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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2014

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

	Yen		U.S. dollars (Note 1)
	2014	2013	**2014**
Amounts per Share of Common Stock (Notes 2(x) and 9)			
Net Income per Share	**¥ 264.75**	¥ 246.43	**$ 2.57**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2014

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

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

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

	Thousands	Millions of yen			
	Number of shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance as of April 1, 2012	*36,198*	¥ 11,760	¥ 9,680	¥ 50,871	¥ (1,079)
Net Income				8,920	
Cash Dividends Paid				(1,737)	
Purchase of Treasury Stock					
Disposal of Treasury Stock					
Issuance of New Stock					
Net change during year					
Balance as of March 31, 2013	***36,198***	**¥ 11,760**	**¥ 9,680**	**¥ 58,054**	**¥ (1,079)**
Net Income				**10,531**	
Cash Dividends Paid				**(2,050)**	
Purchase of Treasury Stock	***(0)***				**(0)**
Disposal of Treasury Stock (Note 3)	***650***		**291**		**1,078**
Issuance of New Stock (Note 3)	***5,800***	**6,114**	**6,114**		
Net change during year					
Balance as of March 31, 2014	***42,648***	**¥ 17,874**	**¥ 16,086**	**¥ 66,535**	**¥ (0)**

	Accumulated Other Comprehensive Income						
	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
Balance as of April 1, 2012	¥ 1,003	¥ (42)	¥ (1,439)	¥ -	¥ 70,754	¥ 3,962	¥ 74,717
Net Income					8,920		8,920
Cash Dividends Paid					(1,737)		(1,737)
Purchase of Treasury Stock							
Disposal of Treasury Stock							
Issuance of New Stock							
Net change during year	1,613	(75)	840		2,378	626	3,004
Balance as of March 31, 2013	**¥ 2,616**	**¥ (117)**	**¥ (598)**	**¥ -**	**¥ 80,316**	**¥ 4,588**	**¥ 84,905**
Net Income					**10,531**		**10,531**
Cash Dividends Paid					**(2,050)**		**(2,050)**
Purchase of Treasury Stock					**(0)**		**(0)**
Disposal of Treasury Stock (Note 3)					**1,370**		**1,370**
Issuance of New Stock (Note 3)					**12,228**		**12,228**
Net change during year	**891**	**276**	**1,212**	**66**	**2,446**	**410**	**2,856**
Balance as of March 31, 2014	**¥ 3,508**	**¥ 158**	**¥ 613**	**¥ 66**	**¥ 104,841**	**¥ 4,998**	**¥ 109,840**

	Thousands of U.S. dollars (Note 1)			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance as of March 31, 2013	**$ 114,265**	**$ 94,059**	**$ 564,075**	**$ (10,487)**
Net Income			**102,326**	
Cash Dividends Paid			**(19,918)**	
Purchase of Treasury Stock				**(2)**
Disposal of Treasury Stock (Note 3)		**2,834**		**10,481**
Issuance of New Stock (Note 3)	**59,405**	**59,405**		
Net change during year				
Balance as of March 31, 2014	**$ 173,670**	**$ 156,298**	**$ 646,483**	**$ (8)**

	Accumulated Other Comprehensive Income						
	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
Balance as of March 31, 2013	**$ 25,424**	**$ (1,143)**	**$ (5,817)**	**$ -**	**$ 780,376**	**$ 44,586**	**$ 824,962**
Net Income					**102,326**		**102,326**
Cash Dividends Paid					**(19,918)**		**(19,918)**
Purchase of Treasury Stock					**(2)**		**(2)**
Disposal of Treasury Stock (Note 3)					**13,315**		**13,315**
Issuance of New Stock (Note 3)					**118,810**		**118,810**
Net change during year	**8,661**	**2,686**	**11,776**	**643**	**23,766**	**3,984**	**27,750**
Balance as of March 31, 2014	**$ 34,085**	**$ 1,543**	**$ 5,959**	**$ 643**	**$ 1,018,673**	**$ 48,570**	**$ 1,067,243**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2014

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

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the company's financial statements issued domestically in order to present them in a form of which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014. Certain disclosures required in the notes to the financial statements by the Japanese Financial Instruments and Exchange Law are omitted in this Business Report (Kessan Tanshin).

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

2. Summary of Significant Accounting Policies

(a) Consolidation

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

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

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

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

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

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries 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 costs and underlying net equity of investments in consolidated subsidiaries and associated companies at acquisition are recorded as Goodwill and are amortized on a straight-line basis over the estimated benefit period.

Implementation Guidance No. 15 "Implementation Guidance on Disclosures about Certain Special Purpose Entities" issued by the Accounting Standards Board of Japan (the "ASBJ") permits companies to avoid consolidation of certain Special Purpose Entities ("SPEs") 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 these are appropriately reflected in the consolidated financial statements.

As a result of securitizations, IBJL had 20 and 19 SPEs which were not consolidated under Guidance No. 15 as of March 31, 2014 and 2013, respectively. Total assets (simply compiled amount) of such SPEs as of March 31, 2014 and 2013 were ¥103,367 million ($1,004,351 thousand) and ¥132,446 million, respectively. Total liabilities (simply compiled amount) of such SPEs as of March 31, 2014 and 2013 were ¥103,702 million ($1,007,601 thousand) and ¥132,887 million, respectively. IBJL owns no voting rights in most of the SPEs while some employees of IBJL serve as directors.

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

(b) Business Combination

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

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

(c) Cash Equivalents

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

(d) Lease Accounting

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

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

(e) Installment Sales

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

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

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

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

(g) Loans Receivables and Factoring Receivables

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

(h) Property and Equipment

1. Leased Assets

   Leased Property and Equipment are initially accounted for at their acquisition costs and depreciated over the lease term by the straight-line method to the residual value which is an amount to be realized at the time when the lease contract is terminated. Loss on disposals of leased assets resulting from cancellation of lease contracts are estimated and added to depreciation expense.

2. Own-used Assets
   Own-used Assets of IBJL and its domestic consolidated subsidiaries are stated at cost and depreciated over the following estimated useful lives mainly by the declining-balance method:

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 is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(j) Intangible Assets

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

(k) Stock Issue Costs and Bond Issue Costs

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

(l) Allowance for Doubtful Receivables

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

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

(m) Reserve for Bonuses Payments

IBJL and certain 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.

(n) 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.

(o) Liability for Employees' Retirement Benefits

IBJL and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire. In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

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

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

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

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

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

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

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

(q) Asset Retirement Obligations

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

(r) Accruals for Debt Guarantees

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

(s) Income Taxes

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

(t) Recognition of Revenues and Cost of Sales

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

(u) Translation of Foreign 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 the exchange rates at the balance sheet date. The foreign exchange gain and loss from translation are recognized in the Consolidated Statement of Income as income or expenses.

   Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates effective at the respective transaction dates.
2. Translation of foreign currency financial statements

   The assets, liabilities, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet dates of each subsidiary. Differences arising from such translation are shown in Foreign Currency Translation Adjustments under Accumulated Other Comprehensive Income in a separate component of Equity.

(v) Derivative and Hedging Activities

IBJL Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Interest rate swaps are utilized to manage interest rate risks associated with certain assets and liabilities, including Marketable Securities, Operational Investment Securities, Investment Securities, Short-term Borrowings and Long-term Debt. Foreign currency forward contracts and Non-deliverable forwards are utilized to reduce the risks associated with fluctuations of foreign currency exchange rates. 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 expense or income.

(w) Consumption Taxes

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

(x) Per Share Information

The computation of basic net income per share is based on the weighted-average number of outstanding shares of common stock.

(y) Accounting Changes and Error Corrections

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

3. Additional Information

(1) Change in presentation

Bond Issue Costs, which was previously included in "Other—net" in Other Income (Expenses) in the Consolidated Statement of Income, is separately presented from the current fiscal year as it became material. To reflect this change in presentation, the reclassification is made in the consolidated financial statement in the previous year. As a result, Bond Issue Costs amounted to ¥51 million which was included in "Other—net" in Other Income (Expenses) in the Consolidated Statement of Income in the previous year, is reclassified to Bond Issue Costs in Other Income (Expenses) in the current year.

(2) Issuance of new shares and disposal of treasury stock during the current fiscal year

IBJL issued new shares by way of public offering of 5,000,000 shares followed by Third-party allotment of 800,000 shares. Accordingly Common Stock and Capital Surplus increased by ¥6,114 million ($59,405 thousand) each. Additionally, Capital Surplus increased by ¥291 million ($2,834 thousand) and Treasury Stock decreased by ¥1,078 ($10,481 thousand) million due to disposal of treasury stock of 650,000 shares. While 98 shares of Treasury Stock increased due to the purchases of the shares less than one unit.

4. Operating Assets

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

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

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

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

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

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

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

5. Pledged Assets

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

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

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

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

6. Short-term Borrowings and Long-term Debt

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

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

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

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

7. Commitments and Contingent Liabilities

"Contingent Liabilities" as of March 31, 2014 was as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2014	2014
Guarantee Obligations with respect to operating activities	¥29,012	$281,897
Other Guarantee Obligations	9,708	94,329
Total	¥38,721	$376,226

8. Segment Information

(1) Description of reportable segments

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

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

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

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

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

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

(Millions of yen)

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

(Millions of yen)

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

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

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

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

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

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

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

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

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

9. Net Income per Share

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

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