2013, in April 2013 the Bank of Japan decided on the introduction of both quantitative and qualitative monetary easing measures. The bank promoted robust monetary easing through the large-scale purchasing of JGBs, which brought short-term interest rates down to a low and stable level. Long-term interest rates rose at one stage on concerns about falling JGB liquidity, but after that point rates gradually fell again toward the end of the fiscal year.

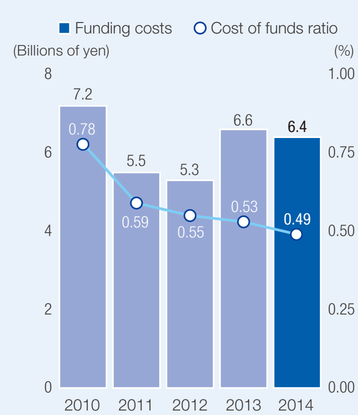
In this environment, the IBJ Leasing Group continued to take advantage of the low interest rates by proactively procuring funds in the market by issuing commercial paper and corporate bonds. We also revised the funding structures at affiliated companies in Japan to conduct groupwide ALM management and lower funding costs. As a result of these moves, in line with the accumulation of assets the Group's interest-bearing debt expanded ¥49.8 billion, to ¥1,226.3 billion as of March 31, 2014. Funding costs, on the other hand, fell ¥0.2 billion year on year, to ¥6.4 billion, and the cost of funds ratio continued falling, to 0.49%. Also, in September 2003 the Group raised ¥13.6 billion through a capital increase by public offering, thereby securing funding for future growth and reinforcing the Group's financial stability.

Ratings Information	Rating & Investment Information, Inc. (R&I)	Japan Credit Rating Agency, Ltd. (JCR)
IBJ Leasing		
Commercial paper	a–1	J–1
Preliminary shelf registration rating	—	A
Senior long-term credit rating	—	A
IBJL-TOSHIBA Leasing		
Commercial paper	—	J–1
Preliminary shelf registration rating	—	A
Senior long-term credit rating	—	A

Funding Situation



Funding Costs/Cost of Funds Ratio



Cost of funds ratio: Funding costs ÷ Operating assets (average balance)

Corporate Governance Structure

Basic Approach

To enhance corporate value consistently over the long term, the IBJ Leasing Group recognizes that it is essential to ensure effective corporate governance, meaning a framework governing business activities centered on a closely regulated relationship between shareholders and management, and that the basic objective for corporate governance is to put in place an environment to ensure this.

The Board of Directors and Executive Officers

To facilitate vibrant deliberations of agendas and speedy decision making, the Company's Board of Directors currently (as of July 2014) has eight members. To ensure transparency by incorporating objective perspectives, the Company appoints three outside directors to the board. The Board of Directors determines fundamental management policies, makes important decisions and supervises the execution of operations. The Chairman of the Board of Directors, who does not have a concurrent business execution role, serves as the chairperson of Board of Directors meetings. The Chairman ensures the appropriateness of the supervisory function and decision making of the Board joined by outside directors.

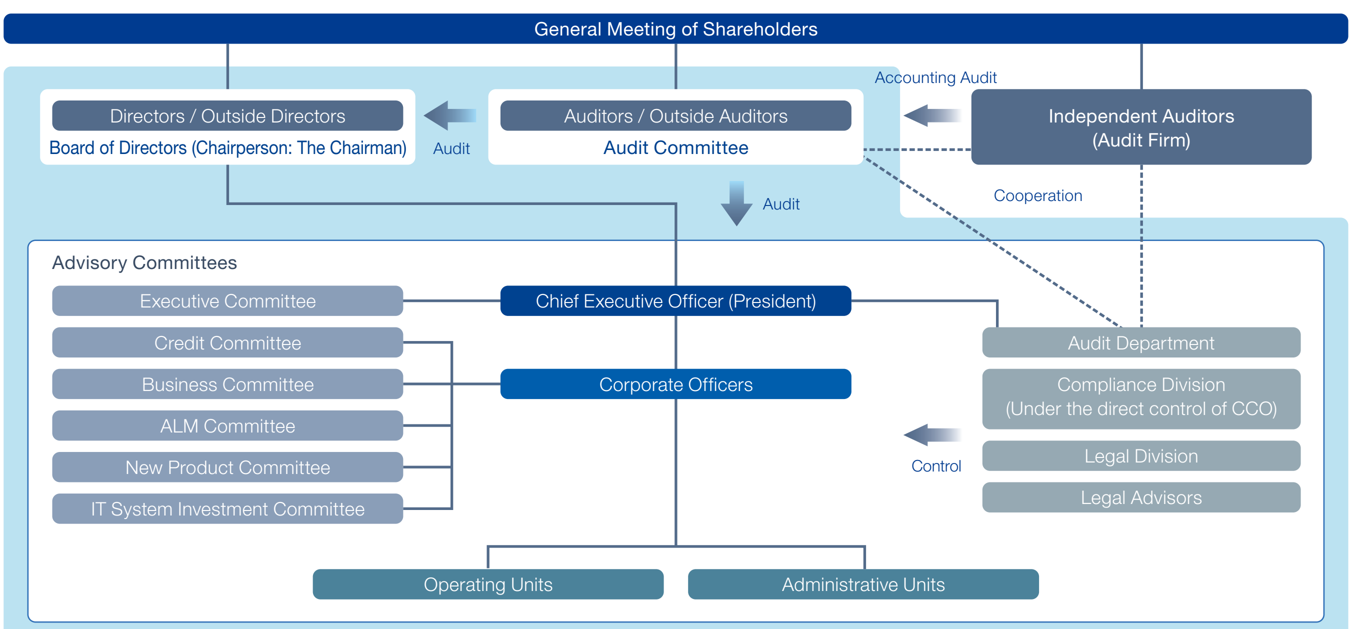
The Company has adopted an executive officer system to ensure rapid and efficient execution of business in accordance with Board of Directors decisions, and delegates authority for business execution to the Chief Executive Officer and executive officers. The Company determines the executive officer with approval authority for each business operation, clearly defines the authority of the executive officers, and has established an advisory body to support the decisions of executive officers with approval authority and ensure mutual supervision among them.

Auditors and Audit Committee

The Company has adopted a "company with auditors" system consisting of one internal auditor and three outside statutory auditors. The Audit Committee audits Directors' decision-making activities at Board of Directors meetings and other occasions, as well as the Company's entire business operations, to ensure that Directors fulfill their legal duties, such as duty of prudence, fiduciary duties and ensuring that business operations are conducted properly.

To ensure the effectiveness of audits, corporate auditors attend important meetings, including Board of Directors meetings and Executive Committee meetings, and also have regular meetings with Representative Directors to exchange views on important audit-related issues. Corporate auditors also cooperate closely with the Audit Department, an internal audit department, to ensure efficiency, and regularly receive reports from this department regarding the plans and results of audits.

Corporate Governance Structure



Furthermore, the Audit Committee holds regular meetings with independent auditors to listen to their reports, and to exchange information about each other's auditing policies to raise the efficiency and quality of auditing.

Internal Audit Department

The Company's Audit Department is responsible for conducting internal audits. To ensure the independence of this function, the department reports directly to the President. The Audit Department conducts internal audits on the entire Company organization as well as consolidated subsidiaries to ensure efficiency and appropriate conduct in business operations and compliance measures, and to give specific advice, recommendations and suggestions regarding the improvement of business operations.

The Audit Department coordinates corporate auditors and independent auditors as necessary. Audit results are periodically reported to the Board of Directors, which determines, based on these results, whether improvements to systems, organizations and regulations are necessary for the avoidance of various risks.

Compliance

The IBJ Leasing Group regards strict compliance as essential to the creation of a stable management base. On this understanding, the Group complies with laws and regulations and practices honest and fair business activities in accordance with the norms of society. To ensure the trust and confidence of society, the Group is firmly committed to maintaining strict compliance.

Compliance Structure

The Company has formulated Compliance Regulations to ensure compliance, appointed a Chief Compliance Officer (CCO), and established the Compliance Division. Furthermore, each department general manager functions as the department-level head of compliance, and is tasked with supervising and enforcing its practice. In addition, the Audit Department examines and assesses the current state of compliance in each department. The Company has created a system in which necessary measures are taken based on reports from the Audit Department. As internal reporting systems, the Company has set up a compliance hotline structure and maintains internal and external reporting lines via attorneys to enable all of its employees to report potential violations directly to the Compliance Division and/or the corporate auditors. The Company has also formulated Rules on the Protection of Whistleblowers to protect reporters.

Compliance Activities

To ensure compliance throughout the organization, the Company has formulated The Corporate Code of Conduct of IBJ Leasing Group as well as published a Compliance Manual, a guidebook describing key rules and regulations that must be followed to ensure full compliance within all business operations. The Compliance Manual is also available on the corporate intranet so that directors and employees can refer to it easily in the course of their daily work.

Furthermore, every year the Company arranges a Compliance Program, a set of concrete hands-on activities that raises awareness of compliance issues through education and training for general managers, as well as stratified training and/or e-learning.

Internal Control

The Group regards it as a key management responsibility to maintain and ensure the appropriate operation of a system that ensures proper conduct of business operations, and to work toward strengthening internal control. Under the Corporate Law, the Group is required to strengthen its internal control system, and to this end, IBJ Leasing and 11 domestic affiliates have formulated basic policies to ensure proper and effective operation.

CSR

The Company recognizes that any company will need to fulfill its corporate social responsibilities (CSR) if it is to grow sustainably and strengthen its ties with society. Therefore, we work to ensure that our organization operates with CSR as an integral part of all business activities, with the aim of becoming a corporate group capable of earning the trust and understanding of society at large.

In accordance with its environmental plan, the Company has created an Environmental Policy. Under this policy, we work to ensure strict compliance with environmental laws and regulations; to provide services that contribute to environmental conservation, to properly manage equipment for which lease terms have expired, and to reduce the environmental impact of business activities. In addition, with the formation and implementation of an environmental management system that forms the foundation of the above activities, the Company itself and its 11 consolidated subsidiaries within Japan have been awarded ISO 14001 certification.

Risk Management

Risk Management Activities

As financial services become more diversified and sophisticated, the risks that arise from business operations grow increasingly complex. In this environment, the IBJ Leasing Group recognizes that precise monitoring and analysis as well as proper control and management of these risks is exceedingly important for maintaining or increasing the soundness of business operations, and is strengthening and streamlining its risk management system accordingly.

For the various risks involved in the business operations of the IBJ Leasing Group (e.g., credit risk,[1] market risk,[2] operational risk, system risk, legal risk, etc.), each operational department sets up its own management methods, systems and procedures according to the characteristics of the risks it faces, and carries out its own internal risk management.

Recently, we have quantified the risks of fluctuations in value (excluding marketable products), such as the estimated residual value in the operating leases and the inherent risk involved in real estate-related financing (the risk of fluctuations in value of the real estate at the time of expiry of the agreement), and incorporated them into our risk management framework.

In addition, to realize the goal of becoming a multiple financial services company and expand our specialized financial services, we are aware that further enhancement of our risk management system, for example, monitoring and handling the various risks inherent in transactions, etc., will be more important than ever. Thus we are strengthening our risk management. For example, when we start handling new products and developing new businesses, we thoroughly review the identification and evaluation of inherent risks made by the New Product Committee, whose members include executives in charge of administrative units.

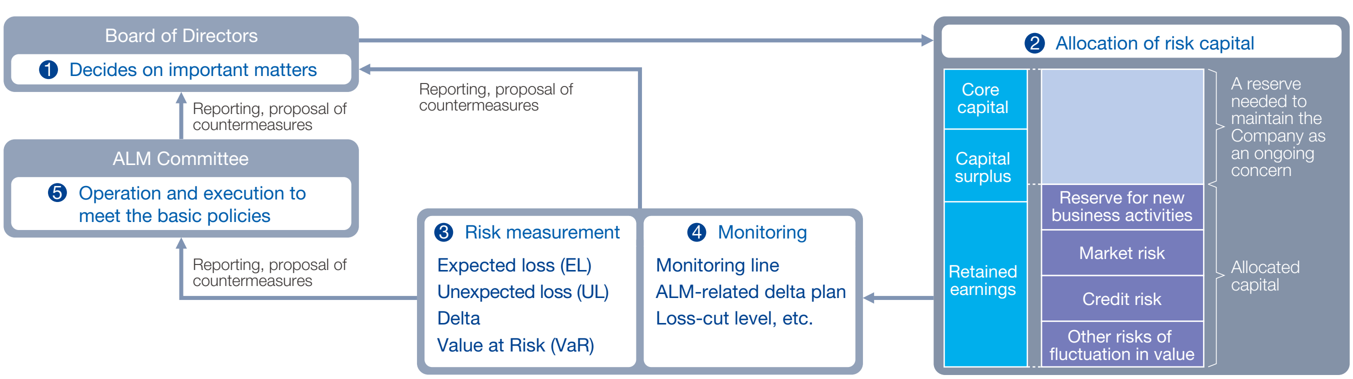
Integrated Risk Management Structure

The IBJ Leasing Group places an extremely high priority on the integrated monitoring and control of total financial risk, including credit risk and market risk, which consists of interest rate risk and the risk of fluctuations in share prices or exchange rates. Thus we incorporate an integrated risk management structure in accordance with that of the mega-banks into our management policies in order to improve the soundness and stability of our business.

Specifically, we quantify various risk factors and employ integrated and centralized control systems to ensure that our total risk exposure remains below the required percentage of our shareholders' equity (i.e., our financial strength). In other words, we define our risk tolerance as the amount of risk capital, calculated by subtracting equity capital and part of retained income as reserves reported for the maintenance of the Company from shareholders' equity. By allocating this risk capital to credit risk, market risk and other risks, we should be able

Notes: 1 Credit risk is the risk of loss associated with the inability to collect lease payments, installment payments, or loan principal and interest as contracted.
2 Market risk is the risk of incurring loss as a result of a change in, or total loss of, the value of the Company's financial assets and liabilities attendant on market price fluctuations (interest rates, stock prices, foreign exchange rates, etc.).

Risk Management Framework Centered on Allocation of Risk Capital



* The colored box on the right side of the chart above is not intended to denote the relative size of risk allocated to each risk category.

to keep losses incurred from any unforeseen situation within manageable limits, thereby maintaining our financial stability.

Key aspects, such as the amount of risk capital to be allocated for each financial risk, are discussed as a part of the fiscal year's management plan at the Board of Directors meetings, and specific operating policies are determined through resolutions by the officers in charge and their advisory bodies, and reflected in business operations. Within such a framework, the Risk Management Department, which is independent from the business and treasury departments, monitors operations periodically to measure risks. The results of this monitoring are reported to the Board of Directors on a monthly basis.

Credit Risk Management Structure

The IBJ Leasing Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit.

Firstly, at the initial stage of deal execution under our "client credit rating system," we grant a credit rating for each debtor, conduct a strict credit screening, and facilitate the avoidance of excessive concentrations of credit by using our "credit monitoring systems by ratings."

Next, during the contract period, we apply asset self-assessment rules, which are as stringent as those employed by mega-banks, in accordance with the Financial Services Agency's "Financial Inspection Manual," and also implement write-offs and provide reserves based on the assessment results. We diversify risks by offsetting risks with risk assets, and we continuously improve our asset quality to control the risks of whole assets. Also, we periodically follow up on non-performing assets and make debt collection of assets for which we have already provided reserves to facilitate final disposal of nonperforming assets.

Meanwhile, our approach to credit portfolio management is based on the use of statistical methods to calculate the potential for losses related to credit risk. To that end, each month we calculate the expected loss (EL, i.e., credit cost), which is the average loss anticipated over the next year, and the unexpected losses (UL, i.e., credit risk amount), which is the maximum amount of any additional loss in excess of the EL.

As for expected losses, our stance is to cover an expected loss from income gained through lease and finance transactions, and we use this amount as a reference value when estimating the cost of credit for our income plan as well as when arranging deals. Concerning unexpected losses, if an unexpected loss is incurred, our stance is to cover it from our equity capital, which we monitor in relation to the preallocated risk capital, and report to the Board of Directors on a monthly basis.

Market Risk Management Structure

Regarding market risk, ALM operating policies, various kinds of frame of dealing, and loss limits, etc., are determined on a monthly basis at the meetings of the ALM Committee, whose members include executives in charge of relevant departments, and we strive to maintain stable earnings by controlling risk factors, such as interest rate risk and price fluctuation risk, at an appropriate level.

Meanwhile, in order to provide effective checks and balances in business operations, we have established clearly defined dividing lines between those departments responsible for managing market risks, departments providing back-office administrative functions, and departments handling market operations. Our market risk management departments measure, analyze and monitor market risks and check if the departments carrying out market transactions are operating in compliance with the Company's internal rules. These risk-related analyses are reported at regular meetings of the ALM Committee as well as those of the Board of Directors.

Directors, Auditors and Executive Officers (As of July 31, 2014)

Chairman of the Board of Directors
Shinichiro Nagashima

President and CEO
Setsu Onishi

Senior Managing Director
Shin Kuranaka

Director and Senior Adviser
Tsutomu Abe

Director
Shinichiro Maruyama

Outside Director
Takao Komine

Outside Director
Kensaku Aomoto

Outside Director
Tetsuhiro Hosono

Board of Directors

Chairman of the Board of Directors
Shinichiro Nagashima

President and CEO
Setsu Onishi

Senior Managing Director
Shin Kuranaka

Director and Senior Adviser
Tsutomu Abe

Director
Shinichiro Maruyama

Outside Director
Takao Komine

Outside Director
Kensaku Aomoto

Outside Director
Tetsuhiro Hosono

Corporate Auditors

Standing Auditor
Osamu Hatakeyama

Outside Standing Auditor
Hidemi Hiroi

Outside Auditor
Shinichi Kimura

Outside Auditor
Koji Shimogama

Corporate Executive Officers

Senior Managing Executive Officers
Tsuneo Endou
Katsuji Nagatsu

Managing Executive Officers
Daisuke Yamamoto
Akira Ueda
Kenji Yoneda
Noriyuki Yukawa
Yasuo Sato
Toru Yoshida

Executive Officers
Shinobu Koyanagi
Kenji Suzuki
Shunsuke Horiuchi
Fukuji Yajima
Eiji Yamanouchi
Kunimoto Wakasugi
Katsuhiko Yoshida
Toshiyuki Kamimura
Kozo Shino
Hironobu Yamaguchi
Hiroshi Yoshida
Hidehiko Kamata

Financial Section

Contents

11-year Financial Summary

IBJ Leasing Company, Limited and consolidated subsidiaries, years ended March 31

	2004	2005	2006	2007
For the year: (Millions of yen)				
Revenues	368,553	355,509	318,194	350,423
Gross profit before funding costs	34,026	31,001	30,534	34,155
Funding costs	12,582	8,705	4,320	7,627
Gross profit	21,444	22,296	26,213	26,527
Selling, general and administrative expenses	14,203	12,871	14,251	12,861
Operating income	7,241	9,424	11,962	13,666
Net income	3,239	5,591	7,981	8,984
At year-end: (Millions of yen)				
Total assets	1,032,771	979,621	1,090,027	1,132,989
Operating assets	823,520	813,517	953,724	1,031,249
Lease	653,864	606,855	683,881	699,874
Installment sales receivable*1	93,353	89,948	105,755	117,595
Loans	76,302	116,714	163,211	209,399
Operational investment securities	—	—	876	4,379
Long-term receivables	20,651	8,141	4,798	3,062
Interest-bearing debt	916,485	862,501	962,596	987,677
Equity	27,680	37,552	47,631	54,943
Per share data: (Yen)				
Net income	96.84	158.82	215.23	243.82
Equity	827.54	1,018.29	1,291.24	1,456.98
Dividends (non-consolidated basis)	12.00	18.00	27.00	33.00
Key indicators: (%)				
Return on equity (ROE)	13.0	17.1	18.7	17.7
Return on assets (ROA)	0.7	1.0	1.3	1.3
Equity ratio	2.6	3.8	4.4	4.7
Others:				
Issued shares (thousands of shares)*2	33,449	36,849	36,849	36,849
Number of employees	585	595	694	702

*1 After subtraction of deferred profit on installment sales
*2 After subtraction of treasury stock

	2008	2009	2010	2011	2012	2013	2014
	341,320	298,707	263,598	256,059	270,066	352,492	354,779
	36,351	38,181	36,720	36,549	36,579	44,270	43,005
	9,849	10,105	7,213	5,459	5,286	6,596	6,426
	26,501	28,076	29,506	31,090	31,293	37,673	36,579
	14,956	21,320	18,248	15,646	20,601	23,007	19,877
	11,544	6,755	11,257	15,444	10,691	14,665	16,701
	7,799	3,348	7,019	9,025	4,296	8,920	10,531
	1,195,336	1,076,150	1,017,099	1,028,020	1,332,963	1,372,246	1,462,183
	1,092,247	984,981	935,223	928,633	1,211,268	1,263,116	1,343,046
	698,861	596,869	553,541	546,185	755,139	780,234	809,499
	121,989	120,373	107,487	94,514	112,243	113,939	133,267
	243,304	233,687	237,414	241,925	295,008	320,143	359,530
	28,091	34,050	36,779	46,008	48,876	48,798	40,749
	2,920	9,470	14,082	10,397	19,153	18,502	11,404
	1,057,295	927,454	868,631	877,629	1,133,481	1,176,464	1,226,274
	57,428	55,994	63,342	69,392	74,717	84,905	109,840
	212.23	91.90	193.91	249.33	118.71	246.43	264.75
	1,534.45	1,509.00	1,709.86	1,889.18	1,954.63	2,218.77	2,458.28
	38.00	40.00	44.00	46.00	48.00	50.00	54.00
	14.2	6.0	12.0	13.9	6.2	11.8	11.4
	1.0	0.6	1.2	1.6	0.9	1.1	1.2
	4.7	5.1	6.1	6.7	5.3	5.9	7.2
	36,548	36,198	36,198	36,198	36,198	36,198	39,779
	723	743	766	765	1,073	1,050	1,036

Management's Discussion and Analysis

1. Overview of Business Performance

During fiscal 2013, the Japanese economy was characterized by surge in imports, which suppressed growth in external demand. At the same time, however, demand spiked ahead of Japan's consumption rate hike, with housing investment and personal income levels swelling domestic demand and causing economic recovery to continue at a moderate rate. In the leasing industry, demand remained solid as capital investment staged a gradual recovery in response to improved corporate performance and the rebound in economic activity. Accordingly, the transaction volume for the leasing industry as a whole increased year on year.

In this operating environment, due to the IBJ Leasing Group's acquisition of two Toshiba Group financing companies, operating assets grew substantially in fiscal 2013, aggressive sales were successful in boosting revenues. Due mainly to the protracted period of low interest rates, investment yields dropped, prompting an unavoidable decline in gross profit. Meanwhile, credit costs fell as corporate bankruptcies subsided. Accordingly, operating income and net income improved significantly, both reaching record highs.

2. Amount of Contracts Executed and Operating Assets

In leasing and installment sales, the contract execution volume expanded 3.3% year on year, to ¥384,855 million. Experiencing economic recovery in Japan and overseas, we worked proactively to uncover capital investment needs, particularly for companies. We also continued to focus on cultivating business at companies benefiting from more robust internal demand, including vigorous business development due to the rebound in personal income and expanding public-sector investment. In the distribution and retailing and medical and nursing care sectors, we made steady inroads on expanding our customer base and diversifying transactions through comprehensive proposal-based sales designed to meet a broad range of financial management needs, such as moving assets off the balance sheet, diversifying funding and smoothing expenses. We ramped up sales efforts targeting the information and communications, distribution, and energy and other industrial segments, seeking to uncover demand for investment in capacity expansion in tune with the rebound in domestic demand.

In the financing sector, the amount of contracts executed rose 4.9% year on year, to ¥452,814 million. In specialized financing, we responded energetically to various financing needs through efforts involving new energy-related overseas project finance and aircraft engine financing, thereby increasing the number of fields in which we conduct transactions. In corporate finance, we meet a broad range of financing needs from a strategic perspective, helping customers reduce interest-bearing debt and improve cash flow. Consequently, we steadily increased our acquisition of sales receivables and liquidization of occupancy guarantee deposits.

As a result of these developments, as of March 31, 2014, the balance of operating assets in leasing and installment sales amounted to ¥942,767 million, up ¥48,593 million (5.4%) compared with one year earlier. Operating assets in the financing sector rose ¥31,337 million (8.5%), to ¥400,279 million as of March 31, 2014.

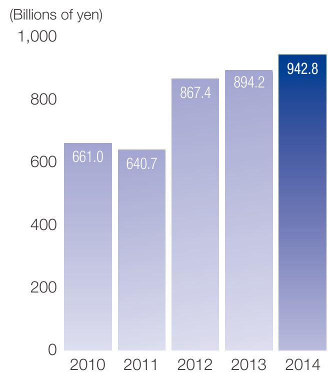
Amount of Contracts Executed (Millions of yen)

	2011	2012	2013	2014
Lease	186,823	192,329	307,601	305,738
Installment sales	34,777	44,208	64,836	79,116
Loans	121,145	167,158	411,299	445,807
Operational investment securities	15,556	22,261	20,514	7,006
Total	358,303	425,959	804,252	837,669

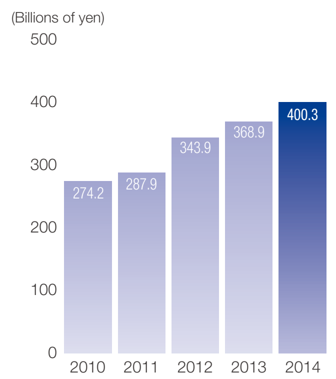
Operating Assets (Millions of yen)

	2011	2012	2013	2014
Lease	546,185	755,139	780,234	809,499
Installment sales	94,514	112,243	113,939	133,267
Loans	241,925	295,008	320,143	359,530
Operational investment securities	46,008	48,876	48,798	40,749
Total	928,633	1,211,268	1,263,116	1,343,046

Balance of Operating Assets
(Leasing and Installment Sales Sector)



Balance of Operating Assets
(Financing Sector)



3. Results of Operations

Revenues

Revenues increased ¥2,286 million (0.6%) year on year, to ¥354,779 million, thanks to such factors as robust installment sales of construction equipment.

Gross profit before funding costs and write-offs

Gross profit before funding costs and write-offs decreased ¥1,266 million (2.9%) year on year, to ¥43,008 million, as investment yields declined, mainly because of protracted low interest rates. The IBJ Leasing Group considers gross profit before funding costs and write-offs to be useful supplemental information on revenues for analyses of the Group's business performance, and discloses this information voluntarily. Leasing business revenues include the collection of the principal invested in leased assets as well as insurance premiums and taxes, and revenues and costs are expressed as total amounts in the consolidated statements of income. Installment sales revenues include the collection of the invested principal, and revenues and costs are similarly expressed as total amounts. In contrast, loan revenues are interest income only. Gross profit before funding costs and write-offs is expressed as a net amount to facilitate comparisons with the various forms of revenue. This figure matches gross profit before credit costs and funding costs.

Gross Profit before Funding Costs and Write-offs by Segment (Millions of yen)

	2011	2012	2013	2014
Lease	26,624	26,443	33,522	31,439
Installment sales	2,805	2,452	2,799	2,654
Loans	5,829	6,131	6,921	6,644
Other	1,714	1,861	1,571	2,786
Elimination or corporate	(422)	(308)	(540)	(516)
Total	36,551	36,580	44,275	43,008

Funding costs

Funding costs decreased ¥169 million (2.6%), to ¥6,426 million. Taking advantage of ongoing monetary easing, this decline reflected ongoing efforts to reduce costs by issuing unsecured corporate debt and commercial paper.

Selling, general and administrative expenses

Personnel and non-personnel expenses were essentially unchanged, falling ¥2 million (0.0%), to ¥18,948 million.

Other income and expenses

Net other income increased ¥3 million during the year, to ¥704 million. Of this amount, profit from investments grew ¥58 million and equity in earnings of associated companies grew ¥21 million. Meanwhile, other expenses rose ¥39 million, to ¥610 million year on year, due to higher bond issuance costs.

Total credit costs

In the consolidated statements of income, the IBJ Leasing Group records bad debt related costs under cost of revenues, selling, general and administrative expenses, and other income and expenses. Total credit costs are the sum of these items. Owing to a falloff in corporate bankruptcies, total credit costs dropped substantially, falling ¥3,106 million during the year, to ¥804 million.

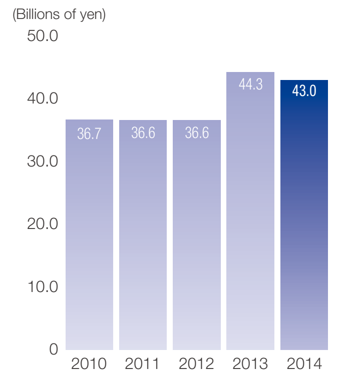
Income taxes

Corporate taxes amounted to ¥6,459 million, an increase of ¥656 million year on year. The effective tax rate was 36.9%.

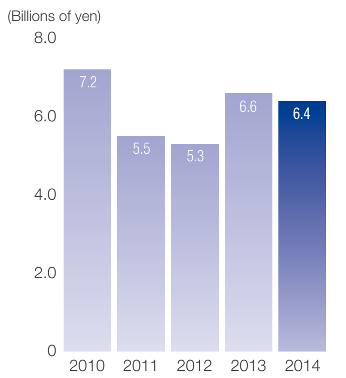
Net income

As a result of the above developments, net income rose to ¥10,531 million, an increase of ¥1,610 million (18.1%) from the previous year.

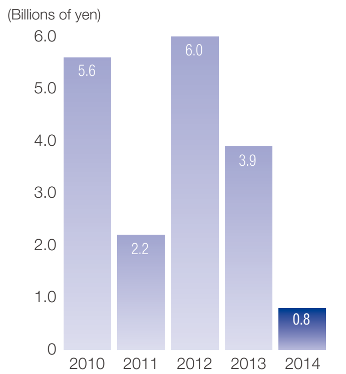
Gross Profit before Funding Costs and Write-offs



Funding Costs



Total Credit Costs



4. Assets, Liabilities and Equity

Assets

Total assets as of the fiscal year-end amounted to ¥1,462,183 million, an increase of ¥89,936 million (6.6%) year on year. The status of operating assets is indicated on page 24 under the item "Amount of Contracts Executed and Operating Assets."

Liabilities

Total liabilities as of the fiscal year-end amounted to ¥1,352,342 million, an increase of ¥65,001 million (5.0%) year on year. Of this amount, interest-bearing debt rose to ¥1,226,274 million, an increase of ¥49,810 million (4.2%) year on year, due to the increase in operating assets. The ratio of financing from capital markets to total financing was 39.5%.

Equity

As of March 31, 2014, total equity amounted to ¥109,840 million, up ¥24,935 million (29.4%) from a year earlier. This increase stemmed from the September 2013 increase in capital through a public offering we conducted to secure funds for future growth and reinforce the Group's financial stability, as well as from income during the year. Due to the increase in capital through public offering, common stock grew ¥6,114 million (52.0%), to ¥17,874 million. The capital surplus expanded ¥6,405 million (66.2%), to ¥16,086 million, and treasury stock fell ¥1,078 million, dropping essentially to zero.

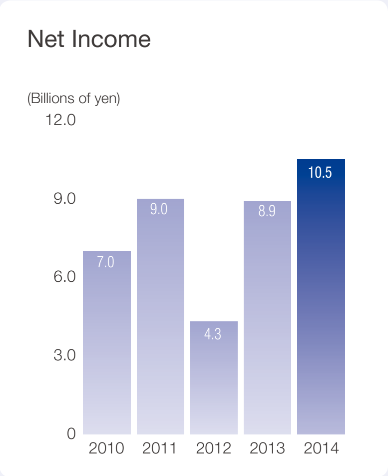
5. Cash Flows

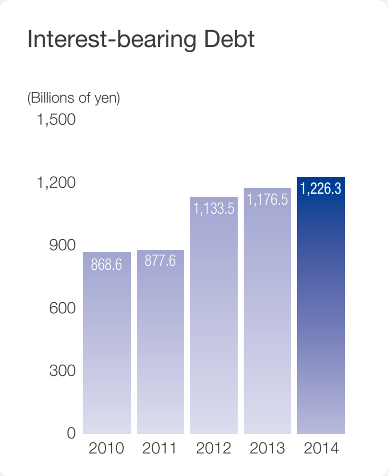
Net cash used in operating activities was ¥47,681 million, due to an increase in contracts executed.

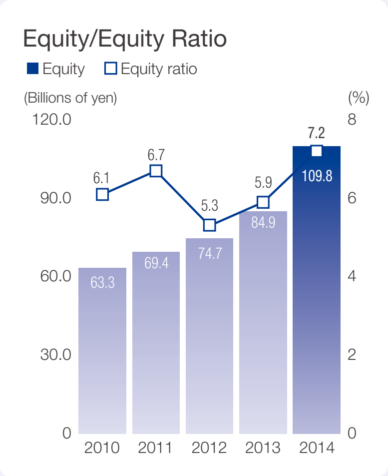
Net cash used in investing activities was ¥2,506 million. This figure was due to factors such as the acquisition of shares in business partners in order to bolster transactional relationships.

Net cash provided by financing activities was ¥56,118 million. The Group raised ¥13,598 million in capital through a public offering and ¥44,671 million through debt funding, including borrowings, commercial paper and corporate bonds.

As a result of the above activities, the balance of cash and cash equivalents as of the fiscal year-end rose to ¥35,954 million, a year-on-year increase of ¥6,708 million.







Business Risks and Other Risks

The following factors constitute the principal business risks that have potential to affect the business results, stock price and financial position of the IBJ Leasing Group. Forward-looking statements contained herein represent the judgment of the IBJ Leasing Group as of June 25, 2014. Business risks and other risks are not limited to those listed.

1. Trends in Corporate Capital Investment and Investments in Leased Plant and Equipment

In Japan, lease transactions are widely used as a fund procurement technique when companies undertake capital investments. Trends in the amount of corporate capital investment and in the amount of investment in leased plant and equipment tend to follow the same underlying pattern, and the amount of investment in leased plant and equipment may be affected by trends in corporate capital investment.

Trends in the amount of contracts executed by the IBJ Leasing Group, the amount of corporate capital investment and the amount of investment in leased plant and equipment do not always coincide. However, any significant decrease in the amount of corporate capital investment and the amount of investment in leased plant and equipment may affect the future business performance of the IBJ Leasing Group.

2. Interest Rate Fluctuation Risk and Effect of Changes in the Funding Environment

Although many leasing fees and installment payments are based on the interest rate levels prevalent at the time of agreements, and the majority are fixed revenues, interest-bearing debt includes debt with floating interest rates. Therefore, funding costs, which are part of the cost and expenses, fluctuate. As a result, interest rate fluctuations may affect the business performance of the IBJ Leasing Group.

Also, while it is possible to reduce the effects of interest rate fluctuations by raising the weight of interest-bearing debt with fixed interest rates, gross margins may contract since fixed-rate interest is generally higher than floating-rate interest. Accordingly, the weighting and component ratios of interest-bearing debt with fixed-rate interest and interest-bearing debt with floating-rate interest may affect the business performance of the IBJ Leasing Group.

The Company uses derivative transactions to hedge the risk of such interest rate fluctuations. Specifically, we manage the matching ratio (setting the ratio of the portion of assets not subjected to interest rate fluctuation risk by allocating liabilities and derivatives with fixed-rate interest and floating-rate interest to assets with fixed-rate and floating-rate yields) through the use of ALM (asset liability management) techniques. Accordingly, with respect to transactions subject to interest rate fluctuations, fluctuations in market interest rates may affect the business performance of the IBJ Leasing Group.

The IBJ Leasing Group's fund procurement methods include commercial paper and other direct funding in addition to indirect funding. Therefore, changes in the funding environment may affect the procurement of funds.

3. Credit Risk

Lease transactions involve the provision of credit to customers in the form of leases over relatively long terms (averaging five years). The initial expected profit is secured by collecting the full amount of leasing fees from the customer. Therefore, the IBJ Leasing Group assesses the appropriateness of entering into contracts by conducting strict credit checks of each customer, and by assessing the future second-hand value of leased equipment. We also strive to control and minimize credit risk within the operating assets portfolio through quantitative monitoring of credit risks. Moreover, in instances when a customer's credit status has deteriorated and non-payment of leasing fees, etc., occurs, we work to recover as much as possible of the outstanding amount through the sale or transfer of leased equipment to other customers.

Furthermore, from the perspective of credit risk management, we conduct self-assessments of assets in compliance with the Financial Inspection Manual of the Financial Services Agency, which is recommended by "Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry". (Report No. 19 of the Industry Auditing Committee of the Japanese Institute of Certified Public Accountants).

As a result, the portion of credit in "Long-term receivables" in the year ended March 31, 2014 was ¥14,127 million. The Company provides allowance against 100% of this amount and directly reduces the entire amount as the amount deemed uncollectible. Nonetheless, depending upon future economic trends, new bad debts caused by the deterioration of the credit status of companies may affect the business performance of the IBJ Leasing Group.

4. Risk of Changes to Regulatory Systems

The IBJ Leasing Group provides comprehensive financial services, mainly leases, rentals, installment sales and loans, in accordance with current laws and regulations, tax systems and accounting standards. Significant changes to such regulatory systems and standards may affect the business performance of the IBJ Leasing Group.

5. Other Risks

Other risks that may affect the business performance of the IBJ Leasing Group include price fluctuation risk (the risk of the estimated residual value of operating leases falling below the originally anticipated level), operational risk (the risk of inappropriate processing of clerical work), and systems risk (the risk of IT systems failure or incorrect operation).

Consolidated Balance Sheet

IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 16)	¥ 35,954	¥ 29,245	$ 349,341
Marketable Securities (Notes 4 and 16)	124	—	1,214
Lease Receivables and Investments in Lease (Notes 5, 6, 15 and 16)	753,774	728,928	7,323,888
Receivables (Notes 5, 6 and 16):			
Notes and Accounts	77	40	752
Lease	4,779	5,011	46,437
Installment Sales	133,777	114,341	1,299,822
Loans	244,842	212,959	2,378,963
Factoring	114,687	107,184	1,114,339
Total Receivables	498,165	439,536	4,840,313
Operational Investment Securities (Notes 4 and 16)	40,749	48,798	395,931
Deferred Tax Assets (Note 9)	1,433	1,801	13,929
Prepaid Expenses and Other	28,082	21,646	272,862
Allowance for Doubtful Receivables	(2,326)	(4,380)	(22,603)
Total Current Assets	1,355,958	1,265,577	13,174,875
Property and Equipment:			
Leased Assets (Note 5)	200,417	222,122	1,947,312
Accumulated Depreciation	(144,979)	(171,156)	(1,408,665)
Net Leased Assets	55,437	50,966	538,647
Own-used Assets	6,011	6,014	58,413
Accumulated Depreciation	(2,812)	(2,645)	(27,324)
Net Own-used Assets	3,199	3,369	31,089
Total Property and Equipment	58,637	54,335	569,736
Investments and Other Assets:			
Investment Securities (Notes 4 and 16)	17,686	14,639	171,844
Investments in Unconsolidated Subsidiaries and Associated Companies	6,575	6,096	63,890
Long-term Receivables (Note 16)	11,404	18,502	110,813
Goodwill	335	395	3,263
Intangible Leased Assets (Note 5)	287	339	2,796
Deferred Tax Assets (Note 9)	1,866	3,841	18,134
Other	11,759	11,678	114,259
Allowance for Doubtful Receivables	(2,327)	(3,159)	(22,619)
Total Investments and Other Assets	47,588	52,333	462,380
Total Assets	¥ 1,462,183	¥ 1,372,246	$ 14,206,991

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 7 and 16)	¥ 710,315	¥ 643,748	$ 6,901,626
Current Portion of Long-term Debt (Notes 6, 7 and 16)	198,131	236,594	1,925,105
Lease Payable (Notes 15 and 16)	11,277	14,061	109,580
Accounts Payable — trade (Note 16)	76,625	59,769	744,513
Accrued Expenses	2,099	2,231	20,401
Income Taxes Payable	1,635	3,141	15,889
Deferred Profit on Installment Sales (Note 5)	510	401	4,960
Accruals for Debt Guarantees	70	101	683
Other	18,298	19,824	177,797
Total Current Liabilities	1,018,965	979,875	9,900,554
Long-term Liabilities:			
Long-term Debt (Notes 6, 7 and 16)	317,827	296,121	3,088,101
Deposits Received	11,293	7,344	109,732
Liability for Employees' Retirement Benefits (Notes 2(o) and 8)	2,328	2,336	22,626
Retirement Allowance for Directors and Audit & Supervisory Board members	54	42	527
Other	1,873	1,621	18,208
Total Long-term Liabilities	333,377	307,466	3,239,194
Commitments and Contingent Liabilities (Note 10)			
Equity: (Notes 11, 12 and 20)			
Common Stock Authorized, 140,000,000 Shares Issued, 42,649,000 Shares as of March 31, 2014 and 36,849,000 Shares as of March 31, 2013	17,874	11,760	173,670
Capital Surplus	16,086	9,680	156,298
Retained Earnings	66,535	58,054	646,483
Treasury Stock - at cost 540 shares as of March 31, 2014 and 650,442 shares as of March 31, 2013	(0)	(1,079)	(8)
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	3,508	2,616	34,085
Deferred Gain (Loss) on Derivatives under Hedge Accounting	158	(117)	1,543
Foreign Currency Translation Adjustments	613	(598)	5,959
Defined Retirement Benefit Plans	66	—	643
Total	104,841	80,316	1,018,673
Minority Interests	4,998	4,588	48,570
Total Equity	109,840	84,905	1,067,243
Total Liabilities and Equity	¥ 1,462,183	¥ 1,372,246	$ 14,206,991

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Revenues	¥ 354,779	¥ 352,492	$ 3,447,137
Cost and Expenses	318,200	314,818	3,091,722
Gross Profit	36,579	37,673	355,415
Selling, General and Administrative Expenses (Note 13)	19,877	23,007	193,137
Operating Income	16,701	14,665	162,278
Other Income (Expenses):			
Interest Income	13	13	131
Dividend Income	354	316	3,446
Equity in Earnings of Associated Companies	330	309	3,215
Profit from Investments	202	143	1,968
Interest Expenses	(324)	(347)	(3,155)
Foreign Exchange Loss	(98)	(132)	(956)
Bond Issue Costs (Note 3)	(100)	(51)	(980)
Gain on Sales of Investment Securities	120	1	1,166
Loss on Devaluation of Investment Securities	(44)	(13)	(433)
Other — net	326	448	3,174
Income before Income Taxes and Minority Interests	17,481	15,355	169,854
Income Taxes: (Note 9)			
Current	4,699	5,711	45,664
Deferred	1,759	90	17,095
Total	6,459	5,802	62,759
Net Income before Minority Interests	11,022	9,552	107,095
Minority Interests in Earnings of Consolidated Subsidiaries	490	632	4,769
Net Income	¥ 10,531	¥ 8,920	$ 102,326

	Yen		U.S. dollars (Note 1)
	2014	2013	2014
Amounts per Share of Common Stock (Notes 2(x) and 19)			
Net Income per Share	¥ 264.75	¥ 246.43	$ 2.57
Cash Dividends applicable to fiscal year	¥ 54.00	¥ 50.00	$ 0.52

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Net Income before Minority Interests	¥ 11,022	¥ 9,552	$ 107,095
Other Comprehensive Income: (Note 18)			
Unrealized Gain on Available-for-sale Securities	891	1,614	8,666
Deferred Gain (Loss) on Derivatives under Hedge Accounting	321	(75)	3,122
Foreign Currency Translation Adjustments	999	713	9,711
Share of Other Comprehensive Income in Associated Companies	175	136	1,701
Total Other Comprehensive Income	2,387	2,389	23,200
Comprehensive Income	¥ 13,410	¥ 11,941	$ 130,295
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 12,911	¥ 11,298	$ 125,449
Minority Interests	498	643	4,846

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2014

	Thousands	Millions of yen										
						Accumulated Other Comprehensive Income						
	Number of shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
Balance as of April 1, 2012	*36,198*	¥ 11,760	¥ 9,680	¥ 50,871	¥ (1,079)	¥ 1,003	¥ (42)	¥ (1,439)	¥ —	¥ 70,754	¥ 3,962	¥ 74,717
Net Income				8,920						8,920		8,920
Cash Dividends Paid				(1,737)						(1,737)		(1,737)
Purchase of Treasury Stock												
Disposal of Treasury Stock												
Issuance of New Stock												
Net change during year						1,613	(75)	840		2,378	626	3,004
Balance as of March 31, 2013	*36,198*	¥ 11,760	¥ 9,680	¥ 58,054	¥ (1,079)	¥ 2,616	¥ (117)	¥ (598)	¥ —	¥ 80,316	¥ 4,588	¥ 84,905
Net Income				10,531						10,531		10,531
Cash Dividends Paid				(2,050)						(2,050)		(2,050)
Purchase of Treasury Stock	*(0)*				(0)					(0)		(0)
Disposal of Treasury Stock (Note 12)	*650*		291		1,078					1,370		1,370
Issuance of New Stock (Note 12)	*5,800*	6,114	6,114							12,228		12,228
Net change during year						891	276	1,212	66	2,446	410	2,856
Balance as of March 31, 2014	*42,648*	¥ 17,874	¥ 16,086	¥ 66,535	¥ (0)	¥ 3,508	¥ 158	¥ 613	¥ 66	¥ 104,841	¥ 4,998	¥ 109,840

	Thousands of U.S. dollars (Note 1)										
					Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
Balance as of March 31, 2013	$ 114,265	$ 94,059	$ 564,075	$ (10,487)	$ 25,424	$ (1,143)	$ (5,817)	$ —	$ 780,376	$ 44,586	$ 824,962
Net Income			102,326						102,326		102,326
Cash Dividends Paid			(19,918)						(19,918)		(19,918)
Purchase of Treasury Stock				(2)					(2)		(2)
Disposal of Treasury Stock (Note 12)		2,834		10,481					13,315		13,315
Issuance of New Stock (Note 12)	59,405	59,405							118,810		118,810
Net change during year					8,661	2,686	11,776	643	23,766	3,984	27,750
Balance as of March 31, 2014	$ 173,670	$ 156,298	$ 646,483	$ (8)	$ 34,085	$ 1,543	$ 5,959	$ 643	$ 1,018,673	$ 48,570	$ 1,067,243

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 17,481	¥ 15,355	$ 169,854
Adjustments for:			
Income Taxes Paid	(6,212)	(4,996)	(60,366)
Depreciation and Disposal of Fixed Assets	10,673	14,266	103,706
Equity in Earnings of Associated Companies	(330)	(309)	(3,215)
Profit from Investments	(202)	(143)	(1,968)
Decrease in Allowance for Doubtful Receivables	(2,888)	(3,548)	(28,068)
(Decrease) Increase in Accruals for Debt Guarantees	(31)	3	(307)
Gain on Sales of Marketable and Investment Securities	(120)	(1)	(1,166)
Loss on Devaluation of Marketable and Investment Securities	44	13	433
Change in assets and liabilities:			
Increase in Lease Receivables and Investments in Lease	(24,285)	(26,562)	(235,966)
Increase in Receivables	(52,192)	(13,142)	(507,119)
Decrease in Operational Investment Securities	7,762	495	75,427
Increase (Decrease) in Accounts Payable — trade	16,754	(9,161)	162,788
Purchases of Leased Assets	(17,515)	(17,857)	(170,187)
Proceeds from Sales of Leased Assets	4,119	3,613	40,027
Increase (Decrease) in Interest Payable	42	(89)	412
Other — net	(779)	(4,652)	(7,573)
Total Adjustments	(65,162)	(62,073)	(633,142)
Net Cash Used in Operating Activities	(47,681)	(46,718)	(463,288)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(871)	(1,513)	(8,466)
Purchases of Marketable and Investment Securities	(1,476)	(1,382)	(14,351)
Proceeds from Sales and Redemption of Marketable and Investment Securities	324	84	3,149
Other — net	(482)	273	(4,684)
Net Cash Used in Investing Activities	(2,506)	(2,537)	(24,352)
Cash Flows from Financing Activities:			
Net Increase in Short-term Borrowings	65,314	96,822	634,616
Proceeds from Long-term Debt	382,080	377,891	3,712,399
Repayments of Long-term Debt	(402,723)	(435,241)	(3,912,974)
Proceeds from Common Stock Issuance	12,228	—	118,810
Disposal of Treasury Stock	1,370	—	13,315
Cash Dividends Paid	(2,050)	(1,737)	(19,918)
Other — net	(101)	(18)	(983)
Net Cash Provided by Financing Activities	56,118	37,717	545,265
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	777	884	7,553
Net Increase (Decrease) in Cash and Cash Equivalents	6,708	(10,654)	65,178
Cash and Cash Equivalents at Beginning of Year	29,245	39,900	284,163
Cash and Cash Equivalents at End of Year	¥ 35,954	¥ 29,245	$ 349,341

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of IBJ Leasing Company, Limited ("IBJL") and its consolidated subsidiaries (together with IBJL, "IBJL Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the company's financial statements issued domestically in order to present them in a form of which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which IBJL is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥102.92 to US$1.00, the approximate rate of exchange at March 31, 2014. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts indicated in millions of yen are rounded down by truncating the figures below one million. As a result, totals may not add up exactly.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of IBJL Group including IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., Nissan Leasing Co., Ltd., IBJ Auto Lease Company, Limited, Toshiba Medical Finance Co., Ltd., IBJ Leasing (China) Ltd. and PT. IBJ Verena Finance.

The number of consolidated subsidiaries as of March 31, 2014 and 2013 was 22.

The number of associated companies accounted for under the equity method as of March 31, 2014 and 2013 was 3. Investments in associated companies are Krung Thai IBJ Leasing Co., Ltd., The Toho Lease Co., Ltd. and Juhachi Sogo Lease Co., Ltd.

Astro Leasing International Co., Ltd. and 85 other subsidiaries are neither consolidated nor accounted for under the equity method, as they are acting as operators under Tokumei Kumiai agreements and the leased assets and liabilities do not substantially belong to the subsidiaries. Achilles Line Shipping S.A. and 21 other subsidiaries are also not consolidated or accounted for under the equity method, as they are immaterial. I-N Information Systems, Ltd. and 2 other associated companies are not accounted for under the equity method, as they are immaterial.

Upon consolidation, significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within IBJL Group has also been eliminated.

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries where the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition. The differences between the costs and underlying net equity of investments in consolidated subsidiaries and associated companies at acquisition are recorded as Goodwill and are amortized on a straight-line basis over the estimated benefit period.

Implementation Guidance No. 15 "Implementation Guidance on Disclosures about Certain Special Purpose Entities" issued by the Accounting Standards Board of Japan (the "ASBJ") permits companies to avoid consolidation of certain Special Purpose Entities ("SPEs") that were established and are being operated for the purpose of securitization of receivables.

IBJL securitizes its lease receivables to diversify its funding sources and ensure stable funding. In the securitization structures, IBJL uses SPEs that include *Tokurei Yugen Kaisha* and *Kabushiki Kaisha*. IBJL transfers the lease receivables to the SPEs in the securitization structures. The SPEs procure funds, such as borrowings, backed by the transferred assets and these funds flow back to IBJL as sales proceeds of the transferred assets. IBJL also provides collection services to the SPEs. A portion of the receivables is not transferred and is held by IBJL. These receivables held by IBJL are properly evaluated at the end of the fiscal year, and these are appropriately reflected in the consolidated financial statements.

As a result of securitizations, IBJL had 20 and 19 SPEs that were not consolidated under Guidance No. 15 as of March 31, 2014 and 2013, respectively. Total assets (simply compiled amount) of such SPEs as of March 31, 2014 and 2013 were ¥103,367 million ($1,004,351 thousand) and ¥132,446 million, respectively. Total liabilities (simply compiled amount) of such

SPEs as of March 31, 2014 and 2013 were ¥103,702 million ($1,007,601 thousand) and ¥132,887 million, respectively. IBJL owns no voting rights in most of the SPEs while some employees of IBJL serve as directors.

The total amount of Lease Receivables and Investments in Lease transferred from IBJL to such SPEs in 2014 and 2013 was ¥2,736 million ($26,584 thousand) and ¥16,880 million, respectively, with no gain/loss on the transfer of such receivables. IBJL holds subordinated interests of such transferred receivables of ¥82 million ($802 thousand) and nil in 2014 and 2013, respectively. IBJL recognized profit dividends of ¥9 million ($88 thousand) and ¥14 million for the years ended March 31, 2014 and 2013, respectively, and servicing fees received of ¥1 million ($17 thousand) with respect to the transactions with such SPEs for both of the years ended March 31, 2014 and 2013. These amounts do not include transactions with SPEs that do not meet the criteria for off-balance-sheet transactions, because IBJL treats these asset transfer transactions to the SPEs as financial transactions.

(b) Business Combinations

In October 2003, the Business Accounting Council issued a Statement of Opinion, “Accounting for Business Combinations”, and in December 2005, the ASBJ issued ASBJ Statement No. 7, “Accounting Standard for Business Divestitures” and ASBJ Guidance No. 10, “Guidance for Accounting Standard for Business Combinations and Business Divestitures”. The accounting standard for business combinations allowed companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, “Accounting Standard for Business Combinations.” Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation.

(c) Cash Equivalents

Cash Equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash Equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

(d) Lease Accounting

In March 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions”, which revised the previous accounting standard for lease transactions. As a lessor, all finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as Lease Receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as Investments in Lease. All other leases are accounted for as operating leases.

As a lessee, all finance leases that are deemed to transfer ownership of the leased property to the lessee are capitalized.

(e) Installment Sales

For installment sales contracts, Installment Sales Receivables are recognized for the principal equivalent portion of the total contract amounts when properties are delivered. Interest equivalent amounts are recognized as Installment Sales when the related installment receivables become due.

For sales-type contracts, Installment Sales and the corresponding Installment Cost of Sales are fully recognized when the property is sold. Interest equivalent amounts applicable to the portion to be collected are deferred and recorded as Deferred Profit on Installment Sales.

(f) Marketable Securities, Operational Investment Securities and Investment Securities

Marketable Securities, Operational Investment Securities and Investment Securities are classified as Available-for-sale Securities based upon management's intent. Available-for-sale Securities, which have a readily determinable fair value, are stated at fair value with changes in net unrealized gain or loss, net of applicable income taxes, included directly in Equity (cost of securities sold is calculated by the moving average method). Available-for-sale Securities, which do not have readily determinable fair value, are stated at cost.

(g) Loans Receivables and Factoring Receivables

Loans to customers and receivables arising from factoring are included in Loans Receivables and Factoring Receivables, respectively. Income from these receivables is recognized as Revenues.

(h) Property and Equipment

1. Leased Assets
   Leased Property and Equipment are initially accounted for at their acquisition costs and depreciated over the lease term by the straight-line method to the residual value, which is an amount to be realized at the time when the lease contract is terminated. Loss on disposals of leased assets resulting from cancellation of lease contracts is estimated and added to depreciation expense.
2. Own-used Assets
   Own-used Assets of IBJL and its domestic consolidated subsidiaries are stated at cost and depreciated over the following estimated useful lives mainly by the declining-balance method:

Buildings	3-65 years
Fixtures and furniture	2-20 years

(i) Long-lived Assets

IBJL Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(j) Intangible Assets

1. Leased Assets
   Intangible Leased Assets are accounted for the same way as Leased Property and Equipment.
2. Own-used Software
   Own-used Software is amortized over the internally estimated useful lives (5 or 8 years) by the straight-line method.
3. Other Intangible Assets
   Other Intangible Assets are stated at cost. Amortization of intangible assets by IBJL and its domestic consolidated subsidiaries is mainly computed by the straight–line method over the estimated useful lives.

(k) Stock Issue Costs and Bond Issue Costs

Costs for stock issuance and bond issuance are expensed upon payment.

(l) Allowance for Doubtful Receivables

Allowance for Doubtful Receivables is provided based on the estimated historical default rate for general trade receivables, and is based on individual reviews for receivables from doubtful and legally bankrupt creditors.

The amounts of Long-term Receivables considered uncollectible, which include receivables from legally bankrupt creditors, were directly written-off. The amounts directly written-off were ¥14,127 million ($137,266 thousand) and ¥13,244 million at March 31, 2014 and 2013, respectively.

(m) Reserve for Bonus Payments

IBJL and certain domestic consolidated subsidiaries provide a reserve for future bonus payments to employees. This reserve is maintained at the estimated amount payable after the year-end, based on the services provided during the fiscal year.

(n) Reserve for Bonus Payments to Directors

IBJL and certain domestic consolidated subsidiaries provide a reserve for future bonus payments to executive officers. This reserve is maintained at the estimated amount payable for the fiscal year.

(o) Retirement and Pension Plans

IBJL and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

Effective April 1, 2000, IBJL adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 to 15 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(1) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (Accumulated Other Comprehensive Income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (Liability for Employees' Retirement Benefits) or asset (Asset for Employees' Retirement Benefits).

(2) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments. (see Note 2(z))

(3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (1) and (2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (3) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

IBJL Group applied the revised accounting standard and guidance for retirement benefits for (1) and (2) above, effective March 31, 2014. As a result, Liability for Employees' Retirement Benefits of ¥2,328 million ($22,626 thousand), which was previously presented under the title of Retirement Benefits for Employees, was recorded as of March 31, 2014, and Accumulated Other Comprehensive Income increased by ¥66 million ($643 thousand) and Minority Interest decreased by ¥1 million ($14 thousand) for the year ended March 31, 2014.

(p) Retirement Allowance for Directors and Audit & Supervisory Board members

Certain domestic consolidated subsidiaries provide Retirement Allowances for Directors and Audit & Supervisory Board members for future retirement benefits to directors and Audit & Supervisory Board members. Retirement Allowances for Directors and Audit & Supervisory Board members are provided at the amount accrued at the end of the fiscal year, based on the internally established standards for the payments.

(q) Asset Retirement Obligations

In March 2008, the ASBJ issued the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(r) Accruals for Debt Guarantees

IBJL and certain domestic consolidated subsidiaries provide Accruals for Debt Guarantees for losses that might occur in relation to guarantees of the indebtedness of others, taking the debtors' financial condition into consideration.

(s) Income Taxes

IBJL and its domestic consolidated subsidiaries are subject to corporate tax, inhabitants' taxes and enterprise taxes. Deferred income taxes are recorded by the asset and liability method based on the differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements, using enacted tax rates that will be in effect when the differences are expected to reverse.

(t) Recognition of Revenues and Cost of Sales

Revenues and cost of sales relating to finance lease transactions are recognized when lease payments are received.

(u) Translation of Foreign Currency Assets and Liabilities

1. Translation of foreign currency transactions
   All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gain and loss from translation are recognized in the Consolidated Statement of Income as income or expenses.
   Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates effective at the respective transaction dates.
2. Translation of foreign currency financial statements
   The assets, liabilities, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet dates of each subsidiary. Differences arising from such translation are shown in Foreign Currency Translation Adjustments under Accumulated Other Comprehensive Income in a separate component of Equity.

(v) Derivatives and Hedging Activities

IBJL Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Interest rate swaps are utilized to manage interest rate risks associated with certain assets and liabilities, including Marketable Securities, Operational Investment Securities, Investment Securities, Short-term Borrowings and Long-term Debt. Foreign currency forward contracts and Non-deliverable forwards are utilized to reduce the risks associated with fluctuations of foreign currency exchange rates. Interest rate and currency swaps are utilized to manage interest rate risks as well as foreign currency risks. IBJL Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the Consolidated Statement of Income and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense.

(w) Consumption Taxes

IBJL and its domestic consolidated subsidiaries are subject to Japanese consumption taxes. Japanese consumption taxes are excluded from the transaction amounts.

(x) Per Share Information

The computation of basic net income per share is based on the weighted-average number of outstanding shares of common stock. Cash dividends per share shown in the Consolidated Statement of Income are the amounts applicable to the respective fiscal years including dividends to be paid after the end of the year.

(y) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

(z) New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

Major changes are as follows:

(1) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) *Treatment in the statement of income and the statement of comprehensive income*

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(3) *Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases*

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (1) and (2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (3) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

IBJL Group applied the revised accounting standard for (1) and (2) above effective March 31, 2014, and expects to apply (3) above from April 1, 2014, and the application of the revised accounting standard for (3) above has no impact on the consolidated financial statements in future applicable periods.

Accounting Standards for Business Combinations and Consolidated Financial Statements—On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are as follows:

Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisioned amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for "transactions with noncontrolling interest," "acquisition-related costs" and "presentation changes in the consolidated financial statements" are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for the presentation changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" is permitted. In retrospective application of the revised standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs," accumulated effects of retrospective adjustments for all "transactions with noncontrolling interest" and "acquisition-related costs" which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application.

In prospective application, the new standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for "provisional accounting treatments for a business combination" is effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

IBJL Group expects to apply the revised accounting standards and guidance from the beginning of the annual period beginning on April 1, 2015, and the impact of applying the revised accounting standards and guidance in future applicable periods is currently unknown.

3. Change in Presentation

Prior to April 1, 2013, Bond Issue Costs was included in "Other—net" in the Other Income (Expenses) section in the Consolidated Statement of Income. Since during the fiscal year ended March 31, 2014, such amount is disclosed separately in the Other Income (Expenses) section in the Consolidated Statement of Income as the amount increased significantly. The amount included in "Other—net" in the Other Income (Expenses) section for the year ended March 31, 2013, was ¥51 million.

4. Marketable Securities, Operational Investment Securities and Investment Securities

(1) Available-for-sale Securities whose fair values are readily determinable as of March 31, 2014 and 2013 were as follows:

Available-for-sale Securities

Securities with carrying amounts exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2014			2013			2014		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 10,795	¥ 6,046	¥ 4,748	¥ 8,351	¥ 5,413	¥ 2,938	$ 104,893	$ 58,751	$ 46,142
Bonds									
Corporate Bonds	6,834	6,438	396	7,188	6,438	750	66,402	62,553	3,849
Other	9,008	8,634	374	9,280	8,725	554	87,527	83,892	3,635
Total	¥ 26,638	¥ 21,118	¥ 5,519	¥ 24,819	¥ 20,576	¥ 4,243	$ 258,822	$ 205,196	$ 53,626

Securities with carrying amounts not exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2014			2013			2014		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 514	¥ 596	¥ (81)	¥ 985	¥ 1,170	¥ (185)	$ 5,001	$ 5,795	$ (794)
Bonds									
Corporate Bonds	—	—	—	—	—	—	—	—	—
Other	387	407	(20)	109	128	(19)	3,762	3,957	(195)
Total	¥ 901	¥ 1,003	¥ (101)	¥ 1,094	¥ 1,299	¥ (205)	$ 8,763	$ 9,752	$ (989)

(2) Proceeds from sales of available-for-sale Securities for the years ended March 31, 2014 and 2013 were ¥3,463 million ($33,657 thousand) and ¥38 million, respectively. Gross realized gains on these sales were ¥319 million ($3,103 thousand) and ¥2 million for the years ended March 31, 2014 and 2013, respectively.

(3) IBJL Group recorded impairment losses on investment securities of ¥44 million ($433 thousand) and ¥13 million for the years ended March 31, 2014 and 2013, respectively.

5. Operating Assets

(1) Operating Assets as of March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Leasing: (*1)			
Finance Lease	¥ 753,774	¥ 728,928	$ 7,323,888
Operating Lease	55,725	51,306	541,443
Leasing total	809,499	780,234	7,865,331
Installment Sales (*2)	133,267	113,939	1,294,862
Loans and Factoring	359,530	320,143	3,493,302
Other	40,749	48,798	395,931
Total Operating Assets	¥ 1,343,046	¥ 1,263,116	$ 13,049,426

(*1) Leasing total consists of the aggregate of "Lease Receivables and Investments in Lease", "Leased Assets" and "Intangible Leased Assets" on the Consolidated Balance Sheet at the year-end.

(*2) Installment Sales represent "Installment Sales Receivables" less "Deferred Profit on Installment Sales" on the Consolidated Balance Sheet at the year-end.

(2) The total amounts of new contracts entered into during the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Leasing:			
Finance Lease	¥ 288,303	¥ 289,701	$ 2,801,239
Operating Lease	17,435	17,900	169,406
Leasing total	305,738	307,601	2,970,645
Installment Sales (*1)	79,116	64,836	768,717
Loans and Factoring	445,807	411,299	4,331,593
Other	7,006	20,514	68,080
Total	¥ 837,669	¥ 804,252	$ 8,139,035

(*1) The amount of Installment Sales is shown as "Installment Sales Receivables" less "Deferred Profit on Installment Sales".

6. Pledged Assets

Assets pledged as collateral as of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Lease Receivables and Investments in Lease	¥ 17,319	$ 168,276
Factoring Receivables	22	217
Total	¥ 17,341	$ 168,493

Liabilities secured by the above assets as of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Current Portion of Long-term Debt	¥ 775	$ 7,533
Long-term Debt	16,566	160,960
Total	¥ 17,341	$ 168,493

7. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2014 and 2013 was as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2014	2013	2014	2014
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	¥ 295,415	¥ 233,548	$ 2,870,340	0.53%
Commercial Paper	414,900	410,200	4,031,286	0.11%
Total	¥ 710,315	¥ 643,748	$ 6,901,626	
Current Portion of Long-term Debt				
Long-term Debt from banks and other financial institutions	¥ 158,109	¥ 195,539	$ 1,536,237	0.75%
Payables under securitized lease receivables due within one year	40,022	41,055	388,868	0.14%
Total	¥ 198,131	¥ 236,594	$ 1,925,105	

(2) "Long-term Debt" as of March 31, 2014 and 2013 was as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2014	2013	2014	2014
Long-term Debt				
Bonds payable	¥ 30,000	¥ 10,000	$ 291,489	0.267-0.348%
Long-term Debt from banks and other financial institutions	287,827	286,099	2,796,612	0.71%
Payables under securitized lease receivables due over one year	—	22	—	—
Total	¥ 317,827	¥ 296,121	$ 3,088,101	

(*1) IBJL Group has entered into overdraft contracts that provided IBJL Group with overdraft facilities with 62 and 61 financial institutions as of March 31, 2014 and 2013, respectively, and amounting to ¥577,280 million ($5,609,017 thousand) and ¥522,380 million, respectively. The unused facilities maintained by IBJL Group as of March 31, 2014 and 2013 amounted to ¥294,530 million ($2,861,738 thousand) and ¥299,334 million, respectively.

(*2) "Payables under securitized lease receivables" is a type of financing based on the law for the regulation of specific claims. The lease receivables sold under this law as of March 31, 2014 and 2013 were ¥42,276 million ($410,774 thousand) and ¥43,939 million, respectively.

(*3) The aggregate annual maturities of "Long-term Debt" as of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Years Ending March 31	2014	2014
2016	¥ 124,351	$ 1,208,238
2017	93,114	904,724
2018	32,360	314,429
2019	28,680	278,672
2020 and thereafter	39,319	382,038
Total	¥ 317,827	$ 3,088,101

8. Retirement and Pension Plans

Outline of plans

IBJL and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

Year ended March 31, 2014

Defined benefit plan

(1) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥ 5,348	$ 51,966
Current service cost	289	2,817
Interest cost	66	642
Actuarial losses	67	656
Benefits paid	(205)	(1,997)
Balance at end of year	¥ 5,566	$ 54,084

(*1) Certain consolidated subsidiaries that have lump-sum severance payment plans use the simplified method in determining the projected benefit obligations.

(2) The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥ 2,910	$ 28,283
Expected return on plan assets	28	273
Actuarial losses	256	2,493
Contributions from the employer	165	1,609
Benefits paid	(123)	(1,201)
Balance at end of year	¥ 3,237	$ 31,457

(3) Reconciliation between the liability recorded in the Consolidated Balance Sheet and the balances of defined benefit obligation and plan assets as of March 31, 2014

	Millions of yen	Thousands of U.S. dollars
Funded defined benefit obligation	¥ 3,463	$ 33,648
Plan assets	(3,237)	(31,457)
	225	2,191
Unfunded defined benefit obligation	2,103	20,435
Net liability arising from defined benefit obligation	¥ 2,328	$ 22,626

	Millions of yen	Thousands of U.S. dollars
Liability for retirement benefits	¥ 2,328	$ 22,626
Net liability arising from defined benefit obligation	¥ 2,328	$ 22,626

(4) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 289	$ 2,817
Interest cost	66	642
Expected return on plan assets	(28)	(273)
Recognized actuarial losses	12	125
Net periodic benefit costs	¥ 340	$ 3,311

(*1) Service cost includes retirement benefits expenses of certain consolidated subsidiaries that use the simplified method.

(5) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

	Millions of yen	Thousands of U.S. dollars
Unrecognized actuarial losses	¥ 100	$ 977
Total	¥ 100	$ 977

(6) Plan assets as of March 31, 2014

a. Components of plan assets

Plan assets consisted of the following:

	Percentage
Domestic debt investments	18.6%
Domestic equity investments	21.3
Foreign debt investments	8.4
Foreign equity investments	17.1
Insurance assets (general account)	30.5
Others	4.1
Total	100.0%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return that are expected currently and in the future from the various components of the plan assets.

(7) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	1.22-1.40%
Expected rate of return on plan assets	1.34-2.50%

Defined contribution plan

Contributions to the defined contribution pension plan were ¥56 million ($550 thousand).

Year ended March 31, 2013

The liability for retirement benefits at March 31, 2013, consisted of the following:

	Millions of yen
Projected benefit obligations	¥ 5,348
Plan assets	(2,910)
Unfunded projected benefit obligations	2,437
Unrecognized actuarial differences	(101)
Net Liability	¥ 2,336

(*1) Certain consolidated subsidiaries that have lump-sum severance payment plans use the simplified method in determining the projected benefit obligations.

The components of net periodic benefit costs for the year ended March 31, 2013 were as follows:

	Millions of yen
Service Cost	¥ 310
Interest Cost	61
Expected Return on Plan Assets	(23)
Amortization of Actuarial Differences	34
Payment of employer contributions to the defined contribution pension plan	56
Net Retirement Benefits Expenses	¥ 439

(*1) Service Cost includes retirement benefits expenses of certain consolidated subsidiaries that use the simplified method.

Assumptions used in calculation of the above information were as follows:

Discount rate	1.22-1.40%
Expected rate of return on plan assets	0.89-2.50%
Allocation method for estimated retirement benefits	Periodic Straight-line method
Amortization period of unrecognized actuarial differences	From 10 to 15 years

9. Income Taxes

IBJL and certain consolidated subsidiaries are subject to a number of taxes based on income, which, in the aggregate, resulted in a normal effective statutory tax rate in Japan of approximately 38.0% for the years ended March 31, 2014 and 2013.

Deferred Tax Assets and Liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred Tax Assets:			
Allowance for Doubtful Receivables	¥ 1,942	¥ 3,917	$18,871
Depreciation	1,250	1,365	12,148
Liability for Employees' Retirement Benefits	385	390	3,745
Write-off of Securities	198	320	1,927
Accrued Enterprise Tax	161	280	1,573
Other	2,343	2,103	22,772
Deferred Tax Assets Subtotal	6,281	8,378	61,036
Valuation Allowance	(470)	(622)	(4,570)
Total Deferred Tax Assets	5,811	7,755	56,466
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale Securities	(1,868)	(1,381)	(18,157)
Investments in Lease	(406)	(568)	(3,951)
Other	(332)	(209)	(3,233)
Total Deferred Tax Liabilities	(2,608)	(2,159)	(25,341)
Net Deferred Tax Assets	¥ 3,203	¥ 5,596	$ 31,125

Balance reported on the Consolidated Balance Sheets:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred Tax Assets:			
Current Assets	¥ 1,433	¥ 1,801	$ 13,929
Investments and Other Assets	1,866	3,841	18,134
Deferred Tax Liabilities			
Current Liabilities	—	(46)	—
Long-term Liabilities	(96)	—	(938)
Net Deferred Tax Assets	¥ 3,203	¥ 5,596	$ 31,125

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying Consolidated Statement of Income for the years ended March 31, 2014 and 2013 is not presented as the differences are less than 5% of the effective statutory tax rate.

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014 from approximately 38.0% to 35.6%. The effect of this change was to decrease Deferred Tax Assets by ¥88 million ($858 thousand) in the Consolidated Balance Sheet as of March 31, 2014, and to increase Income Taxes-Deferred by ¥90 million ($876 thousand) in the Consolidated Statement of Income for the year then ended. This change also increased Unrealized Gain (Loss) on Available-for-sale Securities by ¥2 million ($22 thousand) and decreased Deferred Gain (Loss) on Derivatives under Hedge Accounting by ¥0 million ($5 thousand) in the Consolidated Balance Sheet as of March 31, 2014.

10. Commitments and Contingent Liabilities

(1) Commitments

IBJL Group had loan commitment agreements as of March 31, 2014 and 2013 amounting to ¥934 million ($9,083 thousand) and ¥16,002 million, respectively. The loans provided under these credit facilities as of March 31, 2014 and 2013 amounted to ¥561 million ($5,454 thousand) and ¥2,290 million, respectively. Many of these facilities expire without being utilized and the related borrowings are subject to periodic reviews of the borrowers' credibility. Any unused amount will not necessarily be utilized in full.

(2) Contingent Liabilities

Contingent Liabilities as of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Guarantee Obligations with respect to operating activities (*1)	¥ 29,062	$ 282,378
Other Guarantee Obligations	9,729	94,531
Accruals for Debt Guarantees	(70)	(683)
Total	¥ 38,721	$ 376,226

(*1) The amount includes bank loans and trade receivables provided by Mizuho Bank, Ltd. and others, which are guaranteed by IBJL Group.

11. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividends upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if IBJL has prescribed so in its articles of incorporation. However, IBJL cannot do so because it does not meet (4) of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserves and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserves may be reversed without limitation. The Companies Act also provides that common stock, legal reserves, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

12. Capital Increase

IBJL newly issued 5,000,000 shares (issue price per share: ¥2,199) by way of public offering on September 9, 2013 followed by the additional issuance of 800,000 shares (issue price per share: ¥2,108.28) by third-party allotment on September 20, 2013. As a result of these issuances, Common Stock and Capital Surplus increased by ¥6,114 million ($59,405 thousand) each. In addition, IBJL disposed 650,000 shares of treasury stock (dispose price per share: ¥2,199) on September 9, 2013. As a result of the disposition, Capital Surplus increased by ¥291 million ($2,834 thousand) and Treasury Stock decreased by ¥1,078 million ($10,481 thousand).

13. Selling, General and Administrative Expenses

Major components of Selling, General and Administrative Expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Provision for Doubtful Receivables	¥ 856	¥ 415	$ 8,321
Write-off of Bad Debts	20	3,567	201
Salaries and Wages	7,460	7,273	72,490
Provision for Bonus Payments	609	645	5,922
Provision for Bonus Payments to Directors	76	65	740
Retirement Benefits Costs for Employees	397	439	3,861
Retirement Allowance for Directors and Audit & Supervisory Board members	11	28	109
Depreciation of Software	1,671	1,711	16,240
Depreciation for Own-used Assets	212	230	2,060

14. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures", an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity whose separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The reportable segments of IBJL Group are those for which separate financial information is available and regular evaluation by IBJL management is being performed in order to decide how resources are allocated among the IBJL Group.

IBJL Group provides total financial services to a wide range of customers from large companies to small and medium-sized companies. IBJL Group has four business segments based on its services: "Leasing", "Installment Sales", "Loans" and "Other".

The Leasing segment is engaged in leasing services (leasing and renting) for industrial machinery, transportation equipment and information-related equipment (including sales of subject properties upon expiration or cancellation of lease agreements). The Installment Sales segment is engaged in installment sales of production equipment, construction and engineering machinery, and commercial equipment. The Loans segment is engaged in corporate finance, vessel finance and factoring services. The Other segment is engaged in investing in securities that are held for the purpose of generating operational revenues, as well as engaged in insurance agent services and assurance services.

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies".

(3) Information about sales, profit (loss), assets, liabilities and other items for the years ended March 31, 2014 and 2013 was as follows:

Millions of yen

2014	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 315,981	¥ 25,576	¥ 6,727	¥ 6,493	¥ 354,779	¥ —	¥ 354,779
Intersegment sales and transfers	219	292	229	80	822	(822)	—
Total	316,200	25,868	6,957	6,574	355,601	(822)	354,779
Operating Expenses	298,471	25,385	6,197	4,510	334,565	3,512	338,077
Segment Profit (Loss)	¥ 17,729	¥ 483	¥ 759	¥ 2,063	¥ 21,036	¥ (4,334)	¥ 16,701
Segment Assets	¥ 857,704	¥ 146,872	¥ 390,566	¥ 47,204	¥ 1,442,348	¥ 19,835	¥ 1,462,183
Others							
Depreciation and Amortization	8,786	—	—	—	8,786	1,883	10,670
Capital Expenditure	17,515	—	—	—	17,515	871	18,386

Millions of yen

2013	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 327,324	¥ 15,110	¥ 6,979	¥ 3,077	¥ 352,492	¥ —	¥ 352,492
Intersegment sales and transfers	180	312	239	75	808	(808)	—
Total	327,505	15,423	7,218	3,153	353,300	(808)	352,492
Operating Expenses	308,499	14,547	8,803	2,402	334,253	3,573	337,826
Segment Profit (Loss)	¥ 19,006	¥ 875	¥ (1,584)	¥ 750	¥ 19,047	¥ (4,381)	¥ 14,665
Segment Assets	¥ 824,789	¥ 126,704	¥ 347,920	¥ 53,831	¥ 1,353,245	¥ 19,000	¥ 1,372,246
Others							
Depreciation and Amortization	12,314	—	—	—	12,314	1,941	14,256
Capital Expenditure	17,857	—	—	—	17,857	1,513	19,370

Thousands of U.S. dollars

2014	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	$ 3,070,167	$ 248,507	$ 65,371	$ 63,092	$ 3,447,137	$ —	$ 3,447,137
Intersegment sales and transfers	2,132	2,843	2,231	786	7,992	(7,992)	—
Total	3,072,299	251,350	67,602	63,878	3,455,129	(7,992)	3,447,137
Operating Expenses	2,900,038	246,651	60,219	43,828	3,250,736	34,123	3,284,859
Segment Profit (Loss)	$ 172,261	$ 4,699	$ 7,383	$ 20,050	$ 204,393	$ (42,115)	$ 162,278
Segment Assets	$ 8,333,705	$ 1,427,050	$ 3,794,856	$ 458,654	$ 14,014,265	$ 192,726	$ 14,206,991
Others							
Depreciation and Amortization	85,374	—	—	—	85,374	18,300	103,674
Capital Expenditure	170,187	—	—	—	170,187	8,466	178,653

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Elimination of intersegment transactions	¥ (340)	¥ (353)	$ (3,307)
Administrative expenses not allocated to the reportable segments	(3,994)	(4,027)	(38,808)
Total	¥ (4,334)	¥ (4,381)	$ (42,115)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Elimination of intersegment transactions	¥ (6,282)	¥ (5,688)	$ (61,044)
Corporate assets not allocated to the reportable segments	26,118	24,688	253,770
Total	¥ 19,835	¥ 19,000	$ 192,726

(*3) Reconciliations of “Depreciation and Amortization” and “Capital Expenditure” are related to corporate assets not allocated to the reportable segments.

(*4) Segment Profits are reconciled to Operating Income in the Consolidated Statement of Income.

(4) Impairment loss of long-lived assets or goodwill per reportable segment:
Not applicable

15. Lease Transactions

Operating Leases as lessee

The minimum rental commitments under non-cancellable operating leases at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due within one year	¥ 9	¥ 7	$ 87
Due after one year	14	6	143
Total	¥ 23	¥ 14	$ 230

Finance Leases as lessor

(1) The net investments in lease were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Lease contract receivables	¥ 730,960	¥ 721,924	$ 7,102,224
Estimated residual value	1,824	1,876	17,727
Interest income equivalents	(32,214)	(29,743)	(313,009)
Total	¥ 700,570	¥ 694,057	$ 6,806,942

(2) Maturities of Lease Receivables for finance leases that were deemed to transfer ownership of the leased property to the lessee were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
2015	¥ 14,899	$ 144,765
2016	13,067	126,972
2017	13,140	127,674
2018	9,261	89,982
2019	3,141	30,520
2020 and thereafter	2,668	25,928
Total	¥ 56,177	$ 545,841

(3) Maturities of Investments in Lease for finance leases that were deemed not to transfer ownership of the leased property to the lessee were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
2015	¥ 236,373	$ 2,296,671
2016	182,717	1,775,334
2017	129,924	1,262,388
2018	76,847	746,672
2019	44,428	431,680
2020 and thereafter	60,669	589,479
Total	¥ 730,960	$ 7,102,224

(4) The beginning balance of Investments in Lease for finance leases that were deemed not to transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008, is an amount equal to the net carrying value (net of accumulated depreciation) of lease assets at the end of the preceding year in the year of initial application of the new accounting standard. Interest income equivalents for Investments in Lease (assets) are allocated on a straight-line basis over the remaining useful life of the assets after the initial application of the new accounting standard.

The effect of this accounting treatment was to increase Operating Income, and Income before Income Taxes and Minority Interests by ¥961 million ($9,341 thousand), compared to the case if the new accounting standard would have been retrospectively applied to all prior years up to the date of lease inception.

Operating Leases as lessor

Future lease receivables under non-cancellable operating leases were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due within one year	¥ 16,249	¥ 13,012	$ 157,880
Due after one year	22,683	20,968	220,397
Total	¥ 38,932	¥ 33,980	$ 378,277

Sub-lease transactions

Among the receivables and obligations relating to the sub-lease transactions, the amounts before deducting interest equivalents and included in the Consolidated Balance Sheet as of March 31, 2014 were summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Investments in Lease	¥ 10,845	$ 105,376
Lease Payable	11,277	109,579

16. Financial Instruments and Related Disclosures

(1) Policy for financial instruments

IBJL Group provides comprehensive financial services including leasing, installment sales and loans. From the perspective of financial stability, IBJL Group diversifies its funding sources. In addition to the indirect funding from financial institutions, IBJL Group utilizes direct funding such as issuing bonds, commercial paper and securitization of lease receivables. In relation to the maturity of funding, IBJL Group makes effort to reduce finance costs by mixing the long-term and short-term loans, depending upon the financial environment. Further, IBJL Group implements integrated Asset-Liability Management (ALM). Derivatives are used to avoid fluctuation risks such as interest rates and to secure stable profits.

(2) Nature and extent of risks arising from financial instruments

Financial assets held by IBJL Group mainly consist of lease receivables and investments in lease, installment sales receivables, loans receivables, and factoring receivables mainly due from domestic business companies. These assets are exposed to the credit risks triggered by a contractual default of a counterparty to the transactions. In the case of deterioration in the credit conditions of counterparties caused by a change in economic conditions or the environment, it is possible that the performance of obligations under the contract may not be fulfilled. In addition, marketable securities and investment securities are mainly comprised of stocks, bonds, preferred equities and investments in partnerships. Stocks are held for the purpose of strengthening relationships with trade customers and financial institutions and are exposed to market price fluctuation risks in addition to the credit risk of issuers of the stocks. Bonds consist of specified bonds, etc., under the Asset

Liquidation Law. Similarly, preferred stocks and investments in partnerships represent equity mainly in real estate securitization vehicles. Because these investments are backed by the profits generated by real estate, they are exposed to the risk of price fluctuations in the real estate market.

Borrowings, bonds and commercial paper are exposed to the liquidity risk that agile access to funds may close due to a change in the financial market environment. Interest rate swap transactions are employed for floating interest rate funding to avoid interest rate fluctuation risk.

Derivative transactions are mainly composed of interest rate swaps arranged as a part of ALM. IBJL Group enters into interest rate swap transactions as a hedging instrument and applies hedge accounting to the interest rate fluctuation risk associated with interest bearing debt such as bank loans. It is IBJL Group policy to utilize hedge transactions within the level of subject debt to reduce interest rate risks and to improve cash flow from financial activities. The effectiveness of the hedge transactions are assessed by comparing the changes in the market price and cumulative cash flows between the hedging instrument and the hedged item from the beginning of the hedge to the time of assessment.

IBJL Group utilizes derivative transactions such as Non-deliverable forwards and foreign currency forward contracts for exchange risks associated with other certain assets and liabilities denominated in foreign currencies in order to avoid excessive risks.

(3) Risk management for financial instruments

(a) Integrated risk management

IBJL Group places an extremely high priority on integrated monitoring and control of total financial risks including credit risks and market risks which consist of interest rate risk and share price fluctuation risk. Thus IBJL Group incorporates an integrated risk management system into our management policy in order to improve the stability of business. Namely, IBJL Group manages various quantified risks in an integrated fashion to control the total amount of risks under a certain level of net equity (business capacity) of the company. In addition, the measurement of risks is made monthly and the monitoring results are reported to the Board of Directors.

(b) Credit risk management

IBJL Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit to manage the credit risks of business partners.

Firstly, at the initial stage of deal execution, IBJL Group grants a credit rating for each debtor under its client credit rating system and conducts a strict credit screening, makes judgments on contract arrangement based on the prospects of future value of leasing assets and, from the perspective of the avoidance of excessive concentrations of credit, IBJL Group monitors credit administration ceiling by using our credit monitoring systems by ratings. Furthermore, when IBJL Group starts dealing with new services or new products, IBJL Group thoroughly reviews the identification and evaluation of inherent risks made by the New Product Committee, whose members include executives in charge of control units. Any large contract and matters requiring complex risk judgment are deliberated and decided by the Credit Committee, whose members include the representative director and executives in charge of screening. By these means, IBJL Group reinforces risk management. Additionally, as an ongoing management measure IBJL Group provides necessary write-offs or allowances in accordance with the self-assessment rules for assets conforming to the financial inspection manual published by the Financial Services Agency, as recommended by “Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry”. Furthermore, regarding credit risk management for the portfolio as a whole, through the quantification of the volume of the risk based on the credit rating of business customers, IBJL Group endeavors to minimize credit costs. Also, IBJL Group periodically follows up on non-performing assets and performs debt collection of assets for which IBJL Group has already provided reserves to facilitate final disposal of non-performing assets.

(c) Market risk management

IBJL Group establishes basic policies (e.g., funding policy, setting program for commercial paper, hedging policy, securities trading policy) that are designed based on market environments and financial strength at the Board of Directors meeting to control risks in line with financial operations. In addition, monthly ALM operating policies based on the basic policies, various kinds of position limits, and loss limits, etc. are determined on a monthly basis at the ALM Committee meeting, whose members include executives in charge of relevant departments, and IBJL Group strives to maintain stable earnings by controlling risk factors. Also, with regard to market transactions, in order to maintain a mutual check system, IBJL Group separately established the risk control department that is independent from departments that are responsible for executions or for approval of delivery settlement.

(i) Interest rate risk management

In order to manage interest rate risk, IBJL Group monitors the matching ratio (i.e., proportion of assets that is not exposed to interest rate fluctuation risk without allocation of the matching fixed/floating interest bearing debt to entire assets) under ALM. Also, IBJL Group quantifies the interest rate and maturity of financial assets and liabilities based on *BPV (Basis Point Value). IBJL Group analyzes and monitors them using a statistical technique such as *VaR (Value at Risk).

In addition, the status of compliance to the rules etc. is managed by the risk control department.

Sensitivity to interest rate (10BPV) interest rate risk volume (VaR) figures in IBJL Group as of March 31, 2014 and 2013, is as shown below. The Internal Models Approach applied to measure VaR is based on the assumption that past price fluctuation follows normal distribution and the model calculates variance and covariance, based on which IBJL Group estimates maximum losses statistically (variance/covariance method).

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Sensitivity to interest rate (10BPV)	¥ (1,510)	¥ (1,380)	$ (14,672)
Interest rate risk volume (VaR)	¥ 1,230	¥ 880	$ 11,951

The VaR measurement method is as follows:

Variance covariance model for linear risk

Quantitative criteria:

(1) Confidence interval: 99%;

(2) Holding period of 1 month; and

(3) Historical observation period of one year

(ii) Price fluctuation risk management of securities such as stock

Relating to the price fluctuation risk of securities, the risk management department captures the volume of the risk using VaR. In addition, it monitors the status of compliance with our internal rules. VaR measurements in IBJL Group are shown below. To measure the VaR, IBJL Group created a model that shows price fluctuation of each stock based on the stock price index fluctuation. IBJL Group adopted the stock price fluctuation model that sets the stock price index fluctuation ratio represented by the risk factor of general market risk. Also, the inherent fluctuation portion of each stock that is unable to be shown by the stock price index is set as a risk factor of individual risk in our model.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Price variation risk of stock (VaR)	¥ 0	¥ 2	$ 0

(Note) VaR value shown above reflects annual realized profit or loss (including impairment loss) and unrealized profit or loss, net of corporate income taxes.

VaR measurement method is as follows:

Quantitative criteria;

(1) Confidence interval: 99%;

(2) Holding period of 1 month; and

(3) Historical observation period of one year

Market price at the measurement date is employed for marketable securities. Acquisition costs or the amortized cost method is used for other securities. General market risk (risk of suffering losses due to stock market movement) and individual risk (price variance risk due to factors associated with the issuer of stock) are calculated and combined. Individual risk for non-marketable securities is calculated assuming that the fluctuation ratio is 8%.

(iii) Derivative transactions

The derivative transactions carried out by IBJL Group mainly consist of interest rate swaps, entered as a part of ALM, to hedge the interest rate fluctuation risks. The operating policy of hedging is determined at the monthly ALM council to control the risk of assets exposed to interest rate fluctuation. Also, from the operational control perspective, in order to ensure a checking function, IBJL Group adopts an organization clearly separating the transaction execution department from the market risk control department which is responsible for evaluation of the effectiveness of hedging transactions and the operations department which is responsible for delivery settlement. For the use of derivative transactions, IBJL Group enters into such transactions only with major financial institutions in order to mitigate counterparty risks.

(d) Other price fluctuation risk management

The risk mainly consists of real estate price fluctuation risks for specified bonds, preferred shares, investments in partnerships and non-recourse loans relating to a real estate finance vehicle. The risk is managed by estimating the fair value of real estate at exit and monitoring the quantified risk for loss of principal.

(e) Liquidity risk management

IBJL Group manages liquidity risk by diversifying the method of funding and balancing its long-term and short-term funding needs, depending upon the market environment.

(4) Supplemental explanation for quantitative information concerning market risk

Because quantitative information concerning market risk is based on statistical assumptions, the quantitative information may differ depending upon the quantitative basis and measurement method assumed. Also, the quantitative information is a statistical result based on certain assumptions. It is not intended to show the expected maximum losses. Because future market situations may differ considerably from past situations, there are many limitations on the quantitative data that are estimated using observation values of past data.

(Glossary)

*BPV: BPV is one of the interest rate risk indices indicating the change in present value of subject assets or liabilities given a basis point (0.01%) change in interest rates. IBJL Group adopts 10 basis points (0.1%) as the basis for change of value.

*VaR: VaR is a technique for estimating the probable maximum portfolio losses as a volume of risk when the market is affected adversely based on the statistical analysis of historical data under a given time and probability (99% one sided confidence interval).

(5) Supplemental explanation for fair values of financial instruments

Fair values of financial instruments are based on the quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Such prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

(a) Fair values of financial instruments

Millions of yen

March 31,	2014			2013		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	¥ 35,954	¥ 35,954	¥ —	¥ 29,245	¥ 29,245	¥ —
Securities (*1)						
Available-for-sale Securities	27,539	27,539	—	25,914	25,914	—
Lease Receivables and Investments in Lease (*2) (*3) (*4) (*5)	746,304	760,734	14,429	721,308	732,969	11,660
Installment Sales Receivables (*2) (*6)	132,828	135,857	3,029	113,688	116,801	3,113
Loans Receivables (*2)	244,110	255,217	11,107	210,414	220,857	10,443
Factoring Receivables (*2) (*7)	114,430	116,193	1,762	106,718	108,597	1,879
Long-term Receivables (*8)	9,097	9,097	—	15,363	15,363	—
Assets total	¥ 1,310,265	¥ 1,340,594	¥ 30,329	¥ 1,222,652	¥ 1,249,749	¥ 27,096
Short-term Borrowings	¥ 710,315	¥ 710,307	¥ 8	¥ 643,748	¥ 643,761	¥ (13)
Lease Payable	11,278	11,262	15	14,062	14,046	15
Accounts Payable — trade	76,625	76,192	432	59,769	59,262	506
Long-term Debt (*9)	515,959	517,074	(1,115)	532,715	534,164	(1,448)
Liabilities total	¥ 1,314,177	¥ 1,314,837	¥ (659)	¥ 1,250,295	¥ 1,251,235	¥ (939)
Hedge accounting is not applied (*10)	¥ (676)	¥ (676)	¥ —	¥ (406)	¥ (406)	¥ —
Hedge accounting is applied (*10)	491	491	—	(184)	(184)	—
Derivative transactions total	¥ (185)	¥ (185)	¥ —	¥ (591)	¥ (591)	¥ —

March 31,	Thousands of U.S. dollars 2014		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	$ 349,341	$ 349,341	$ —
Securities (*1)			
Available-for-sale Securities	267,585	267,585	—
Lease Receivables and Investments in Lease (*2) (*3) (*4) (*5)	7,251,306	7,391,510	140,204
Installment Sales Receivables (*2) (*6)	1,290,595	1,320,032	29,437
Loans Receivables (*2)	2,371,844	2,479,767	107,923
Factoring Receivables (*2) (*7)	1,111,842	1,128,969	17,127
Long-term Receivables (*8)	88,395	88,395	—
Assets total	$ 12,730,908	$ 13,025,599	$ 294,691
Short-term Borrowings	$ 6,901,626	$ 6,901,548	$ 78
Lease Payable	109,580	109,427	153
Accounts Payable — trade	744,513	740,312	4,201
Long-term Debt (*9)	5,013,206	5,024,046	(10,840)
Liabilities total	$ 12,768,925	$ 12,775,333	$ (6,408)
Hedge accounting is not applied (*10)	$ (6,576)	$ (6,576)	$ —
Hedge accounting is applied (*10)	4,777	4,777	—
Derivative transactions total	$ (1,799)	$ (1,799)	$ —

(*1) Securities include Marketable Securities, Operational Investment Securities and Investment Securities.
(*2) Lease Receivables and Investments in Lease, Installment Sales Receivables, Loans Receivables and Factoring Receivables are stated net of Allowance for Doubtful Receivables.
(*3) Investments in Lease are stated net of estimated residual value of lease assets for finance leases that were deemed not to transfer ownership of the leased property to the lessee.
(*4) The beginning balance of Investments in Lease for finance leases that were deemed not to transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008, is an amount equal to the net carrying value (net of accumulated depreciation) of lease assets at the end of the preceding year in the year of initial application of the new accounting standard. Therefore, the carrying amount is different from the amount that is expected to be recovered.
(*5) Unearned lease payments received are not included in Lease Receivables and Investments in Lease.
(*6) Installment Sales Receivables are stated net of Deferred Profit on Installment Sales.
(*7) Factoring Receivables whose fair values are not measured under disclosure requirements in Japan are not included in the above table.
(*8) Long-term Receivables are stated net of Allowance for Doubtful Receivables.
(*9) Current Portion of Long-term Debt is included.
(*10) Assets and liabilities incurred resulting from derivative transactions are netted and liability items are presented in parenthesis.

Methods for determining the fair values of financial instruments are as follows:

(a) Cash and Cash Equivalents

The carrying values of bank deposits approximate fair values because of their short maturities.

(b) Marketable Securities, Operational Investment Securities and Investment Securities

The fair values of securities are measured at the quoted market price of the stock exchange for the equity instruments. The fair values of bonds are measured at the quoted price obtained from the financial institution for the debt instruments, or are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread. Fair value information for securities by classifications is included in Note 4. Marketable Securities, Operational Investment Securities and Investment Securities.

(c) Lease Receivables and Investments in Lease

The fair values of Lease Receivables and Investments in Lease are principally determined by discounting the future cash flows (lease payments received less maintenance fees), by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(d) Installment Sales Receivables

The fair values of Installment Sales Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(e) Loans Receivables and Factoring Receivables

The fair values of Loans Receivables and Factoring Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(f) Long-term Receivables

The carrying values of Long-term Receivables at the balance sheet date (net of Allowance for Doubtful Receivables) approximate fair values, because the Allowance for Doubtful Receivables is determined based on the amount that is expected to be recovered from collateral and guarantees.

(g) Short-term Borrowings

The fair values of Short-term Borrowings are measured at the amount of principal plus interest to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(h) Lease Payable

The fair values of Lease Payable are principally determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(i) Accounts Payable — trade

The carrying values of Accounts Payable - trade approximate fair values because they are settled within a short period. The fair values of long-term Accounts Payable are determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(j) Long-term Debt

Bonds Payable

The fair values of Bonds Payable are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Long-term Debt from banks and other financial institutions

The fair values of Long-term Debt from banks and other financial institutions are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Payables under Securitized Lease Receivables

The fair values of Long-term Debt under Securitized Lease Receivables are determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus spread for securitization.

(k) Derivatives

Fair value information for derivatives is included in Note 17.

(b) Carrying amount of financial instruments whose fair values cannot be readily determined

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Unlisted Stocks (*1) (*2)	¥ 9,695	¥ 7,123	$ 94,206
Funds, Investments in Partnerships (*3)	25,957	27,921	252,213
Preferred Equities (*4)	607	7,775	5,902
Other (*4)	1,335	800	12,974

(*1) As unlisted stocks do not have quoted market prices in an active market and their fair values cannot be readily determined, they are excluded from the disclosure of market value information.

(*2) The impairment loss on certain unlisted stocks for the year ended March 31, 2014 and 2013 was ¥18 million ($179 thousand) and ¥13 million, respectively.

(*3) As investments in funds and partnerships are composed of financial instruments whose fair values cannot be readily determined, such as unlisted stocks, they are excluded from the disclosure of market value information.

(*4) As these financial instruments do not have quoted market prices in an active market and their fair values cannot be readily determined, they are excluded from the disclosure of market value information.

(6) Maturity analysis for financial assets and securities with contractual maturities

March 31, 2014	Millions of yen Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and Cash Equivalents	¥ 35,954	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities						
Bonds						
Corporate Bonds	4,000	—	—	2,138	—	300
Other	18,646	4,175	—	1,063	4,566	6,234
Lease Receivables and Investments in Lease	240,975	189,048	138,607	83,842	47,486	53,814
Installment Sales Receivables	50,266	32,506	24,305	15,774	7,539	3,384
Loans Receivables	64,456	46,686	38,292	28,930	26,723	39,753
Factoring Receivables (*1)	94,825	8,873	3,353	2,813	1,676	3,044
Total	¥ 509,125	¥ 281,291	¥ 204,558	¥ 134,563	¥ 87,991	¥ 106,531

March 31, 2014	Thousands of U.S. dollars Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and Cash Equivalents	$ 349,341	$ —	$ —	$ —	$ —	$ —
Securities						
Available-for-sale Securities						
Bonds						
Corporate Bonds	38,865	—	—	20,773	—	2,915
Other	181,178	40,571	—	10,337	44,365	60,579
Lease Receivables and Investments in Lease	2,341,391	1,836,851	1,346,745	814,635	461,392	522,874
Installment Sales Receivables	488,406	315,843	236,161	153,274	73,254	32,884
Loans Receivables	626,278	453,622	372,060	281,095	259,650	386,258
Factoring Receivables (*1)	921,352	86,220	32,586	27,340	16,286	29,585
Total	$ 4,946,811	$ 2,733,107	$ 1,987,552	$ 1,307,454	$ 854,947	$ 1,035,095

(*1) Factoring Receivables whose fair values are not measured under the disclosure requirements in Japan are not included in the above table.
(*2) Please see Note 7 for annual maturities of Long-term Debt.

17. Derivatives

Derivative transactions to which hedge accounting is not applied:

Millions of yen

At March 31,	2014				2013			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:								
Selling U.S.$	¥ 67	¥ —	¥ 0	¥ 0	¥ 202	¥ —	¥ (8)	¥ (8)
Buying U.S.$	¥ 61	¥ —	¥ (0)	¥ (0)	¥ 190	¥ —	¥ 8	¥ 8
Non-deliverable forward: Selling Chinese Yuan	¥ 1,894	¥ —	¥ (676)	¥ (676)	¥ 1,984	¥ 1,894	¥ (406)	¥ (406)

Thousands of U.S. dollars

At March 31,	2014			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$	$ 654	$ —	$ 8	$ 8
Buying U.S.$	$ 601	$ —	$ (8)	$ (8)
Non-deliverable forward: Selling Chinese Yuan	$ 18,408	$ —	$ (6,576)	$ (6,576)

(*1) The fair value of derivative transactions is measured at quoted prices obtained from financial institutions.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure IBJL's exposure to credit or market risks.

Derivative transactions to which hedge accounting is applied:

Millions of yen

At March 31,	2014				2013			
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	¥ 54,863	¥ 32,224	¥ (148)	Long-term Debt	¥ 62,153	¥ 54,631	¥ (181)
	Operational Investment Securities	¥ 300	¥ —	¥ (1)	Operational Investment Securities	¥ 300	¥ 300	¥ (2)
Interest rate and currency swaps (payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars)	Short-term Borrowings, Long-term Debt	¥ 4,438	¥ 2,215	¥ 641	Short-term Borrowings, Long-term Debt	¥ —	¥ —	¥ —

Thousands of U.S. dollars

At March 31,	2014			
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	$ 533,070	$ 313,103	$ (1,443)
	Operational Investment Securities	$ 2,915	$ —	$ (16)
Interest rate and currency swaps (payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars)	Short-term Borrowings, Long-term Debt	$ 43,128	$ 21,527	$ 6,236

(*1) The fair value of derivative transactions is measured at quoted prices obtained from the financial institutions.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure IBJL's exposure to credit or market risks.

The following interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 16 is included in that of the hedged items (i.e. Long-term Debt).

Millions of yen

At March 31,	2014			2013		
	Hedged item	Contract Amount	Contract Amount due after One Year	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	¥ 111,440	¥ 74,884	Long-term Debt	¥ 123,381	¥ 78,388

	Thousands of U.S. dollars		
At March 31,	2014		
	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	$ 1,082,791	$ 727,595

18. Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Unrealized Gain on Available-for-sale Securities			
Gains arising during the year	¥ 2,093	¥ 3,126	$ 20,340
Reclassification adjustments to profit or loss	(714)	(655)	(6,939)
Amount before income tax effect	1,379	2,471	13,401
Income tax effect	487	856	4,735
Total	¥ 891	¥ 1,614	$ 8,666
Deferred Loss on Derivatives under Hedge Accounting			
Losses arising during the year	¥ 247	¥ (181)	$ 2,407
Reclassification adjustments to profit or loss	187	62	1,819
Amount before income tax effect	434	(119)	4,226
Income tax effect	113	(44)	1,104
Total	¥ 321	¥ (75)	$ 3,122
Foreign Currency Translation Adjustments			
Adjustments arising during the year	¥ 999	¥ 713	$ 9,711
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	999	713	9,711
Income tax effect	—	—	—
Total	¥ 999	¥ 713	$ 9,711
Share of Other Comprehensive Income in associates			
Gains arising during the year	¥ 175	¥ 136	$ 1,701
Reclassification adjustments to profit or loss	—	—	—
Total	¥ 175	¥ 136	$ 1,701
Total Other Comprehensive Income	¥ 2,387	¥ 2,389	$ 23,200

19. Net Income per Share

Details of basic net income per share ("EPS") for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars	Millions of yen	Thousands of shares	Yen	U.S. dollars
For the year ended March 31,	2014				2013			
	Net income	Weighted average shares	EPS		Net income	Weighted average shares	EPS	
Basic EPS								
Net income available to common shareholders	¥ 10,531	39,779	¥ 264.75	$ 2.57	¥ 8,920	36,198	¥ 246.43	$ 2.39

20. Subsequent Events

Appropriation of Retained Earnings

On May 9, 2014, the Board of Directors of IBJL resolved to propose the payment of the year-end cash dividends to its shareholders registered as of March 31, 2014 as follows:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥28.00 ($0.27) per share	¥ 1,194	$ 11,603

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of IBJ Leasing Company, Limited:

We have audited the accompanying consolidated balance sheet of IBJ Leasing Company, Limited and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IBJ Leasing Company, Limited and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 23, 2014

Member of
Deloitte Touche Tohmatsu Limited

Corporate Information

Corporate Profile (As of March 31, 2014)	
Company Name	IBJ Leasing Company, Limited
Head Office	2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan Tel: +81-3-5253-6511 (main exchange)
Date of Establishment	December 1, 1969
Paid-in Capital	¥17,874,190,000
Number of Employees	Consolidated: 1,036 Non-consolidated: 525
Business Description	Integrated financial services (leasing, rental, installment sales, and financial services related to industrial equipment and machine tools, construction equipment, automobiles, vessels, aircraft, information equipment, medical equipment and real estate)

History	
December 1969	Pacific Lease Company, Limited is established under the initiative of The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.) with the participation of life insurance companies and major companies representing Japanese industries.
January 1972	Begins vendor leases of construction equipment.
December 1972	Begins vessel financing overseas.
November 1981	Changes trading name to IBJ Leasing Company, Limited.
December 1982	Begins leveraged leasing of aircraft.
October 1985	Undertakes Japan's first rolling stock leasing.
July 1993	Undertakes securitization of lease receivables funding using a trust scheme.
April 1998	IBJ Auto Lease Company, Limited is established.
November 1998	Begins full-scale business in structured finance.
February 1999	Acquires Nissan Leasing Co., Ltd. from Nissan Motor Group.
June 2000	Acquires Saison Auto Lease Systems Co., Ltd. from Credit Saison Group (now, IBJ Auto Lease Company, Limited).
December 2000	Awarded ISO 9001 certification for management of business quality (all departments).
June 2001	Acquires Universal Leasing Co., Ltd. from Sankyu Group.
October 2004	Shares listed on the Second Section of the Tokyo Stock Exchange.
September 2005	Designated an issue on the First Section of the Tokyo Stock Exchange.
October 2005	KL Insurance & Co., Ltd. is spun off as a subsidiary specializing in life insurance sales.
March 2006	Acquires Dai-ichi Leasing Co., Ltd. from the Dai-ichi Mutual Life Insurance Group.
September 2006	Acquires The Higashi-Nippon Leasing Corporation from Higashi-Nippon Bank Group.
March 2007	Acquires The Toho Lease Co., Ltd. (Toho Bank Group), making this company an equity-method affiliate.
March 2008	Awarded certification under the ISO 14001 standard for environmental management. (all departments and major domestic Group companies)
July 2008	Acquires Juhachi Sogo Lease Co., Ltd. (The Eighteenth Bank Group), making this company an equity-method affiliate. IBJ Leasing (China) Ltd. is established.
August 2010	PT. IBJ VERENA FINANCE is established in Jakarta, Indonesia.
February 2012	Acquires TF Asset Service Co., Ltd. (now, IBJL-TOSHIBA Leasing Company, Limited and a consolidated subsidiary), a receiver company succeeding the corporate financial services business split off from Toshiba Finance Corporation Acquires Toshiba Medical Finance Co., Ltd (now, a consolidated subsidiary)

Stock Information

(As of March 31, 2014)

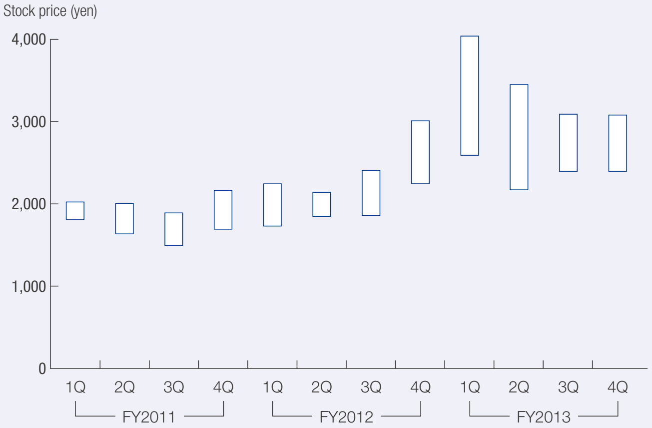
Number of Shares Authorized	140,000,000
Number of Shares Issued	42,649,000
Number of Shareholders	18,324

Major Shareholders

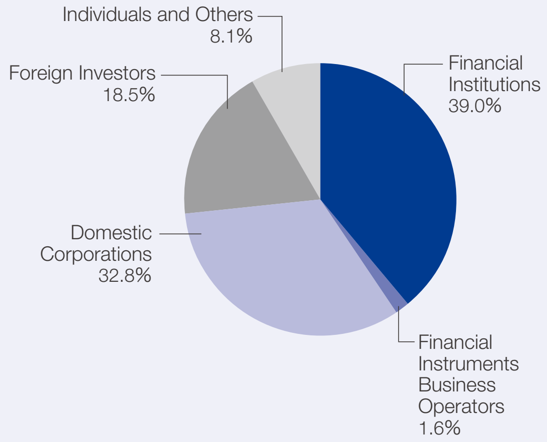
Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio* (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account, with the trustee being Mizuho Trust & Banking Co., Ltd., and re-trustee Trust & Custody Services Bank, Ltd.	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
Jowa Holdings Company, Limited.	1,546	3.62
Meiji Yasuda Life Insurance Company	1,251	2.93
Japan Trustee Services Bank, Ltd. (Trust Account)	1,244	2.91
DOWA HOLDINGS Co., Ltd.	1,120	2.62
RBC ISB A/C DUB NON RESIDENT-TREATY RATE	1,000	2.34
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	975	2.28
The Master Trust Bank of Japan, Ltd. (Trust Account)	954	2.23
The Kyoritsu Co., Ltd.	949	2.22
Japan Trustee Services Bank, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by the Mitsui Sumitomo Trust & Banking Co., Ltd.)	900	2.11
Tosoh Corporation	720	1.68
Fuji Heavy Industries Ltd.	720	1.68
CMBL S.A. RE MUTUAL FUNDS	694	1.62
Credit Saison Co., Ltd.	670	1.57
The Shiga Bank, Ltd.	670	1.57
Iino Kaiun Kaisha, Ltd.	666	1.56
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	624	1.46
Nippon Life Insurance Company	612	1.43

*Percentage of the total number of shares issued.

Stock Performance



Distribution of Shareholders



Headquarters and Branches

(As of July 31, 2014)

Head Office	2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001	TEL. +81-3-5253-6511 FAX. +81-3-5253-6501
Sapporo Branch	2, Kita 1 Nishi 5, Chuo-ku, Sapporo, Hokkaido 060-0001	TEL. +81-11-231-1341 FAX. +81-11-231-5727
Sendai Branch	4-1, Ichiban-cho 2-chome, Aoba-ku, Sendai, Miyagi 980-0811	TEL. +81-22-223-2611 FAX. +81-22-266-9556
Omiya Branch	96-1, Miyacho 2-chome, Omiya-ku, Saitama, Saitama 330-0802	TEL. +81-48-631-0751 FAX. +81-48-631-0754
Niigata Branch	866, Rokuban-cho, Nishihori-dori, Chuo-ku, Niigata, Niigata 951-8061	TEL. +81-25-229-7800 FAX. +81-25-229-7741
Toyama Branch	5-13, Sakurabashi-dori, Toyama, Toyama 930-0004	TEL. +81-76-444-1080 FAX. +81-76-444-1083
Shizuoka Branch	5-9, Miyuki-cho, Aoi-ku, Shizuoka, Shizuoka 420-0857	TEL. +81-54-205-3330 FAX. +81-54-205-3331
Nagoya Branch	11-11, Nishiki 1-chome, Naka-ku, Nagoya, Aichi 460-0003	TEL. +81-52-203-5891 FAX. +81-52-203-9025
Kyoto Branch	659, Tearaimizu-cho, Nishikikozi-agaru, Karasuma-dori, Nakagyo-ku, Kyoto, Kyoto 604-8152	TEL. +81-75-223-1545 FAX. +81-75-223-1571
Osaka Business Dept.	1-1, Koraibashi 4-chome, Chuo-ku, Osaka, Osaka 541-0043	TEL. +81-6-6201-3981 FAX. +81-6-6222-2541
Kobe Branch	69, Kyomachi, Chuo-ku, Kobe, Hyogo 650-0034	TEL. +81-78-392-5440 FAX. +81-78-392-5441
Hiroshima Branch	1-22, Kamiyacho 2-chome, Naka-ku, Hiroshima, Hiroshima 730-0031	TEL. +81-82-249-4435 FAX. +81-82-249-8232
Takamatsu Branch	6-8, Bancho 1-chome, Takamatsu, Kagawa 760-0017	TEL. +81-87-823-7321 FAX. +81-87-823-7324
Fukuoka Branch	13-2, Tenzin 1-chome, Chuo-ku, Fukuoka, Fukuoka 810-0001	TEL. +81-92-714-5671 FAX. +81-92-715-0553

Major Group Companies

(As of July 31, 2014)

	Paid-in Capital or Investment	Business Activity	Ownership
Network in Japan			
IBJL-TOSHIBA Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6700	¥1,520 million	General leasing	90%
Dai-ichi Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-3501-5711 FAX. +81-3-3501-5748	¥2,000 million	General leasing	90%
Nissan Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6830 FAX. +81-3-5253-6828	¥10 million	General leasing	100%
IBJ Auto Lease Company, Limited 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6800 FAX. +81-3-5253-6805	¥386 million	Auto leasing	100%
Toshiba Medical Finance Co., Ltd. 15-2, Hongo 3-chome, Bunkyo-ku, Tokyo, 113-0033 TEL. +81-3-3813-1021 FAX. +81-3-3813-6864	¥120 million	General leasing	65%
Universal Leasing Co., Ltd. 5-3, Kachidoki 6-chome, Chuo-ku, Tokyo 104-0054 TEL. +81-3-3536-3981 FAX. +81-3-3536-3892	¥50 million	General leasing	90%
The Higashi-Nippon Leasing Corporation 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6818 FAX. +81-3-5253-6823	¥100 million	General leasing	95%
KL Lease & Estate Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6833 FAX. +81-3-5253-6834	¥10 million	Building leasing	100%
KL & Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6835 FAX. +81-3-5253-6837	¥10 million	Used equipment sales	100%
KL Insurance & Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6826 FAX. +81-3-5253-6827	¥10 million	Life insurance sales	100%
KL Office Service Company, Limited 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6840 FAX. +81-3-5253-6839	¥10 million	Office services	100%
The Toho Lease Co., Ltd.* 5-10, Mansei-cho, Fukushima, Fukushima 960-8033 TEL. +81-24-521-1441 FAX. +81-24-524-0840	¥60 million	General leasing	28.3%
Juhachi Sogo Lease Co., Ltd.* 4-18, Doza-machi, Nagasaki, Nagasaki 850-0841 TEL. +81-95-822-1171 FAX. +81-95-826-8860	¥895 million	General leasing	17.3%
Overseas network			
IBJ Leasing (UK) Ltd. Bracken House, One Friday Street, London EC4M 9JA, U.K. TEL. +44-20-7236-2222 FAX. +44-20-7236-5555	GBP6,000 thousand	General leasing	100%
IBJ Leasing (China) Ltd. (Shanghai Head Office) Room 08-10, 20F, Metro Plaza, No. 555, Loushanguan Road, Changning District, Shanghai, PRC (200051) TEL. +86-21-6229-0022 FAX. +86-21-6241-5670 (Guangzhou Branch) Room 1336, 13F Teem Tower, 208 Tianhe Road, Tianhe District, Guangzho, PRC (510620) TEL. +86-20-2826-1841 FAX. +86-20-2826-1990	US$30,000 thousand	General leasing	100%
PT. IBJ VERENA FINANCE Sentral Senayan III, 13th Floor., Jl. Asia Afrika No. 8, Gelora Bung Karno, Senayan, Jakarta Pusat 10270, Indonesia TEL. +62-21-2966-0780 FAX. +62-21-2966-0781	IDR166,000,000 thousand	General leasing	84.9%
Krung Thai IBJ Leasing Co., Ltd.* 18th Floor, Nantawan Bldg., 161 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330, Thailand TEL. +66-2-252-9620 FAX. +66-2-254-6119	THB100,000 thousand	General leasing	49%
Japan-PNB Leasing and Finance Corporation 7th Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas, Legaspi Village, Makati City, Metro Manila, Philippines TEL. +63-2-892-5555 FAX. +63-2-893-0032	PHP150,000 thousand	General leasing	10%

*Affiliates accounted for under the equity method

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