Overseas Operations

With domestic demand sluggish, and due to ongoing yen appreciation, Japanese companies are looking overseas to continue expanding their businesses. Under these circumstances, the IBJ Leasing Group is focusing on meeting the financing needs of Japanese companies through aggressive sales efforts centering on Asia. Through sales development efforts that combine overseas locations with domestic sales units, the Group is steadily increasing transactions.

Our subsidiary in China, located in Shanghai, handles construction equipment leases through ties with Japanese manufacturers and concentrates on determining capital investment financing needs for Japanese companies. To this end, during the year we increased the subsidiary's capital by US$10 million, raising it to US$30 million. In February 2012, we also opened a branch office in Guangzhou to target the many Japanese companies located there.

Our subsidiary in Thailand, located in Bangkok, is steadily increasing its operating assets by aggressively meeting capital investment needs centered on the automotive industry. Japanese companies' manufacturing activities temporarily came to a standstill because of large-scale flooding from July 2011, but business is now on the road to recovery, and Japanese companies' capital investment is gradually growing more vigorous.

Furthermore, our company in Jakarta, Indonesia, which began sales in November 2010, is working with our domestic sales units to expand its sales base.

Subsidiaries in Asia (as of July 31, 2012)

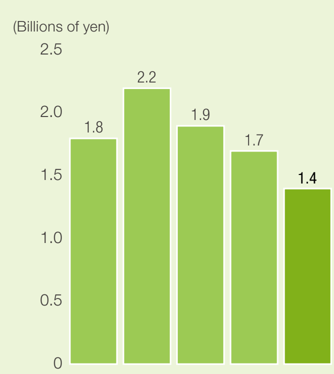
Fee Businesses

To meet the various needs of its clients, the IBJ Leasing Group has developed its business in the core area of leases, installment sales and loans. Through subsidiaries having specialized expertise, we engage in the purchase and sale of used equipment and the sale of insurance and investment products.

In the used equipment business, the IBJ Leasing Group leverages the expertise in equipment valuation it has honed through leasing and installment sales into a business that helps clients install used equipment and facilities and meets their needs to dispose of idle assets. Subsidiary KL & Co., Ltd., actively meets client needs for the purchase and sales of used equipment and facilities during facility updates, utilizing property appraisal expertise and a network of trading companies specialized in used equipment and facilities.

As a result of the Great East Japan Earthquake, in fiscal 2011 the used equipment market was characterized by a temporary increase in needs to buy and sell generators, railcars and other specific types of machinery, but this fell short of a full market recovery. Amid these difficult market conditions, the IBJ Leasing Group sought to expand its relationships with buyers and sellers of used equipment, and the number of projects in this category increased, primarily for small and medium-sized projects. Furthermore, we forged stronger relations within the IBJ Leasing Group. Through these ties, as well as owing to projects introduced by regional banks and other financial institutions, we worked to meet large-scale project needs. In this way, we are cultivating our transactional expertise and enhancing our sales base in the used equipment business.

Profit from Used Equipment Sales



Topics

M&A Activities

The IBJ Leasing Group considers expanding its client base and business domains through M&A activities to be an important growth strategy. By acquiring leasing companies that are currently under the business umbrellas of non-financial companies and financial institutions, as well as their assets, we are expanding our business infrastructure in our mainstay equipment financing business (leasing and installment sales).

In fiscal 2011, we acquired two Toshiba Group financing companies. Going forward, we expect the addition of these two companies to lead to even more robust Group management, and by taking advantage of the synergies of our overall business operations we are aiming for sustained growth.

IBJL-TOSHIBA Leasing

In February 2012, IBJL-TOSHIBA Leasing Company, Limited, became the succeeding company following a corporate split of the corporate financial services division from Toshiba Finance Corporation. We received investment from IBJ Leasing Company, Limited, and Toshiba Corporation and started off on a new course.

Our primary businesses involve financing capital investment and providing factoring services and financing related to product sales. Our strengths lie in schemes to promote the sale of products and the creation of new services that we provide from the standpoint of clients who use products. One distinguishing characteristic of our business development is the total services we offer, including the use of Web-based Net money and e-money for transport systems. At the present, we are cooperating with the overseas bases of the IBJ Leasing Group on aggressive sales promotion efforts in China and other Asian countries.

“Suica” is a registered trademark of the East Japan Railway Company.

Going forward, we will use the lease-centered transactional expertise we have cultivated over many years, taking advantage of the comprehensive strengths of the Toshiba Group and IBJ Leasing’s specialized financing expertise and solutions capabilities to further enhance our business infrastructure. We will continue to meet the diverse financial needs of all our clients, centering on Toshiba and the Toshiba Group, as well as strengthening links with their multifaceted sales channels. Through these efforts, we will endeavor to provide services that satisfy and engender the trust of our clients.

IBJL-TOSHIBA Leasing Company, Limited
Yasuyuki Kudo,
President and Chief Executive Officer

Toshiba Medical Finance

Toshiba Medical Finance Co., Ltd., provides capital investment to achieve the goals of realizing the ideals of medicine and satisfying patients, while also providing financial assistance to clients to support the sound management of hospitals and other medical facilities. In cooperation with the Toshiba Medical Systems Group, we facilitate the introduction of CTs, MRIs, ultrasound diagnostic systems and other leading-edge medical equipment. We also provide optimal financial services to help healthcare facilities utilize information technology, such as through the introduction of electronic medical records and medical accounting systems.

Due to the aging of Japanese society and healthcare system reforms, the environment surrounding the medical field is in a state of flux. In this environment, we provide solutions to meet medical institutions’ diverse needs and contribute to the advancement of healthcare.

320-row Area Detector CT (320-ADCT)
Photo: Toshiba Medical Systems Corporation

Funding

1. Funding Policies

The IBJ Leasing Group is diversifying its funding methods to ensure stable funding and curtail costs, which are important factors in the development of wide-ranging financial services. The Group also raises funds in a flexible manner that responds to fluctuations in the financial environment, based on its asset liability management (ALM) policies.

With regard to ALM operation, 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.

The Company strives to diversify funding in the interest of funding stability and cost control, and procures long-term and short-term funding from financial institutions and financial markets. The Company collects funds from financial institutions, including city banks and regional banks, and maintains stable transactions with these institutions through relationship management.

The Company obtains funding from financial markets through the issuance of commercial paper and the securitization of lease receivables and has obtained ratings of a-1 from Rating & Investment Information, Inc. (R&I) and J-1 from Japan Credit Rating Agency, Ltd. (JCR) for its commercial paper, with an issue limit of ¥350 billion. The Company plans further diversification of funding methods, and has received from JCR a preliminary shelf registration rating of A and a senior long-term credit rating of A.

Upon acquiring IBJL-TOSHIBA Leasing, we received a new J-1 rating (issue limit: ¥150 billion) from JCR for the issuance of commercial paper. This raises the Group's total limit on commercial paper issuance to ¥500 billion.

2. Funding in Fiscal 2011

<Funding>

Amid the overall financial market uncertainty resulting from such factors as the Europe-centered financial crisis, the IBJ Leasing Group focused on reinforcing its fundraising base by forging stronger relations with financial institutions. The goal of this exercise was to ensure liquidity and ensure stability in increasing assets through M&A and other activities. As a result, we take part in a broad range of transactions with more than 100 financial institutions.

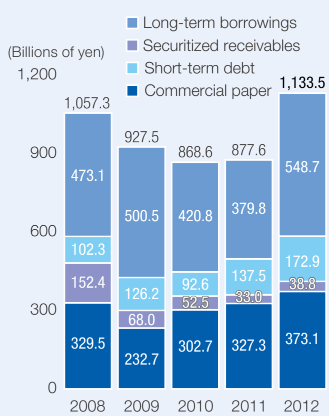
Owing to the assumption of debt of the two companies that we acquired, the Group's total interest-bearing debt rose ¥255.9 billion year on year, to ¥1,133.5 billion as of March 31, 2012.

<Funding Costs>

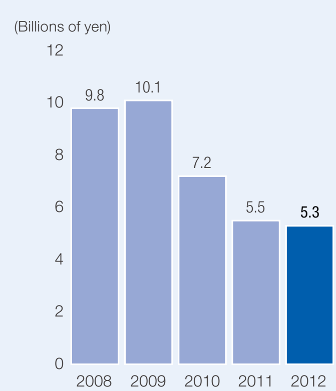
Looking at yen interest rate trends in fiscal 2011, the Bank of Japan continued to strengthen measures aimed at monetary easing in the aftermath of the Great East Japan Earthquake, and short-term interest rates continued to fall. Long-term interest rates also declined through the second half of the fiscal year, against a backdrop of financial instability in Europe, and remained low thereafter.

Under these conditions, after carefully examining market interest rate movements, the IBJ Leasing Group employed expeditious ALM to tie in these low interest rates on its variable-rate long-term funding. At the same time, we proactively issued commercial paper to continue taking advantage of the low short-term interest rates. Consequently, although taking on the financial burden of acquiring two companies, our funding costs fell ¥0.2 billion compared with the preceding fiscal year, to ¥5.3 billion.

Funding Situation



Funding Costs



■ Corporate Governance

Corporate Governance Structure

Basic Approach

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 2012) has seven members. To ensure transparency by incorporating objective perspectives, the Company appoints two outside directors to the Board. The Board of Directors decides basic management policies and other important matters and supervises the execution of business.

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.

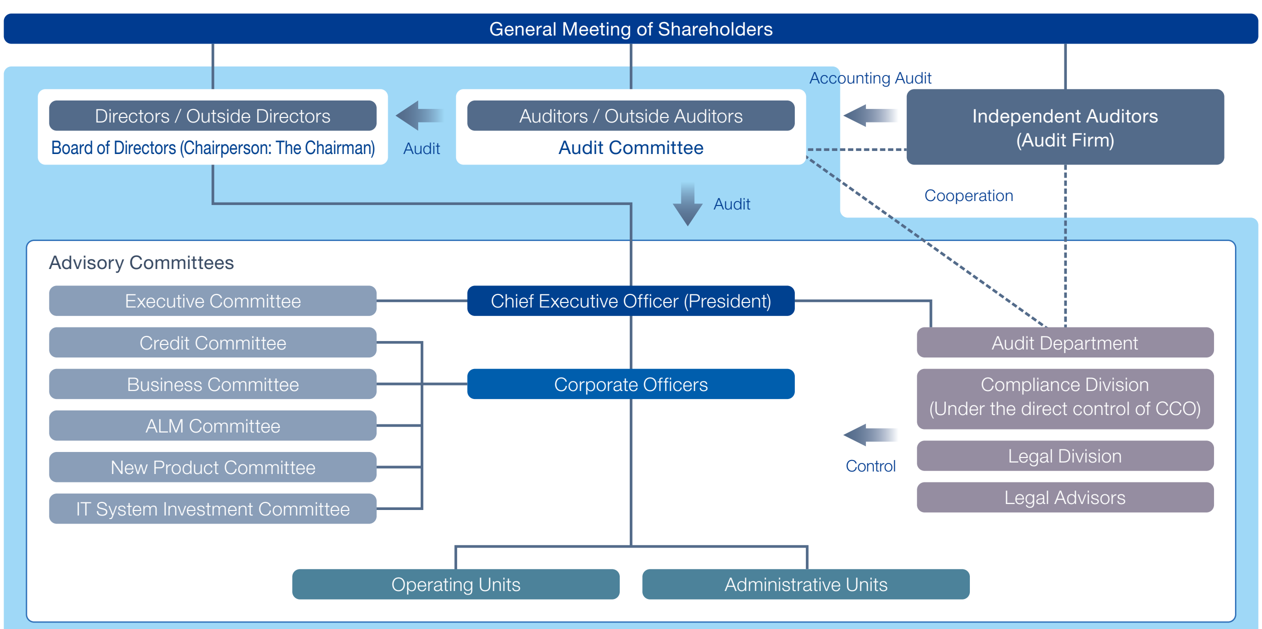
Auditors and Audit Committee

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.

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.

Corporate Governance Structure



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, and has also appointed a Chief Compliance Officer 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 an internal reporting system, the Company has set up a compliance hotline structure 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 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 12 domestic affiliates have formulated basic policies to ensure proper and effective operation. In addition, the Company is also working to enhance the reliability of financial reporting as required by the Financial Instruments and Exchange Law.

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, such as leases with emission credits; 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 nine consolidated subsidiaries within Japan have been awarded ISO 14001 certification.

Also to increase customer satisfaction and the quality of clerical work, the Company has obtained certification under the ISO 9001 international quality standard.

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 risks of fluctuation of the 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 fluctuation of the 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.

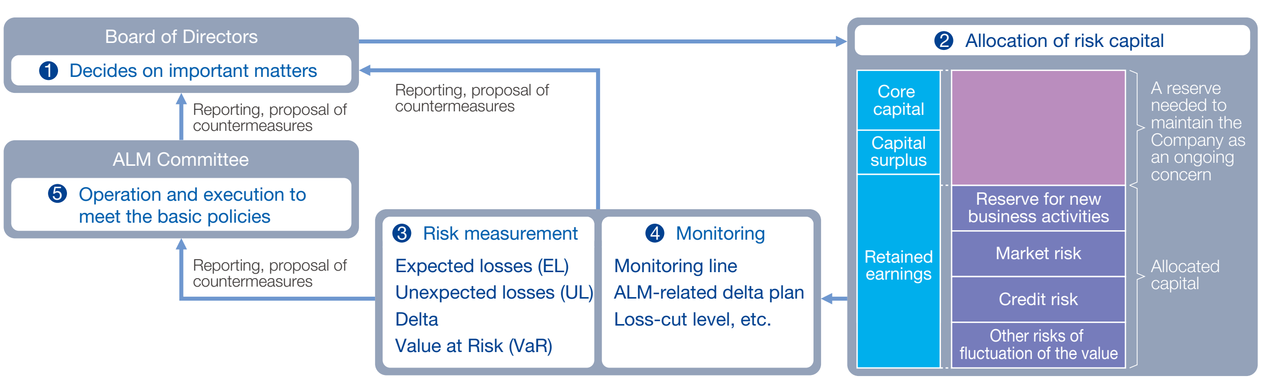
Integrated Risk Management Structure

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 risk of the fluctuation of share prices or the exchange rate. Thus we incorporate an integrated risk management structure in accordance with that of 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 incurring loss because of the inability to collect lease payments or other credits as contracted as a result of obligor bankruptcy or deterioration in obligor financial position or because of a decline in, or total loss of, the value of owned assets.
2. Market risk is the risk of incurring loss as a result of a decline 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 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 and 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 loss (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 pre-allocated 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, price fluctuation risk, etc., 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, 2012)


Chairman of the Board of Directors
Yozo Okumoto


President and CEO
Tsutomu Abe


Deputy President
Shinichiro Nagashima


Deputy President
Setsu Onishi


Managing Director
Osamu Hatakeyama


Outside Director
Takao Komine


Outside Director
Kensaku Aomoto

Board of Directors

Chairman of the Board of Directors
Yozo Okumoto

President and CEO
Tsutomu Abe*

Deputy President
Shinichiro Nagashima*

Deputy President
Setsu Onishi*

Managing Director
Osamu Hatakeyama*

Outside Director
Takao Komine

Outside Director
Kensaku Aomoto

* Concurrently serving as a Corporate Executive Officer

Corporate Auditors

Standing Auditor
Masanobu Naka

Outside Standing Auditor
Kotaro Nakazawa

Outside Auditor
Shinichi Kimura

Outside Auditor
Akira Kakutani

Corporate Executive Officers

Managing Executive Officers
Kazuhiko Izumi
Tsuneo Endou
Daisuke Yamamoto
Satoru Kobayashi
Katsuji Nagatsu
Akira Ueda
Kenji Yoneda

Executive Officers
Shinobu Koyanagi
Kenji Suzuki
Shunsuke Horiuchi
Noriyuki Yukawa
Yasuo Sato
Toru Yoshida
Fukuji Yajima
Eiji Yamanouchi
Kunimoto Wakasugi
Shinichiro Maruyama

Financial Section

Contents

Nine-year Financial Summary

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
For the year: (Millions of yen)									
Revenues	368,553	355,509	318,194	350,423	341,320	298,707	263,598	256,059	270,066
Gross profit before funding costs	34,026	31,001	30,534	34,155	36,351	38,181	36,720	36,549	36,579
Funding costs	12,582	8,705	4,320	7,627	9,849	10,105	7,213	5,459	5,286
Gross profit	21,444	22,296	26,213	26,527	26,501	28,076	29,506	31,090	31,293
Selling, general and administrative expenses	14,203	12,871	14,251	12,861	14,956	21,320	18,248	15,646	20,601
Operating income	7,241	9,424	11,962	13,666	11,544	6,755	11,257	15,444	10,691
Net income	3,239	5,591	7,981	8,984	7,799	3,348	7,019	9,025	4,296
At year-end: (Millions of yen)									
Total assets	1,032,771	979,621	1,090,027	1,132,989	1,195,336	1,076,150	1,017,099	1,028,020	1,332,963
Operating assets	823,520	813,517	953,724	1,031,249	1,092,247	984,981	935,223	928,633	1,211,268
Lease	653,864	606,855	683,881	699,874	698,861	596,869	553,541	546,185	755,139
Installment sales receivable*1	93,353	89,948	105,755	117,595	121,989	120,373	107,487	94,514	112,243
Loans	76,302	116,714	163,211	209,399	243,304	233,687	237,414	241,925	295,008
Operational investment securities	—	—	876	4,379	28,091	34,050	36,779	46,008	48,876
Long-term receivables	20,651	8,141	4,798	3,062	2,920	9,470	14,082	10,397	19,153
Interest-bearing debt	916,485	862,501	962,596	987,677	1,057,295	927,454	868,631	877,629	1,133,481
Equity	27,680	37,552	47,631	54,943	57,428	55,994	63,342	69,392	74,717
Per share data: (Yen)									
Net income	96.84	158.82	215.23	243.82	212.23	91.90	193.91	249.33	118.71
Equity	827.54	1,018.29	1,291.24	1,456.98	1,534.45	1,509.00	1,709.86	1,889.18	1,954.63
Dividends (non-consolidated basis)	12.00	18.00	27.00	33.00	38.00	40.00	44.00	46.00	48.00
Key indicators: (%)									
Return on equity (ROE)	13.0	17.1	18.7	17.7	14.2	6.0	12.0	13.9	6.2
Return on assets (ROA)	0.7	1.0	1.3	1.3	1.0	0.6	1.2	1.6	0.9
Equity ratio	2.6	3.8	4.4	4.7	4.7	5.1	6.1	6.7	5.3
Others:									
Issued shares (thousands of shares)*2	33,449	36,849	36,849	36,849	36,548	36,198	36,198	36,198	36,198
Number of employees	585	595	694	702	723	743	766	765	1,073

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

Management's Discussion and Analysis

1. Overview of Business Performance

In fiscal 2011 (the year ended March 31, 2012), the Japanese economy was characterized by such conditions as an earthquake and ongoing yen appreciation, as a result of which production stalled, export growth tailed off, and corporate earnings worsened. Furthermore, as post-earthquake reconstruction failed to gain traction, capital investment remained lackluster.

In this operating environment, in fiscal 2011 the IBJ Leasing Group acquired two Toshiba Group financing companies while continuing to lower its funding costs, thereby maintaining gross profit at the previous year's level. However, credit costs rose as a result of a provision for bankruptcies by large-scale clients and debtors at risk of bankruptcy. Accordingly, operating income and net income decreased year on year.

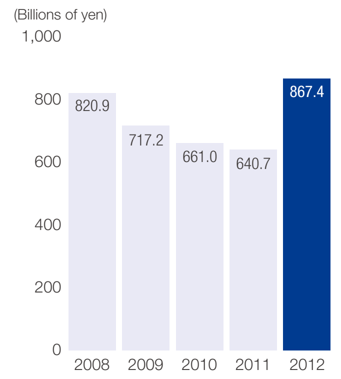
2. Amount of Contracts Executed and Operating Assets

In the leasing and installment sales sector, the amount of lease contracts executed rose 2.9% year on year, to ¥192,329 million, and the amount of installment sales contracts executed grew 27.1%, to ¥44,208 million. In the equipment financing business overall, the amount of contracts executed increased 6.7%, to ¥236,538 million. Ongoing yen appreciation and the effect of the earthquake resulted in sluggish domestic capital investment. Nevertheless, the Group maintained its focus on acquiring prime assets. Notably, we cultivated demand in fields that have high capital investment needs, such as telecommunications and healthcare, and strove vigorously to develop new clients. Furthermore, the addition to the Group of two companies acquired during the year augmented the Group's sales financing transactions on such items as information and medical equipment, thereby further fortifying the Group's sales base.

In the financing sector, the amount of contracts executed increased 38.6% year on year, to ¥189,420 million. In specialized financing, we carefully monitored shifts in the market for financing targeting vessels and real estate, making lending standards more rigorous and maintaining a careful eye on existing transactions. In factoring and other types of corporate finance, we leveraged our nonbank characteristics to mount proactive proposal-based operations and uncover clients' diverse financial needs. At the same time, we expanded our scope of business through corporate acquisitions.

Owing to the addition of the assets from the two companies the Group acquired, the balance of operating assets in the equipment financing business amounted to ¥867,382 million at fiscal year-end, up ¥226,682 million (35.4%) from a year earlier. In the financing segment, the balance of operating assets rose ¥55,952 million (19.4%) during the year, to ¥343,885 million.

Balance of Operating Assets
(Equipment Financing Sector)



Amount of Contracts Executed

(Millions of yen)

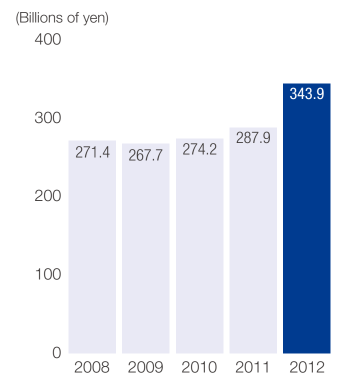
	2009	2010	2011	2012
Lease	206,104	176,615	186,823	192,329
Installment sales	50,438	39,541	34,777	44,208
Loans	142,716	108,696	121,145	167,158
Operational investment securities	17,796	14,936	15,556	22,261
Total	417,056	339,791	358,303	425,959

Operating Assets

(Millions of yen)

	2009	2010	2011	2012
Lease	596,869	553,541	546,185	755,139
Installment sales	120,373	107,487	94,514	112,243
Loans	233,687	237,414	241,925	295,008
Operational investment securities	34,050	36,779	46,008	48,876
Total	984,981	935,223	928,633	1,211,268

Balance of Operating Assets
(Financing Sector)



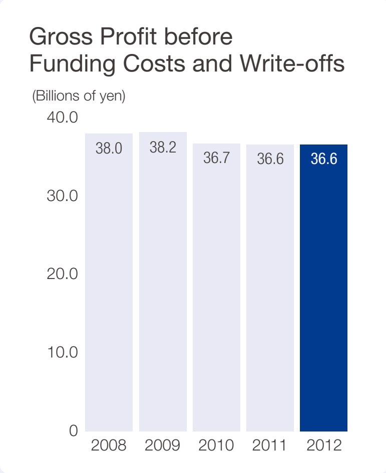
3. Results of Operations

Revenues

Although full-fledged capital investment failed to materialize, owing to the inclusion of the two Toshiba Group financing companies into the Group as consolidated subsidiaries, revenues increased ¥14,006 million (5.5%) year on year, to ¥270,066 million.

Gross profit before funding costs and write-offs

Gross profit before funding costs and write-offs was ¥36,580 million. Owing to the expansion of operating assets for M&A activities, this figure was roughly level with the previous fiscal year, despite an unavoidable decrease in the balance of operating assets and a decline in investment yield. 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.

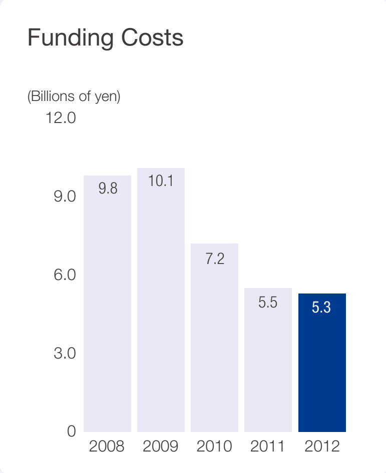


Gross Profit before Funding Costs and Write-offs by Segment (Millions of yen)

	2009	2010	2011	2012
Lease	27,716	26,958	26,624	26,443
Installment sales	3,823	3,479	2,805	2,452
Loans	6,445	6,097	5,829	6,131
Other	611	563	1,714	1,861
Elimination or corporate	(403)	(354)	(422)	(308)
Total	38,192	36,744	36,551	36,580

Funding costs

In the financial markets, the Bank of Japan increased its acquisition of commercial paper, corporate bonds and other instruments and continued to introduce other monetary easing measures. As a result, short-term interest rates remained low, and long-term interest rates gradually fell through the second half of the fiscal year. Under these conditions, the IBJ Leasing Group employed expeditious ALM to tie in these low interest rates on its variable-rate long-term funding. At the same time, we proactively issued commercial paper to continue taking advantage of the low short-term interest rates. Consequently, funding costs fell ¥172 million (3.2%) during the year, to ¥5,286 million.



Selling, general and administrative expenses

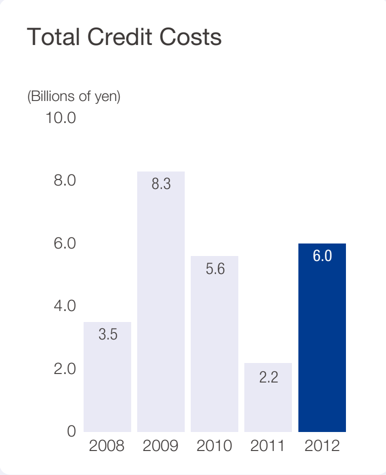
Personnel and non-personnel expenses rose ¥1,224 million (9.2%), to ¥14,534 million, owing to the addition of expenses from the two companies acquired during the year.

Other income and expenses

Other income increased ¥3 million, to ¥433 million. Although the sale and transfer of shares held in Toshiba Finance resulted in a decrease in income on investments in equity-method holdings, interest income on shares held in companies in order to bolster transactional relationships grew ¥12 million, to ¥913 million. Other expenses rose ¥8 million, to ¥480 million.

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. During the year, the Group increased its reserve against the debts of Elpida Memory, Inc., one of the Group's major clients, as well as a preventive measure against debtors at risk of bankruptcy owing to the impact of yen appreciation. Total credit costs rose ¥3,814 million during the year as a result, to ¥5,999 million.



Income taxes

Corporate taxes amounted to ¥5,067 million, a decrease of ¥1,245 million year on year. The effective tax rate was 53.3%.

Net income

As a result of the above developments, net income fell to ¥4,296 million, a decrease of ¥4,728 million (52.4%) from the previous year.

4. Assets, Liabilities and Equity

Assets

Total assets as of the fiscal year-end amounted to ¥1,332,963 million, an increase of ¥304,943 million (29.7%) year on year, owing to the acquisition of two companies and their conversion to consolidated subsidiaries. The status of operating assets is indicated on page 25 under the item "The amount of contracts executed and operating assets."

Liabilities

Total liabilities as of the fiscal year-end amounted to ¥1,258,246 million, an increase of ¥299,618 million (31.3%) year on year. Interest-bearing debt rose to ¥1,133,481 million, an increase of ¥255,852 million (29.2%) year on year, due to the increase in operating assets used for M&A activities. The ratio of financing from capital markets to total financing was 36.3%.

Equity

Earnings during the period rose steadily, so equity continued to increase. Consequently, net assets had risen to ¥74,717 million as of fiscal year-end.

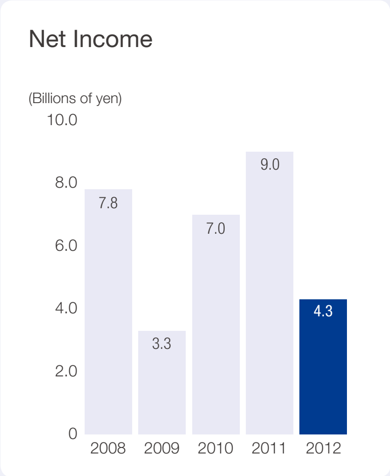
5. Cash Flows

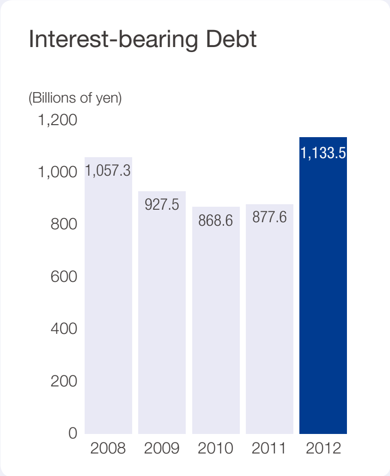
Net cash provided by operating activities was ¥92,364 million, mainly owing to a decrease in receivables.

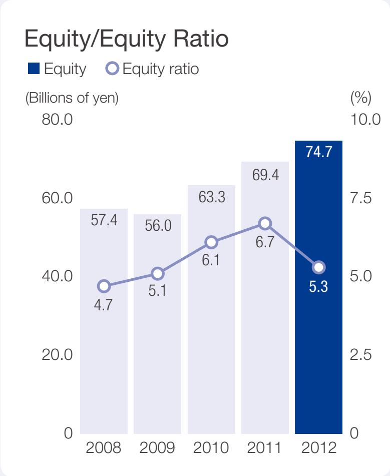
Net cash used in investing activities was ¥979 million. Major activities included the sale and transfer of shares held in Toshiba Medical Finance Co., Ltd., and the acquisition of shares in two companies acquired during the year.

Net cash used in financing activities was ¥87,800 million. There were payments of ¥137,620 million in indirect financing and proceeds of ¥51,565 million in direct financing through means including the issuance of commercial paper.

As a result of the above activities, the balance of cash and cash equivalents as of the fiscal year-end rose to ¥39,900 million, a year-on-year increase of ¥3,790 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 26, 2012. 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 and 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, 2012 was ¥16,121 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 Financial Statements

Consolidated Balance Sheet

IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Notes 12 and 17)	¥ 39,900	¥ 36,110	$ 485,766
Marketable Securities (Notes 4 and 17)	141	745	1,721
Lease Receivables and Investments in Lease (Notes 5, 6, 16 and 17)	704,210	511,669	8,573,291
Receivables (Notes 5, 6, 17 and 21):			
Notes and Accounts	44	42	545
Lease	9,040	2,576	110,063
Installment Sales	112,588	95,091	1,370,694
Loans	226,679	198,762	2,759,678
Factoring	68,328	43,162	831,860
Total Receivables	416,683	339,635	5,072,840
Operational Investment Securities (Notes 4 and 17)	48,876	46,008	595,043
Deferred Tax Assets (Note 9)	2,698	1,745	32,848
Prepaid Expenses and Other	24,303	16,650	295,878
Allowance for Doubtful Receivables	(7,748)	(4,644)	(94,332)
Total Current Assets	1,229,065	947,921	14,963,055
Property and Equipment:			
Leased Assets (Note 5)	264,539	89,275	3,220,595
Accumulated Depreciation	(213,971)	(55,104)	(2,604,961)
Net Leased Assets	50,568	34,171	615,634
Own-used Assets	5,882	5,687	71,612
Accumulated Depreciation	(2,461)	(2,215)	(29,971)
Net Own-used Assets	3,420	3,472	41,641
Total Property and Equipment	53,988	37,643	657,275
Investments and Other Assets:			
Investment Securities (Notes 4 and 17)	11,145	10,339	135,694
Investments in Unconsolidated Subsidiaries and Associated Companies	5,613	10,584	68,342
Long-term Receivables (Note 17)	19,153	10,397	233,177
Goodwill (Note 3)	455	137	5,547
Intangible Leased Assets (Note 5)	361	344	4,398
Deferred Tax Assets (Note 9)	4,097	3,363	49,886
Other	12,418	8,139	151,191
Allowance for Doubtful Receivables	(3,336)	(851)	(40,620)
Total Investments and Other Assets	49,909	42,454	607,615
Total Assets	¥ 1,332,963	¥ 1,028,020	$ 16,227,945

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 7 and 17)	¥ 546,019	¥ 464,794	$ 6,647,430
Current Portion of Long-term Debt (Notes 6, 7 and 17)	240,681	169,292	2,930,136
Lease Payable (Notes 16 and 17)	19,228	15,359	234,091
Accounts Payable — trade (Note 17 and 21)	68,877	35,390	838,534
Accrued Expenses	2,284	1,744	27,808
Income Taxes Payable	2,425	2,972	29,524
Deferred Profit on Installment Sales (Note 5)	345	576	4,207
Accruals for Debt Guarantees	98	425	1,199
Other	20,940	15,334	254,942
Total Current Liabilities	900,900	705,889	10,967,871
Long-term Liabilities:			
Long-term Debt (Notes 6, 7 and 17)	346,780	243,542	4,221,824
Deposits Received	6,814	6,548	82,965
Retirement Benefits for Employees (Note 8)	2,148	571	26,155
Retirement Allowance for Directors and Corporate Auditors	194	193	2,370
Other	1,406	1,881	17,126
Total Long-term Liabilities	357,345	252,737	4,350,440
Commitments and Contingent Liabilities (Note 10)			
Equity (Notes 11 and 21)			
Common Stock Authorized, 140,000,000 Shares Issued, 36,849,000 Shares as of March 31, 2012 and 2011	11,760	11,760	143,172
Capital Surplus	9,680	9,680	117,854
Retained Earnings	50,871	48,301	619,330
Treasury Stock - at cost 650,442 shares as of March 31, 2012 and 650,333 shares as of March 31, 2011	(1,079)	(1,079)	(13,140)
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	1,003	994	12,215
Deferred Loss on Derivatives under Hedge Accounting	(42)	(46)	(515)
Foreign Currency Translation Adjustments	(1,439)	(1,225)	(17,522)
Total	70,754	68,385	861,394
Minority Interests	3,962	1,007	48,240
Total Equity	74,717	69,392	909,634
Total Liabilities and Equity	¥ 1,332,963	¥ 1,028,020	$ 16,227,945

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2012

	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Revenues	¥ 270,066	¥ 256,059	$ 3,287,875
Cost and Expenses	238,772	224,968	2,906,902
Gross Profit	31,293	31,090	380,973
Selling, General and Administrative Expenses (Note 13)	20,601	15,646	250,806
Operating Income	10,691	15,444	130,167
Other Income (Expenses):			
Interest Income	4	21	55
Dividend Income	264	218	3,217
Equity in Earnings of Associated Companies	54	509	662
Profit from Investments	421	18	5,135
Interest Expenses	(320)	(417)	(3,902)
Foreign Exchange Loss	(69)	(11)	(846)
Gain on Sales of Investment Securities	13	—	165
Reversal of Accruals for Debt Guarantees	—	94	—
Loss on Sales of Investment Securities	(1,599)	(58)	(19,472)
Loss on Devaluation of Investment Securities	(24)	(260)	(293)
Head Office Relocation Expenses	—	(120)	—
Effect Resulting from the Application of Accounting Standard for Asset Retirement Obligations	—	(102)	—
Other — net	78	90	954
Income before Income Taxes and Minority Interests	9,515	15,426	115,842
Income Taxes: (Note 9)			
Current	5,773	5,956	70,291
Deferred	(706)	356	(8,604)
Total	5,067	6,312	61,687
Net Income before Minority Interests	4,448	9,113	54,155
Minority Interests in Earnings of Consolidated Subsidiaries	151	88	1,842
Net Income	¥ 4,296	¥ 9,025	$ 52,313

	Yen 2012	Yen 2011	U.S. dollars (Note 1) 2012
Amounts per Share of Common Stock (Notes 2(w) and 20)			
Net Income per Share	¥ 118.71	¥ 249.33	$ 1.45
Cash Dividends applicable to fiscal year	¥ 48.00	¥ 44.00	$ 0.58

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net Income before Minority Interests	¥ 4,448	¥ 9,113	$ 54,155
Other Comprehensive Income: (Note 19)			
Unrealized Gain on Available-for-sale Securities	(13)	(506)	(168)
Deferred Loss on Derivatives under Hedge Accounting	(5)	(21)	(71)
Foreign Currency Translation Adjustments	(139)	(431)	(1,694)
Share of Other Comprehensive Income in Associated Companies	(48)	103	(595)
Total Other Comprehensive Income	(207)	(856)	(2,528)
Total Comprehensive Income (Note 19)	¥ 4,240	¥ 8,257	$ 51,627
Total Comprehensive Income attributable to: (Note 19)			
Owners of the Parent	¥ 4,096	¥ 8,181	$ 49,872
Minority Interests	¥ 144	¥ 76	$ 1,755

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2012

	Thousands of shares		Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012	2011	2012
Common Stock:					
Balance at beginning of year	36,849	36,849	¥ 11,760	¥ 11,760	$ 143,172
Balance at end of year	36,849	36,849	11,760	11,760	143,172
Capital Surplus:					
Balance at beginning of year			9,680	9,680	117,854
Balance at end of year			9,680	9,680	117,854
Retained Earnings:					
Balance at beginning of year			48,301	40,989	588,041
Net Income			4,296	9,025	52,313
Cash Dividends Paid			(1,737)	(1,665)	(21,153)
Increase resulting from Change of Fiscal Period of Consolidated Subsidiaries			10	—	129
Change in Scope of Application of Equity Method			—	(47)	—
Balance at end of year			50,871	48,301	619,330
Treasury Stock:					
Balance at beginning of year	(650)	(650)	(1,079)	(1,078)	(13,137)
Treasury Stock Acquired, net	(0)	(0)	(0)	(0)	(3)
Balance at end of year	(650)	(650)	(1,079)	(1,079)	(13,140)
Accumulated Other Comprehensive Income:					
Unrealized Gain on Available-for-sale Securities:					
Balance at beginning of year			994	1,502	12,112
Net change during year			8	(507)	103
Balance at end of year			1,003	994	12,215
Deferred Loss on Derivatives under Hedge Accounting:					
Balance at beginning of year			(46)	(100)	(570)
Net change during year			4	53	55
Balance at end of year			(42)	(46)	(515)
Foreign Currency Translation Adjustments:					
Balance at beginning of year			(1,225)	(857)	(14,923)
Net change during year			(213)	(367)	(2,599)
Balance at end of year			(1,439)	(1,225)	(17,522)
Total Accumulated Other Comprehensive Income:					
Balance at beginning of year			(277)	543	(3,381)
Net change during year			(200)	(821)	(2,441)
Balance at end of year			(478)	(277)	(5,822)
Total			70,754	68,385	861,394
Minority Interests:					
Balance at beginning of year			1,007	1,447	12,260
Net change during year			2,955	(440)	35,980
Balance at end of year			3,962	1,007	48,240
Total Equity			¥ 74,717	¥ 69,392	$ 909,634

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 9,515	¥ 15,426	$ 115,842
Adjustments for:			
Income Taxes Paid	(6,583)	(6,407)	(80,145)
Depreciation and Disposal of Fixed Assets	9,335	7,601	113,650
Equity in Earnings of Associated Companies	(54)	(509)	(662)
Profit from Investments	(421)	(18)	(5,135)
Increase in Allowance for Doubtful Receivables	3,339	760	40,657
Decrease in Accruals for Debt Guarantees	(326)	(98)	(3,978)
Loss on Sales of Marketable and Investment Securities	1,585	58	19,307
Loss on Devaluation of Marketable and Investment Securities	24	260	293
Change in assets and liabilities:			
Decrease in Lease Receivables and Investments in Lease	18,922	18,268	230,368
Decrease in Receivables	84,107	3,306	1,023,956
Increase in Operational Investment Securities	(2,500)	(9,229)	(30,437)
(Decrease) Increase in Accounts Payable — trade	(6,745)	1,573	(82,122)
Purchases of Leased Assets	(14,410)	(8,905)	(175,440)
Proceeds from Sales of Leased Assets	1,784	1,013	21,729
Decrease in Interest Payable	(241)	(391)	(2,939)
Other — net	(4,967)	11,064	(60,470)
Total Adjustments	82,848	18,346	1,008,632
Net Cash Provided by Operating Activities	92,364	33,772	1,124,474
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(1,247)	(1,961)	(15,188)
Purchases of Marketable and Investment Securities	(516)	(21)	(6,293)
Proceeds from Sales and Redemption of Marketable and Investment Securities	4,182	336	50,918
Purchases of Investments in Subsidiaries causing Changes in Scope of Consolidation (Note 12)	(3,696)	(613)	(45,001)
Additional Purchases of Investments in Subsidiary	—	(723)	—
Other — net	298	(2,259)	3,633
Net Cash Used in Investing Activities	(979)	(5,243)	(11,931)
Cash Flows from Financing Activities:			
Net (Decrease) Increase in Short-term Borrowings	(33,871)	69,883	(412,366)
Proceeds from Long-term Debt	812,567	512,605	9,892,474
Repayments of Long-term Debt	(864,751)	(590,093)	(10,527,771)
Cash Dividends Paid	(1,737)	(1,665)	(21,153)
Other — net	(8)	168	(99)
Net Cash Used in Financing Activities	(87,800)	(9,101)	(1,068,915)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(51)	(65)	(624)
Net Increase in Cash and Cash Equivalents	3,532	19,361	43,004
Cash and Cash Equivalents at Beginning of Year	36,110	16,748	439,617
Increase in Cash and Cash Equivalents resulting from Change of Fiscal Period of Consolidated Subsidiaries	258	—	3,145
Cash and Cash Equivalents at End of Year	¥ 39,900	¥ 36,110	$ 485,766

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation of 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 conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the 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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82.14 to US$1.00, the approximate rate of exchange at March 31, 2012. 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, 2012 and 2011 was 24 and 23, respectively. The consolidated financial statements for the year ended March 31, 2012 newly include the accounts of IBJL-TOSHIBA Leasing Company, Limited and Toshiba Medical Finance Co., Ltd. as IBJL acquired shares in these companies during the year, and do not include the accounts of Collabo Leasing Co., Ltd. as it was liquidated during the year.

The number of associated companies accounted for under the equity method as of March 31, 2012 and 2011 was 3 and 4, respectively. Toshiba Finance Corporation was excluded from the associated companies accounted for under the equity method, as IBJL sold all of shares in it and it is no longer an associated company. 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 80 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 30 other subsidiaries are also not consolidated or 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 of which 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 cost 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") which 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 which 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 this is appropriately reflected in the consolidated financial statements.

As a result of securitizations, IBJL had 17 and 20 SPEs which were not consolidated under Guidance No. 15 as of March 31, 2012 and 2011, respectively. The total assets (simply compiled amount) of such SPEs as of March 31, 2012 and 2011 were ¥111,688 million ($1,359,734 thousand) and ¥182,413 million, respectively. The total liabilities (simply compiled amount) of such SPEs as of March 31, 2012 and 2011 were ¥111,938 million ($1,362,781 thousand) and ¥182,568 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 Leases transferred from IBJL to such SPEs in 2012 was ¥265 million ($3,236 thousand), with a gain on the transfer of such receivables of ¥1 million ($14 thousand). IBJL recognized subordinated interests of ¥160 million ($1,949 thousand), profit dividend of ¥17 million ($213 thousand) and servicing fees received of ¥1 million ($20 thousand), as of and for the year ended March 31, 2012. 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 Combination

In October 2003, the Business Accounting Council (the "BAC") 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 allows 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 (IPR&D) acquired in the business combination is 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 allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

(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

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 Leases. 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. In addition, IBJL accounted for leases which existed at the transition date and did not transfer ownership of the leased property to the lessee as operating lease transactions. "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) permits those leases to be accounted for as operating lease transactions with pro forma information disclosed in the notes to the accompanying consolidated financial statements.

(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 Receivable

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 are estimated and added to depreciation expenses.
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:

Building	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 would be 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) Allowance for Doubtful Receivables

Allowance for Doubtful Receivables of IBJL and its consolidated subsidiaries 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 from the accounts. The amounts directly written-off were ¥16,121 million ($196,270 thousand) and ¥12,124 million at March 31, 2012 and 2011, respectively.

(l) Reserve for Bonuses Payments

IBJL and its domestic consolidated subsidiaries provide a reserve for future bonuses 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.

(m) Reserve for Bonuses Payments to Directors

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

(n) Retirement Benefits for Employees

IBJL and certain domestic consolidated subsidiaries provide Retirement Benefits for Employees for future pension payments to employees. Retirement Benefits for Employees are based on the projected benefit obligation and the estimated plan asset amount at the end of the fiscal year. Unrecognized net obligations are recognized as follows:

1. Prior service costs
   Prior service costs are amortized over a five-year period or a ten-year period, which are within the average remaining service period, using the straight-line method from the time when such costs are incurred.
2. Unrecognized actuarial gain (loss)
   Unrecognized actuarial gain (loss) is amortized over a range from ten to fifteen years, which is the average remaining service period, using the straight-line method from the fiscal year after the year when the gain or loss is incurred.

(o) Retirement Allowance for Directors and Corporate Auditors

IBJL and certain domestic consolidated subsidiaries provide Retirement Allowances for Directors and Corporate Auditors for future retirement benefits to directors and corporate auditors. Retirement Allowances for Directors and Corporate Auditors are provided at the amount accrued at the end of the fiscal year, based on the internally established standards for the payments.

(p) 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 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 increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(q) 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.

(r) 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 which will be in effect when the differences are expected to reverse.

(s) Recognition of Revenues and Cost of Sales

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

(t) Translation of Foreign Currencies Assets and Liabilities

1. Translation of foreign currency transactions
   All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at 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 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.

(u) Derivative and Hedging Activities

IBJL Group uses derivative financial instruments to manage its exposures to fluctuations in interest rates, foreign exchange 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. 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 which 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 expenses or income.

(v) Consumption Taxes

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

(w) 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 years including dividends to be paid after the end of the year.

(x) 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 with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations - 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. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

(y) New Accounting Pronouncements

Accounting Standard for Consolidated Financial Statements—On March 25, 2011, the ASBJ issued ASBJ Statement No. 22, “Revised Accounting Standard for Consolidated Financial Statements”, ASBJ Guidance No. 15, “Revised Guidance on Disclosures about Certain Special Purpose Entities”, ASBJ Guidance No. 22, “Revised Guidance on Determining a Subsidiary and an Affiliate” and ASBJ PITF No. 20, “Revised Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations”.

(1) Summary

   Although a special purpose company which meets certain requirements is presumed to be not treated as a subsidiary of an equity investor or a subsidiary of the company which transferred its assets to the special purpose company, this treatment will be applied only to a company which transferred its assets, pursuant to "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22) etc.

(2) Expected date of application
IBJL Group will apply the revised accounting standard and guidance from the consolidated fiscal year beginning on or after April 1, 2013.

(3) Effect of applying the revised accounting standard and guidance
The application has no impact on the consolidated financial statements, as there is no change in the scope of consolidation even if the above accounting standard and guidance are applied at the end of the current consolidated fiscal year.

3. Business Combination (acquisition)

IBJL acquired, by a spin-off, a 90% stake of TF Asset Service Co., Ltd. ("TFAS"), which took over financing service for corporation business from Toshiba Finance Corporation ("Toshiba Finance"). IBJL also acquired a 65% stake of Toshiba Medical Finance Co., Ltd. ("Toshiba Medical"), a subsidiary of Toshiba Finance. With these acquisitions, both companies became the subsidiaries of IBJL. In addition, TFAS changed its name to IBJL-TOSHIBA Leasing Company, Limited ("IBJL-TOSHIBA Leasing"), effective February 1, 2012.

(1) Overview of the business combination

(a) Name and business of the acquired company

Name	IBJL-TOSHIBA Leasing	Toshiba Medical
Main business	Leasing, installment sales, loans and factoring	Leasing and installment sales of medical equipment

(b) Reason for the implementation of business combination
In the current third mid-term business management plan, IBJL Group is aiming for "a step up as a total financial service group for corporate business". IBJL Group views on this business combination as a key measure to realize the growth strategy. With this business combination, IBJL Group looks to further expand business activities by utilizing TOSHIBA group's extensive sales channels and actively promoting business development in financial services, which includes global business operations.

(c) Date of the business combination
February 1, 2012

(d) Legal form of the business combination
Acquisition of shares

(e) Name after the business combination
IBJ Leasing Company, Limited

(f) Ratio of voting rights acquired

	IBJL-TOSHIBA Leasing	Toshiba Medical
Ratio of voting rights after the acquisition	90%	65%

(g) Reason to have determined the acquiring company
Because IBJL acquired the shares with cash consideration.

(2) Period of operating results of the acquired company which is included in the consolidated financial statements
From February 1, 2012 to March 31, 2012

(3) Acquisition cost of the acquired company and its breakdown

	Millions of yen 2012	Thousands of U.S. dollars 2012
IBJL-TOSHIBA Leasing		
Consideration of the acquisition	¥ 13,000	$ 158,266
Expenditures directly incurred for the acquisition (Advisory fees, etc.)	144	1,755
Total	¥ 13,144	$ 160,021
Toshiba Medical		
Consideration of the acquisition	¥ 2,600	$ 31,653
Expenditures directly incurred for the acquisition (Advisory fees, etc.)	28	351
Total	¥ 2,628	$ 32,004

(4) Amount and cause of goodwill, amortization method and period

	IBJL-TOSHIBA Leasing	Toshiba Medical
Amount of goodwill	¥349 million ($4,249 thousand)	¥28 million ($343 thousand)
Cause of goodwill	As the acquisition costs exceed the fair value of the net assets acquired at the time of the business combination, the difference is recognized as goodwill.	
Amortization method and period	Amortized over 10 years	Immediate recognition

(5) Assets accepted and liabilities assumed at the date of the business combination and its main components

	Millions of yen 2012	Thousands of U.S. dollars 2012
IBJL-TOSHIBA Leasing		
Current Assets	¥ 363,369	$ 4,423,787
Non Current Assets	16,776	204,245
Total Assets	380,146	4,628,032
Current Liabilities	239,525	2,916,062
Long-term Liabilities	126,404	1,538,890
Total Liabilities	¥ 365,929	$ 4,454,952
Toshiba Medical		
Current Assets	¥ 49,379	$ 601,161
Non Current Assets	2,803	34,128
Total Assets	52,182	635,289
Current Liabilities	26,619	324,080
Long-term Liabilities	21,561	262,499
Total Liabilities	¥ 48,181	$ 586,579

(6) Approximate impact on the Consolidated Statement of Income with the method of its calculation, assuming that the business combination was completed at the date of commencement of the current consolidated fiscal year

No calculation is made for the impact of IBJL-TOSHIBA Leasing, as it is a company which took over, by a spin-off, the financing service for the corporation business from Toshiba Finance, and therefore the calculation of the estimated amount of the impact is difficult. No disclosure is made for the impact of Toshiba Medical, as there is no material impact on the Consolidated Statement of Income.

4. Marketable Securities, Operational Investment Securities and Investment Securities

(1) Available-for-sale securities whose fair values are readily determinable as of March 31, 2012 and 2011 were as follows:

Available-for-sale Securities

Securities with carrying amounts exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2012			2011			2012		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 3,938	¥ 2,732	¥ 1,206	¥ 2,640	¥ 1,504	¥ 1,136	$ 47,944	$ 33,261	$ 14,683
Bonds									
Corporate Bonds	7,144	6,438	705	17,668	16,436	1,232	86,978	78,390	8,588
Other	5,435	5,204	230	8	8	0	66,173	63,361	2,812
Total	¥ 16,517	¥ 14,375	¥ 2,142	¥ 20,317	¥ 17,949	¥ 2,368	$ 201,095	$ 175,012	$ 26,083

Securities with carrying amounts not exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2012			2011			2012		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 2,640	¥ 3,182	¥ (542)	¥ 3,071	¥ 3,730	¥ (659)	$ 32,142	$ 38,741	$ (6,599)
Bonds									
Corporate Bonds	1,064	1,282	(218)	823	1,039	(215)	12,964	15,619	(2,655)
Other	133	181	(48)	195	261	(66)	1,620	2,213	(593)
Total	¥ 3,838	¥ 4,646	¥ (808)	¥ 4,089	¥ 5,031	¥ (941)	$ 46,726	$ 56,573	$ (9,847)

(2) Proceeds from sales of available-for-sale securities for the years ended March 31, 2012 and 2011 were ¥4,527 million ($55,119 thousand) and ¥10 million, respectively. Gross realized gains and losses on these sales were ¥13 million ($165 thousand) and ¥16 million ($195 thousand) for the year ended March 31, 2012, and ¥3 million and ¥0 million for the year ended March 31, 2011, respectively.

(3) IBJL Group recorded impairment losses of ¥24 million ($293 thousand) on investment securities for the year ended March 31, 2012, and ¥260 million on investment securities and ¥49 million on operational investment securities for the year ended March 31, 2011, respectively.

5. Operating Assets

(1) Operating Assets by industry segment as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Leasing: (*1)			
Finance Lease	¥ 704,210	¥ 511,669	$ 8,573,291
Operating Lease	50,929	34,515	620,032
Leasing total	755,139	546,185	9,193,323
Installment Sales (*2)	112,243	94,514	1,366,487
Loans and Factoring	295,008	241,925	3,591,538
Other	48,876	46,008	595,043
Total Operating Assets	¥ 1,211,268	¥ 928,633	$ 14,746,391

(*1) Leasing total consists of the aggregate of Lease Receivables and Investments in Leases, Leased Assets included in Property and Equipment and Intangible Leased Assets on the consolidated balance sheets at the respective year-ends.

(*2) Installment Sales consist of the Installment Sales Receivables less Deferred Profit on Installment Sales on the consolidated balance sheets at the respective year-ends.

(2) The total amount of new contracts entered into during the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Leasing:			
Finance Lease	¥ 177,919	¥ 177,918	$ 2,166,050
Operating Lease	14,410	8,905	175,440
Leasing total	192,329	186,823	2,341,490
Installment Sales (*1)	44,208	34,777	538,211
Loans and Factoring	167,158	121,145	2,035,045
Other	22,261	15,556	271,024
Total	¥ 425,959	¥ 358,303	$ 5,185,770

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

6. Pledged Assets

Assets pledged as collateral as of March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Lease Receivables and Investments in Leases	¥ 4,967	$ 60,479
Factoring Receivable	233	2,838
Total	¥ 5,200	$ 63,317

The amount of Lease Receivables and Investments in Leases to be provided as collateral if Lease contract receivables have become unrecoverable for the year ended March 31, 2012 was ¥11,869 million ($144,509 thousand).

Liabilities secured by the above assets as of March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Current Portion of Long-term Debt	¥ 1,507	$ 18,358
Long-term Debt	1,077	13,120
Total	¥ 2,585	$ 31,478

7. Short-term Borrowings and Long-term Debt

(1) Short-term Borrowings as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2012	2011	2012	2012
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	¥ 172,919	¥ 137,494	$ 2,105,185	0.70%
Commercial Paper	373,100	327,300	4,542,245	0.13%
Total	¥ 546,019	¥ 464,794	$ 6,647,430	
Current Portion of Long-term Debt				
Long-term debt from banks and other financial institutions	¥ 202,973	¥ 138,857	$ 2,471,066	0.89%
Payables under securitized lease receivables due within one year	37,707	30,434	459,070	0.26%
Total	¥ 240,681	¥ 169,292	$ 2,930,136	

(2) Long-term Debt as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2012	2011	2012	2012
Long-term Debt				
Long-term debt from banks and other financial institutions	¥ 345,702	¥ 240,956	$ 4,208,704	0.85%
Payables under securitized lease receivables due over one year	1,077	2,585	13,120	1.82%
Total	¥ 346,780	¥ 243,542	$ 4,221,824	

(*1) IBJL Group has entered into overdraft contracts which provided IBJL Group with overdraft facilities with 47 and 40 financial institutions, as of March 31, 2012 and 2011 amounting to ¥372,680 million ($4,537,132 thousand) and ¥248,480 million, respectively. The unused facilities maintained by IBJL Group as of March 31, 2012 and 2011 amounted to ¥219,569 million ($2,673,113 thousand) and ¥122,875 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, 2012 and 2011 were ¥45,167 million ($549,880 thousand) and ¥39,018 million, respectively.

(*3) The aggregate annual maturities of Long-term debt as of March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
Year Ending March 31	2012	2012
2013	¥ 172,882	$ 2,104,727
2014	104,628	1,273,785
2015	43,479	529,339
2016	18,229	221,938
2017 and thereafter	7,559	92,035
Total	¥ 346,780	$ 4,221,824

8. Retirement Benefits for Employees

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

(2) The liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligations	¥ (4,987)	¥ (2,726)	$ (60,716)
Plan assets	2,528	2,219	30,779
Unfunded projected benefit obligations	(2,459)	(507)	(29,937)
Unrecognized actuarial differences	310	(62)	3,782
Unrecognized prior service costs	—	(1)	—
Net retirement benefit obligations	(2,148)	(571)	(26,155)
Retirement benefits for employees	¥ (2,148)	¥ (571)	$ (26,155)

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

(3) The components of net periodic benefit costs for the years ended March 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service Costs	¥ 198	¥ 181	$ 2,413
Interest Costs	56	49	689
Expected Return on Plan Assets	(9)	(12)	(115)
Amortization of Actuarial Differences	(4)	(6)	(56)
Prior Service Costs	1	(10)	22
Payment of employer contributions to the defined contribution pension plan	55	54	671
Net Retirement Benefit Expenses	¥ 297	¥ 256	$ 3,624

Service Costs include retirement benefit expenses of certain domestic consolidated subsidiaries which use the simplified methods.

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

	2012	2011
Discount rate	1.22-1.40%	2.00%
Expected rate of return on plan assets	0.42-2.50%	0.59%
Allocation method for estimated retirement benefits	Periodic Straight-line method	Periodic Straight-line method
Amortization period of prior service costs	5 or 10 years	5 years
Amortization period of unrecognized actuarial differences	From 10 to 15 years	From 13 to 15 years

9. Income Taxes

IBJL is subject to a number of taxes based on income, which, in the aggregate, indicate the normal effective statutory tax rate in Japan of approximately 40.7% for the years ended March 31, 2012 and 2011.

Deferred Tax Assets and Liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred Tax Assets:			
Allowance for Doubtful Receivables	¥ 3,978	¥ 2,667	$ 48,435
Depreciation	1,628	1,625	19,821
Write-off of Securities	549	615	6,691
Retirement Benefits for Employees	386	366	4,703
Accrued Enterprise Tax	202	256	2,469
Other	1,990	1,805	24,239
Deferred Tax Assets Subtotal	8,736	7,336	106,358
Valuation Allowance	(611)	(988)	(7,446)
Total Deferred Tax Assets	8,124	6,348	98,912
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale Securities	(525)	(608)	(6,395)
Gain from Securitization of Lease Receivables	(60)	(178)	(731)
Investments in Leases	(836)	(89)	(10,181)
Other	(200)	(362)	(2,445)
Total Deferred Tax Liabilities	(1,622)	(1,239)	(19,752)
Net Deferred Tax Assets	¥ 6,502	¥ 5,108	$ 79,160

Balance reported on the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred Tax Assets:			
Current Assets	¥ 2,698	¥ 1,745	$ 32,848
Investments and Other Assets	4,097	3,363	49,886
Deferred Tax Liabilities			
Current Liabilities	(293)	(1)	(3,574)
Net Deferred Tax Assets	¥ 6,502	¥ 5,108	$ 79,160

Reconciliations between the actual effective tax rate reflected in the accompanying consolidated statement of income and the normal effective statutory tax rate for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Normal effective statutory tax rate	40.7%	40.7%
Increase (decrease) due to:		
Amortization of goodwill	0.3	0.1
Valuation allowance	(1.2)	0.3
Change of statutory tax rate	7.8	—
Impact of sales of Investment Securities	6.8	—
Other	(1.1)	(0.2)
Actual effective tax rate	53.3%	40.9%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.7% to 38.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards. The effect of this change was to decrease Deferred Taxes Asset (net of Deferred Taxes Liability) of ¥747 million ($9,102 thousand) and Deferred Loss on Derivatives under Hedge Accounting of ¥3 million ($44 thousand) and to increase Unrealized Gain on Available-for-sale Securities of ¥50 million ($614 thousand) in the consolidated balance sheet as of March 31, 2012. The change also increased Income Taxes - deferred by ¥794 million ($9,672 thousand) in the consolidated statement of income for the year then ended.

10. Commitments and Contingent Liabilities

Contingent liabilities as of March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Guarantee Obligations with respect to operating activities (*1) (*2)	¥ 26,083	$ 317,551
Other Guarantee Obligations	6,073	73,940
Accruals for Debt Guarantees	(98)	(1,199)
Total	¥ 32,058	$ 390,292

(*1) The amount includes ¥3,350 million ($40,784 thousand) of guarantees made by Mizuho Factors, Limited which are re-guaranteed by IBJL.

(*2) The amount includes ¥19,761 million ($240,588 thousand) of bank loans and trade receivables provided by Mizuho Corporate Bank, Ltd. and others, which are guaranteed by IBJL and certain domestic consolidated subsidiaries.

(*3) IBJL Group had loan commitment agreements as of March 31, 2012 and 2011 amounting to ¥33,225 million ($404,500 thousand) and ¥27,990 million, respectively. The loans provided under these credit facilities as of March 31, 2012 and 2011 amounted to ¥4,705 million ($57,287 thousand) and ¥2,804 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.

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 Corporate Auditors, 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 a certain limitation 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, 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. Cash and Cash Equivalents

(1) Reconciliations between Cash and Cash Equivalents in the consolidated statement of cash flows and cash and time deposits as of March 31, 2012 and 2011 were presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and time deposits	¥ 41,273	¥ 37,728	$ 502,477
Time deposits with maturity of over three months	(1,372)	(1,618)	(16,711)
Cash and cash equivalents	¥ 39,900	¥ 36,110	$ 485,766

(2) During the year ended March 31, 2012, IBJL acquired shares in IBJL-TOSHIBA Leasing Company, Limited and Toshiba Medical Finance Co., Ltd. and they became consolidated subsidiaries. The summary of assets and liabilities of those companies at the date of acquisition, acquisition cost and net expenditure for the acquisitions are as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Current Assets	¥ 412,749	$ 5,024,948
Non Current Assets	19,579	238,373
Goodwill	377	4,592
Current Liabilities	266,145	3,240,142
Long-term Liabilities	147,966	1,801,389
Minority Interests	2,822	34,357
Acquisition cost of shares in subsidiaries	¥ 15,772	$ 192,025
Cash and Cash Equivalents	(12,076)	(147,024)
Net- Expenditure for the acquisitions	¥ 3,696	$ 45,001

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
	2012	2011	2012
Provision for Doubtful Receivables	¥ 6,100	¥ 1,685	$ 74,273
Salaries and Wages	5,480	5,279	66,720
Provision for Bonuses Payments	422	323	5,141
Provision for Bonuses Payments to Directors	37	35	461
Retirement Benefits Expenses for Employees	297	256	3,624
Retirement Allowance for Directors and Corporate Auditors	70	61	856
Depreciation of Software	1,138	960	13,863
Depreciation for Own-used Assets	264	166	3,219

14. Segment Information

Under the 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 about which 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 of IBJL

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 the services: "Leasing", "Installment Sales", "Loans" and "Other".

The Leasing segment is engaged in the 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 agreement). The Installment Sales segment is engaged in the installment sale of production equipment, construction and engineering machinery, and commercial equipment. The Loans segment is engaged in the corporate finance, vessel finance and factoring services. The Other segment is engaged in investing in securities which are held for the purpose of generating operational revenues, as well as engaged in the insurance agent services and assurance services.

(2) Methods of measurement for the amounts of sales, profit, 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 year ended March 31, 2012 and 2011 is as follows:

Millions of yen

	2012						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 249,487	¥ 11,544	¥ 6,255	¥ 2,778	¥ 270,066	¥ —	¥ 270,066
Intersegment sales and transfers	146	61	198	70	476	(476)	—
Total	249,634	11,605	6,454	2,848	270,543	(476)	270,066
Operating Expenses	234,694	11,023	8,306	1,653	255,677	3,696	259,374
Segment Profit (Loss)	¥ 14,939	¥ 582	¥ (1,851)	¥ 1,195	¥ 14,865	¥ (4,173)	¥ 10,691
Segment Assets	¥ 813,312	¥ 127,372	¥ 321,202	¥ 55,995	¥ 1,317,881	¥ 15,081	¥ 1,332,963
Others							
Depreciation and Amortization	7,929	—	—	—	7,929	1,403	9,332
Capital Expenditure	26,233	—	—	—	26,233	4,162	30,396

Millions of yen

	2011						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 233,712	¥ 14,166	¥ 5,958	¥ 2,221	¥ 256,059	¥ —	¥ 256,059
Intersegment sales and transfers	131	20	186	87	425	(425)	—
Total	233,844	14,187	6,144	2,308	256,484	(425)	256,059
Operating Expenses	218,448	13,626	3,755	1,266	237,096	3,518	240,615
Segment Profit (Loss)	¥ 15,395	¥ 561	¥ 2,389	¥ 1,041	¥ 19,387	¥ (3,943)	¥ 15,444
Segment Assets	¥ 587,260	¥ 107,502	¥ 266,060	¥ 49,721	¥ 1,010,545	¥ 17,474	¥ 1,028,020
Others							
Depreciation and Amortization	6,467	—	—	—	6,467	1,126	7,593
Capital Expenditure	8,905	—	—	—	8,905	1,987	10,892

	Thousands of U.S. dollars						
	2012						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1) (*2) (*3)	Consolidated (*4)
Sales:							
Sales to external customers	$ 3,037,344	$ 140,548	$ 76,159	$ 33,824	$ 3,287,875	$ —	$ 3,287,875
Intersegment sales and transfers	1,789	743	2,423	852	5,807	(5,807)	—
Total	3,039,133	141,291	78,582	34,676	3,293,682	(5,807)	3,287,875
Operating Expenses	2,857,252	134,202	101,129	20,124	3,112,707	45,001	3,157,708
Segment Profit (Loss)	$ 181,881	$ 7,089	$ (22,547)	$ 14,552	$ 180,975	$ (50,808)	$ 130,167
Segment Assets	$ 9,901,534	$ 1,550,670	$ 3,910,425	$ 681,703	$ 16,044,332	$ 183,613	$ 16,227,945
Others							
Depreciation and Amortization	96,532	—	—	—	96,532	17,083	113,615
Capital Expenditure	319,381	—	—	—	319,381	50,674	370,055

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Elimination of intersegment transactions	¥ (112)	¥ (227)	$ (1,376)
Administrative expenses not allocated to the reportable segments	(4,060)	(3,716)	(49,432)
Total	¥ (4,173)	¥ (3,943)	$ (50,808)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Elimination of intersegment transactions	¥ (6,486)	¥ (6,979)	$ (78,967)
Corporate assets not allocated to the reportable segments	21,568	24,454	262,580
Total	¥ 15,081	¥ 17,474	$ 183,613

(*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. Related Party Transactions

Transactions with related parties for the year ended March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Purchase of equity securities	¥ 15,600	$ 189,920
Purchase of receivables	20,725	252,318
Receipt of interest	69	848
Lending money	80,000	973,947

16. Lease Transactions

Finance Lease as lessee

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property, whose lease inception was before March 31, 2008, was as follows:

Acquisition cost, accumulated depreciation and net leased property:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Acquisition cost	¥ 38	¥ 38	$ 466
Accumulated depreciation	(36)	(32)	(448)
Net leased property	¥ 1	¥ 5	$ 18

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 1	¥ 3	$ 18
Due after one year	—	1	—
Total	¥ 1	¥ 5	$ 18

Lease expenses and depreciation equivalents:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Lease Expenses	¥ 3	¥ 13	$ 47
Depreciation Equivalents	3	13	47

(*1) Interest expenses are included in acquisition costs equivalents and depreciation equivalents, as the proportion of future lease payments to the balance of Property and Equipment is not significant.
(*2) Depreciation equivalents were calculated using the straight-line method over the lease period with no residual value.

Operating Leases as lessee

The minimum rental commitments under non-cancellable operating leases at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 9	¥ —	$ 118
Due after one year	3	—	40
Total	¥ 12	¥ —	$ 158

Finance leases as lessor

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Lease contract receivables	¥ 722,485	¥ 530,104	$ 8,795,777
Estimated residual value	1,606	262	19,562
Interest income equivalents	(38,251)	(28,177)	(465,684)
Total	¥ 685,840	¥ 502,189	$ 8,349,655

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

	Millions of yen	Thousands of U.S. dollars
	2012	2012
2013	¥ 5,292	$ 64,436
2014	4,107	50,012
2015	3,426	41,716
2016	2,931	35,694
2017	3,172	38,620
2018 and thereafter	939	11,432
Total	¥ 19,870	$ 241,910

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

	Millions of yen	Thousands of U.S. dollars
	2012	2012
2013	¥ 267,800	$ 3,260,289
2014	183,660	2,235,950
2015	121,345	1,477,303
2016	77,622	945,002
2017	42,268	514,595
2018 and thereafter	29,787	362,638
Total	¥ 722,485	$ 8,795,777

(4) The beginning balance of Investments in Leases 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 Leases (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 ¥2,417 million ($29,425 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-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 16,135	¥ 9,056	$ 196,437
Due after one year	20,357	13,725	247,833
Total	¥ 36,492	¥ 22,781	$ 444,270

Sub-lease transactions

Among the receivables and obligations relating to the sub-lease transactions, the amounts before deducting interest equivalents and included in the Balance Sheets as of March 31, 2012 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Investments in Leases	¥ 18,221	$ 221,841
Lease Payable	19,226	234,070

17. 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 funding sources. In addition to the indirect funding from financial institutions, IBJL Group utilizes direct funding such as issuing 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 the 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 contractual default of counterparty of the transactions. In the case deterioration in the credit conditions of counterparties caused by change in economic conditions or environment, it is possible that the performance of obligation under the contract may not be fulfilled. In addition, marketable securities and investment securities mainly comprised of stocks, bonds, preferred equities and investments in partnership. Stocks are held for the purposes of strengthen the relationships with trade customers and financial institutions and exposed to market price fluctuation risks in addition to the credit risk of issuers of the stocks. Bonds are mainly consisted of specified bonds under the Asset Liquidation Law. Similarly, preferred stocks and investments in partnerships represent equity in real estate securitization vehicles. Because these investments are backed by the profits generated by real estates, they are exposed to the risk of price fluctuation in the real estate market.

Borrowings and commercial paper are exposed to liquidity risk that may close agile access to funds due to the change of 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 volatility 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 flows 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 Forward and foreign currency forward contract for exchange risks associated with other certain assets and liabilities denominated in foreign currencies in order to control the amount of risks to avoid excessive risks.

(3) Risk management for financial instruments

(a) Integrated risk management

IBJL Group places an extremely high priority on the integrated monitoring and control of total financial risks including credit risks and market risks which consists of interest rate risk and share price fluctuation risk. Thus we incorporate 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 credit risks of business partners.

Firstly, at the initial stage of deal execution, we grant a credit rating for each debtor under “client credit rating system” and conduct a strict credit screening, judgment on contract arrangement based on the prospects of future used value of leasing assets and, from the perspective of the avoidance of excessive concentrations of credit, we monitor credit administration ceiling by using our “credit monitoring systems by ratings”. Furthermore, when we start dealing with new services or new products, 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. Any large contract and matters requiring complex risk judgment are deliberated and decided by “Credit Committee”, whose members include the representative director and executives in charge of screening. By these means, we reinforce our risk management. Additionally, as an on going management, we provide necessary write-off or allowance in accordance with the self assessment rules for assets conforming to the financial inspection manual published by Financial Service Agency, as recommended by “Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry”. Furthermore, 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 make 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 resolves 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 respect of financial operation in line. 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 meeting of ALM Committee, whose members include executives in charge of relevant departments, and we strive to maintain stable earnings by controlling risk factors. Also, with regard to market transactions, in order to maintain 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.

(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 (Integrated asset/liability management). 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).

Sensitivity to interest rate (10BPV) interest rate risk volume (VaR) figures in IBJL Group as of March 31, 2012 and 2011 are 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 we estimate maximum losses statistically (variance/covariance method).

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Sensitivity to interest rate (10BPV)	¥ (1,310)	¥ (1,000)	$ (15,948)
Interest rate risk volume (VaR)	¥ 940	¥ 1,470	$ 11,444

VaR measurement method is as follows:
Variance co-variance model for linear risk
Determinate quantity;
(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, we created a model that shows price fluctuation of each stock based on the stock price index fluctuation. We adopted the stock price fluctuation model that sets the stock price index fluctuation ratio represented by 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
	2012	2011	2012
Price variation risk of stock (VaR)	¥ 450	¥ 920	$ 5,478

(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:
Determinate quantity;
(1) Confidence interval: 99%;
(2) Holding period of 1 month; and
(3) Historical observation period of one year.

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

(iii) Derivative transactions
The derivative transactions carried out in our group mainly consist of interest rate swaps, entered as a part of ALM, to hedge the fluctuation risks of interest rate. The operating policy of hedging is determined at the monthly ALM council to control the risk of assets exposed to interest rate fluctuation. 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 real estate finance vehicle. The risk is managed by estimating the fair value of real

estate at the 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 the long-term and short-term funding, depending upon the market environment.

(4) Supplemental explanation for quantitative information concerning market risk

Because quantitative information concerning market risk is based on the statistical assumptions, they may differ depending upon 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 for 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. We adopt 10 basis points (0.1%) as basis for change of value.

*VaR: VaR is a technique for estimating the probable maximum portfolio losses as 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

	2012			2011		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	¥ 39,900	¥ 39,900	¥ —	¥ 36,110	¥ 36,110	¥ —
Securities (*1) Available-for-sale securities	20,356	20,356	—	24,407	24,407	—
Lease Receivables and Investments in Leases (*2) (*3) (*4) (*5)	696,309	708,210	11,901	506,453	518,067	11,613
Installment Sales Receivables (*2) (*6)	111,832	115,141	3,309	93,968	96,671	2,703
Loans Receivables (*2)	221,622	235,626	14,004	197,403	207,336	9,933
Factoring Receivables (*2) (*7)	67,716	68,715	998	41,155	41,885	730
Long-term Receivables (*8)	15,827	15,827	—	9,555	9,555	—
Assets total	1,173,564	1,203,778	30,214	909,053	934,034	24,980
Short-term Borrowings	¥ 546,019	¥ 546,035	¥ (15)	¥ 464,794	¥ 464,798	¥ (3)
Lease Payable	19,229	19,116	112	15,359	15,335	24
Accounts Payable — trade	68,877	68,580	296	35,390	35,204	185
Long-term Debt (*9)	587,461	590,251	(2,789)	412,834	414,877	(2,043)
Liabilities total	¥ 1,221,588	¥ 1,223,984	¥ (2,396)	¥ 928,379	¥ 930,216	¥ (1,836)
Hedge accounting is not applied (*10)	¥ (46)	¥ (46)	¥ —	¥ —	¥ —	¥ —
Hedge accounting is applied (*10)	(65)	(65)	—	(61)	(61)	—
Derivative transactions total	¥ (112)	¥ (112)	¥ —	¥ (61)	¥ (61)	¥ —

	Thousands of U.S. dollars		
	2012		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	$ 485,766	$ 485,766	$ —
Securities (*1) Available-for-sale securities	247,821	247,821	—
Lease Receivables and Investments in Leases (*2) (*3) (*4) (*5)	8,477,101	8,621,999	144,898
Installment Sales Receivables (*2) (*6)	1,361,481	1,401,768	40,287
Loans Receivables (*2)	2,698,109	2,868,600	170,491
Factoring Receivables (*2) (*7)	824,408	836,569	12,161
Long-term Receivables (*8)	192,687	192,687	—
Assets total	$ 14,287,373	$ 14,655,210	$ 367,837
Short-term Borrowings	$ 6,647,430	$ 6,647,617	$ (187)
Lease Payable	234,106	232,734	1,372
Accounts Payable — trade	838,534	834,927	3,607
Long-term Debt (*9)	7,151,960	7,185,926	(33,966)
Liabilities total	$ 14,872,030	$ 14,901,204	$ (29,174)
Hedge accounting is not applied (*10)	$ (570)	$ (570)	$ —
Hedge accounting is applied (*10)	(794)	(794)	—
Derivative transactions total	$ (1,364)	$ (1,364)	$ —

(*1) Securities include Marketable Securities, Operational Investment Securities and Investment Securities.
(*2) Lease Receivables and Investments in Leases, Installment Sales Receivables, Loans Receivables and Factoring Receivables are stated net of Allowance for Doubtful Receivables.
(*3) Investments in Leases are stated net of estimated residual value of lease assets for finance leases that deemed not to transfer ownership of the leased property to the lessee.
(*4) The beginning balance of Investments in Leases for finance leases that 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 Leases.
(*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 Leases
The fair values of Lease Receivables and Investments in Leases 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 their fair values, because the Allowance for Doubtful Receivables is determined based on the amount that is expected to be recovered from collateral and guarantee.

(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
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.

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Unlisted Stocks (*1) (*2)	¥ 6,095	¥ 10,982	$ 74,205
Funds, Investments in Partnerships (*3)	28,688	23,385	349,268
Preferred Equities (*4)	10,366	8,592	126,201
Other (*4)	271	310	3,305

(*1) As unlisted stocks do not have the quoted market price in an active market and whose 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, 2012 and 2011 were ¥24 million ($293 thousand) and ¥104 million, respectively.
(*3) As investments in funds and partnerships are comprised 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 they do not have the quoted market price in an active market and whose 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

	Millions of yen					
March 31, 2012	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	¥ 39,900	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities Bonds						
Corporate Bonds	3,204	—	—	—	—	4,300
Other	15,940	5,927	3,577	5,175	323	5,316
Lease Receivables and Investments in Leases	256,398	178,512	118,632	76,689	43,719	30,258
Installment Sales Receivables	47,499	27,939	17,134	10,244	5,401	4,368
Loans Receivables	54,478	38,302	30,742	41,613	30,520	31,022
Factoring Receivables (*1)	52,807	3,551	2,720	5,938	572	2,340
Total	¥ 470,230	¥ 254,233	¥ 172,806	¥ 139,662	¥ 80,537	¥ 77,605

	Thousands of U.S. dollars					
March 31, 2012	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	$ 485,766	$ —	$ —	$ —	$ —	$ —
Securities						
Available-for-sale Securities Bonds						
Corporate Bonds	39,015	—	—	—	—	52,350
Other	194,066	72,159	43,551	63,007	3,935	64,723
Lease Receivables and Investments in Leases	3,121,484	2,173,267	1,444,269	933,649	532,250	368,372
Installment Sales Receivables	578,277	340,149	208,605	124,719	65,763	53,181
Loans Receivables	663,239	466,306	374,264	506,622	371,571	377,677
Factoring Receivables (*1)	642,892	43,238	33,118	72,303	6,969	28,492
Total	$ 5,724,739	$ 3,095,119	$ 2,103,807	$ 1,700,300	$ 980,488	$ 944,795

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

18. Derivatives

Derivative transactions to which hedge accounting is not applied

	Millions of yen							
At March 31	2012				2011			
	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.$	¥ 1,904	¥ —	¥ 198	¥ 198	¥ 3,172	¥ 1,789	¥ 374	¥ 374
Buying U.S.$	¥ 1,904	¥ —	¥(198)	¥(198)	¥ 3,172	¥ 1,789	¥ (374)	¥ (374)
Non-Deliverable Forward: Selling Chinese Yuan	¥ 2,062	¥ 1,984	¥ (46)	¥ (46)	—	—	—	—

At March 31	2012 (Thousands of U.S. dollars)			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$	$ 23,186	$ —	$ 2,416	$ 2,416
Buying U.S.$	$ 23,186	$ —	$ (2,416)	$ (2,416)
Non-Deliverable Forward: Selling Chinese Yuan	$ 25,106	$ 24,157	$ (570)	$ (570)

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

Derivative transactions to which hedge accounting is applied

Millions of yen

At March 31	2012				2011			
	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: (fixed rate payment, floating rate receipt)	Long-term debt	¥ 51,887	¥ 34,247	¥ (62)	Long-term debt	¥ 38,595	¥ 32,067	¥ (59)
	Operational Investment Securities	¥ 300	¥ 300	¥ (3)	Operational Investment Securities	¥ 300	¥ 300	¥ (2)

Thousands of U.S. dollars

At March 31	2012			
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	$ 631,696	$ 416,941	$ (756)
	Operational Investment Securities	$ 3,652	$ 3,652	$ (39)

(*1) The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure the 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 17 is included in that of hedged items (i.e. long-term debt).

Millions of yen

At March 31	2012			2011		
	Hedged item	Contract Amount	Contract Amount due after One Year	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	¥ 142,141	¥ 106,554	Long-term debt	¥ 188,278	¥ 116,201

Thousands of U.S. dollars

At March 31	2012		
	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	$ 1,730,473	$ 1,297,236

19. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Unrealized Gain on Available-for-sale Securities		
Gains arising during the year	¥ 508	$ 6,188
Reclassification adjustments to profit or loss	(605)	(7,370)
Amount before income tax effect	(97)	(1,182)
Income tax effect	(83)	(1,014)
Total	¥ (13)	$ (168)
Deferred Loss on Derivatives under Hedge Accounting		
Losses arising during the year	¥ (75)	$ (922)
Reclassification adjustments to profit or loss	71	876
Amount before income tax effect	(3)	(46)
Income tax effect	2	25
Total	¥(5)	$ (71)
Foreign Currency Translation Adjustments		
Adjustments arising during the year	¥ (139)	$ (1,694)
Reclassification adjustments to profit or loss	—	—
Amount before income tax effect	(139)	(1,694)
Income tax effect	—	—
Total	¥ (139)	$ (1,694)
Share of Other Comprehensive Income in associates		
Losses arising during the year	¥ (82)	$ (1,002)
Reclassification adjustments to profit or loss	33	407
Amount before income tax effect	(48)	(595)
Income tax effect	—	—
Total	(48)	(595)
Total Other Comprehensive Income	¥ (207)	$ (2,528)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

20. Net Income per Share

Details of basic net income per share ("EPS") for the years ended March 31, 2012 and 2011 are 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	2012				2011			
	Net income	Weighted average shares	EPS		Net income	Weighted average shares	EPS	
Basic EPS								
Net income available to common shareholders	¥ 4,296	36,198	¥ 118.71	$ 1.45	¥ 9,025	36,198	¥ 249.33	$ 3.04

21. Effect of Bank Holiday

As financial institutions in Japan were closed on March 31, 2012, amounts that would normally have been settled on that day were collected or paid on the following business day, April 2, 2012. The effects of the settlements on April 2 instead of March 31 include the followings:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Receivables:		
Notes and Accounts Receivables	¥ 5	$ 67
Payables:		
Accounts Payable — trade	1,748	21,292
Other		
Notes Deposit for Installment Sales Receivables	807	9,833
Notes Deposit for Investments in Lease	111	1,358
Notes Deposit for other	52	634

22. Subsequent Events

Appropriation of Retained Earnings

On May 9, 2012, 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, 2012 as follows:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥24.00 ($0.29) per share	¥ 868	$ 10,577

■ Independent Auditor's Report

Deloitte.

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 consolidated subsidiaries as of March 31, 2012, 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 conformity 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 conformity 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 consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity 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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 22, 2012

■ Corporate Information

Corporate Profile (As of March 31, 2012)	
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	¥11,760,180,000
Number of Employees	Consolidated: 1,073 Non-consolidated: 539
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 Corporate Bank, Ltd. and 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	Obtains certification under the ISO 14001 standard for environmental management. (all departments and nine domestic subsidiaries)
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.
March 2011	Acquires Siemens Financial Services K.K. (now, IS Leasing Co., Ltd.)
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, 2012)

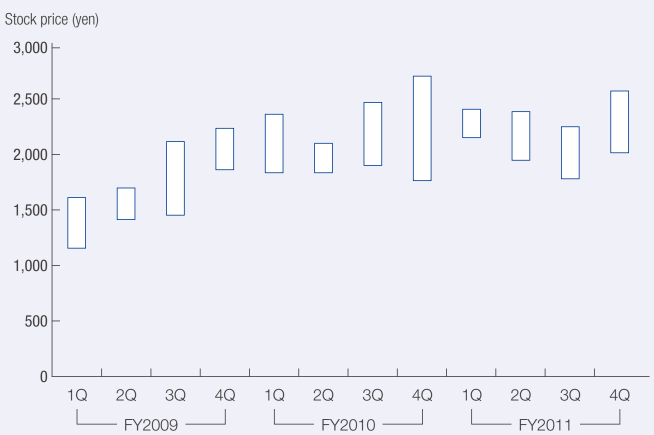
Number of Shares Authorized	140,000,000
Number of Shares Issued	36,849,000
Number of Shareholders	12,765

Major Shareholders

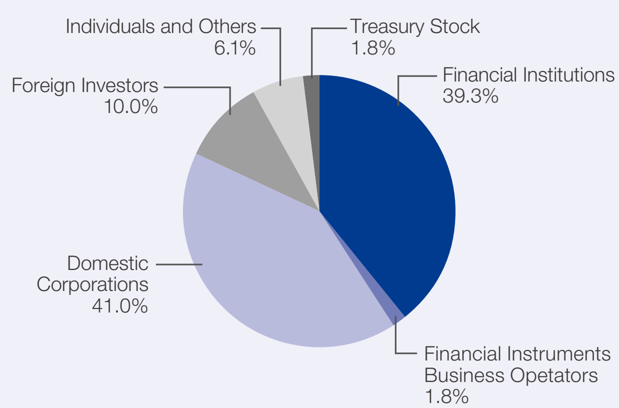
Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio* (%)
The Dai-ichi Life Insurance Company, Limited	2,930	7.95
Trust & Custody Services Bank, Ltd. (Nissan Motor Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.)	1,750	4.74
Mizuho Corporate Bank, Ltd.	1,626	4.41
Jowa Holdings Co., Ltd.	1,546	4.19
Meiji Yasuda Life Insurance Company	1,251	3.39
Dowa Holdings Co., Ltd.	1,120	3.03
Kowa Real Estate Co., Ltd.	975	2.64
The Kyoritsu Co., Ltd.	949	2.57
Toshiba Corporation	900	2.44
Japan Trustee Services Bank, Ltd. (Trust Account)	783	2.12
Nippon Life Insurance Company	720	1.95
Nippon Steel Corporation	720	1.95
Tosoh Corporation	720	1.95
Fuji Heavy Industries Ltd.	720	1.95
The Shiga Bank, Ltd.	670	1.81
Credit Saison Co., Ltd.	670	1.81
Iino Kaiun Kaisha, Ltd.	666	1.80
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	649	1.76
Sompo Japan Insurance Inc.	600	1.62
The Master Trust of Japan Bank, Ltd. (Trust Account)	579	1.57

*Percentage of the total number of shares issued.
*Treasury shares of 650 thousand are excluded from the above table.

Stock Performance



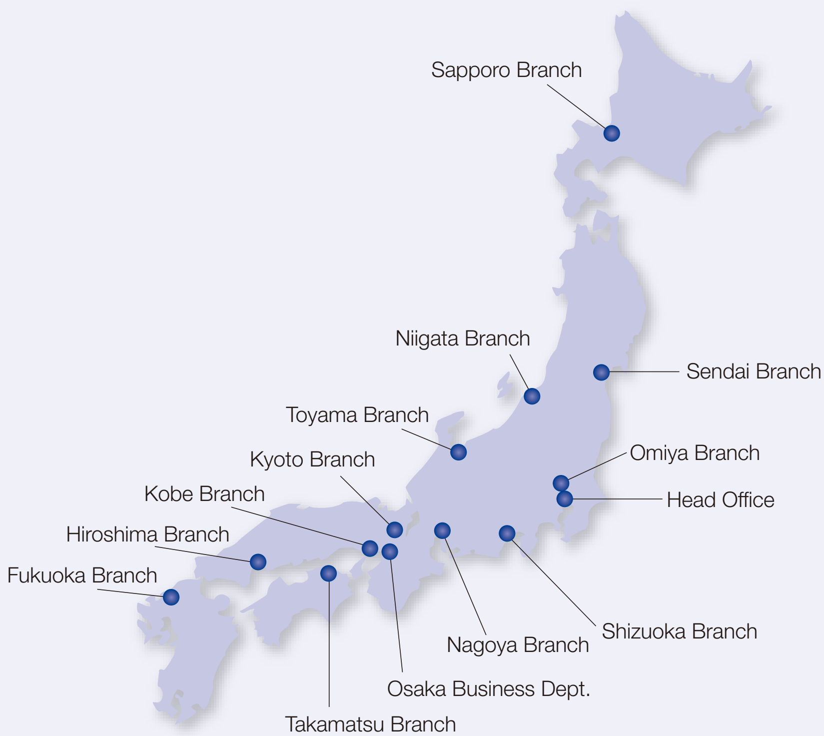
Distribution of Shareholders



■ Headquarters and Branches

(As of July 31, 2012)

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, 2012)

	Paid-in Capital or Investment	Business Activity	Ownership
Network in Japan			
IBJL-TOSHIBA Leasing Co., Ltd. 6-6, Osaki 3-chome, Shinagawa-ku, Tokyo 141-0032 TEL. +81-3-6367-6266	¥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	¥2,000 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%
IS Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6644 FAX. +81-3-5253-6645	¥100 million	General leasing	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 1, 6th Fl., Jl. Asia Afrika No. 8, Gelora Bung Karno, Senayan, Jakarta Pusat 10270, Indonesia TEL. +62-21-572-4101 FAX. +62-21-572-4102	IDR100,000,000 thousand	General leasing	80%
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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