

Consolidated Balance Sheet

IBJ Leasing Company, Limited and Consolidated Subsidiaries

As of September 30, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2013	March 31 2013	September 30 2013
ASSETS			
Current Assets:			
Cash and Cash Equivalents	¥ 32,337	¥ 29,245	\$ 330,820
Lease Receivables and Investments in Lease (Note 5)	723,326	728,928	7,399,756
Receivables (Note 5):			
Notes and Accounts	55	40	567
Lease	6,814	5,011	69,712
Installment Sales	115,126	114,341	1,177,760
Loans	210,557	212,959	2,154,043
Factoring	127,430	107,184	1,303,634
Total Receivables	459,983	439,536	4,705,716
Operational Investment Securities	40,461	48,798	413,928
Deferred Tax Assets	1,456	1,801	14,895
Prepaid Expenses and Other	19,101	21,646	195,411
Allowance for Doubtful Receivables	(3,454)	(4,380)	(35,336)
Total Current Assets	1,273,212	1,265,577	13,025,190
Property and Equipment:			
Leased Assets (Note 5)	206,188	222,122	2,109,348
Accumulated Depreciation	(153,699)	(171,156)	(1,572,368)
Net Leased Assets	52,489	50,966	536,980
Advances for Purchases of Leased Assets	83	-	851
Own-used Assets	6,031	6,014	61,702
Accumulated Depreciation	(2,749)	(2,645)	(28,125)
Net Own-used Assets	3,282	3,369	33,577
Total Property and Equipment	55,855	54,335	571,408
Investments and Other Assets:			
Investment Securities	15,874	14,639	162,399
Investments in Unconsolidated Subsidiaries and Associated Companies	6,307	6,096	64,523
Long-term Receivables	19,481	18,502	199,303
Goodwill	365	395	3,742
Intangible Leased Assets (Note 5)	317	339	3,243
Deferred Tax Assets	3,131	3,841	32,039
Other	11,158	11,678	114,149
Allowance for Doubtful Receivables	(2,921)	(3,159)	(29,889)
Total Investments and Other Assets	53,714	52,333	549,509
Total Assets	¥ 1,382,781	¥ 1,372,246	\$ 14,146,107

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

IBJ Leasing Company, Limited and Consolidated Subsidiaries

As of September 30, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2013	March 31 2013	September 30
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Note 6)	¥ 657,302	¥ 643,748	\$ 6,724,322
Current Portion of Long-term Debt (Note 6)	216,258	236,594	2,212,366
Lease Payable	12,539	14,061	128,281
Accounts Payable — trade	55,806	59,769	570,907
Accrued Expenses	1,950	2,231	19,949
Income Taxes Payable	3,118	3,141	31,904
Deferred Profit on Installment Sales (Note 5)	403	401	4,125
Accruals for Debt Guarantees	90	101	923
Other	17,194	19,824	175,905
Total Current Liabilities	964,663	979,875	9,868,682
Long-term Liabilities:			
Long-term Debt (Note 6)	299,273	296,121	3,061,623
Deposits Received	8,502	7,344	86,981
Retirement Benefits for Employees	2,333	2,336	23,876
Retirement Allowance for Directors and Audit & Supervisory Board members	47	42	484
Other	1,704	1,621	17,435
Total Long-term Liabilities	311,861	307,466	3,190,399
Commitments and Contingent Liabilities (Note 7)			
Equity: (Note 10)			
Common Stock (Note 4)	17,874	11,760	182,856
Authorized, 140,000,000 Shares			
Issued, 42,649,000 Shares as of September 30, and 36,849,000 Shares as of March 31, 2013			
Capital Surplus (Note 4)	16,086	9,680	164,565
Retained Earnings	64,084	58,054	655,599
Treasury Stock - at cost (Note 4)	(0)	(1,079)	(9)
540 shares as of September 30, and 650,442 shares as of March 31, 2013			
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	3,319	2,616	33,960
Deferred Loss on Derivatives under Hedge Accounting	(80)	(117)	(824)
Foreign Currency Translation Adjustments	208	(598)	2,132
Total	101,491	80,316	1,038,279
Minority Interests	4,765	4,588	48,747
Total Equity	106,256	84,905	1,087,026
Total Liabilities and Equity	¥ 1,382,781	¥ 1,372,246	\$ 14,146,107

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the six-month period ended September 30, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2013	September 30 2012	September 30 2013
Revenues	¥ 176,981	¥ 178,794	\$ 1,810,549
Cost and Expenses	158,052	158,601	1,616,909
Gross Profit	18,928	20,192	193,640
Selling, General and Administrative Expenses	7,785	12,710	79,650
Operating Income	11,142	7,482	113,990
Other Income (Expenses):			
Interest Income	5	6	58
Dividend Income	235	200	2,412
Equity in Earnings of Associated Companies	127	136	1,307
Profit from Investments	44	45	456
Interest Expenses	(164)	(180)	(1,684)
Bond Issue Costs	(50)	-	(512)
Gain on Sales of Investment Securities	93	0	958
Loss on Devaluation of Investment Securities	(42)	(11)	(434)
Other — net	59	263	613
Income before Income Taxes and Minority Interests	11,452	7,943	117,164
Income Taxes:			
Current	3,436	4,296	35,158
Deferred	779	(967)	7,972
Total	4,215	3,328	43,130
Net Income before Minority Interests	7,236	4,614	74,034
Minority Interests in Earnings of Consolidated Subsidiaries	265	375	2,716
Net Income	¥ 6,971	¥ 4,239	\$ 71,318

	Yen		U.S. dollars (Note 1)
	September 30 2013	September 30 2012	September 30 2013
Amounts per Share of Common Stock (Note 9)			
Net Income per Share	¥ 188.79	¥ 117.11	\$ 1.93

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the six-month period ended September 30, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2013	September 30 2012	September 30 2013
Net Income before Minority Interests	¥ 7,236	¥ 4,614	\$ 74,034
Other Comprehensive Income:			
Unrealized Gain (Loss) on Available-for-sale Securities	704	(529)	7,202
Deferred Gain (Loss) on Derivatives under Hedge Accounting	37	(60)	382
Foreign Currency Translation Adjustments	646	33	6,610
Share of Other Comprehensive Income in Associated Companies	157	19	1,615
Total Other Comprehensive Income	1,545	(536)	15,809
Total Comprehensive Income	¥ 8,782	¥ 4,077	\$ 89,843
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 8,518	¥ 3,708	\$ 87,146
Minority Interests	263	369	2,697

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the six-month period ended September 30, 2013

	<i>Thousands of shares</i>		<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	September 30 2013	March 31 2013	September 30 2013	March 31 2013	September 30 2013
Common Stock:					
Balance at beginning of year	36,849	36,849	¥ 11,760	¥ 11,760	\$ 120,309
Issuance of New Stock (Note 4)	5,800	-	6,114	-	62,547
Balance at end of year	42,649	36,849	17,874	11,760	182,856
Capital Surplus:					
Balance at beginning of year			9,680	9,680	99,034
Issuance of New Stock (Note 4)			6,114	-	62,547
Disposal of Treasury Stock (Note 4)			291	-	2,984
Balance at end of year			16,086	9,680	164,565
Retained Earnings:					
Balance at beginning of year			58,054	50,871	593,909
Net Income			6,971	8,920	71,318
Cash Dividends Paid			(941)	(1,737)	(9,628)
Balance at end of year			64,084	58,054	655,599
Treasury Stock:					
Balance at beginning of year	(650)	(650)	(1,079)	(1,079)	(11,041)
Purchase of Treasury Stock	(0)	-	(0)	-	(3)
Disposal of Treasury Stock (Note 4)	650	-	1,078	-	11,035
Balance at end of year	(0)	(650)	(0)	(1,079)	(9)
Accumulated Other Comprehensive Income:					
Unrealized Gain on Available-for-sale Securities:					
Balance at beginning of year			2,616	1,003	26,768
Net change during year			703	1,613	7,192
Balance at end of year			3,319	2,616	33,960
Deferred Loss on Derivatives under Hedge Accounting:					
Balance at beginning of year			(117)	(42)	(1,203)
Net change during year			37	(75)	379
Balance at end of year			(80)	(117)	(824)
Foreign Currency Translation Adjustments:					
Balance at beginning of year			(598)	(1,439)	(6,125)
Net change during year			807	840	8,257
Balance at end of year			208	(598)	2,132
Total Accumulated Other Comprehensive Income:					
Balance at beginning of year			1,900	(478)	19,440
Net change during year			1,547	2,378	15,828
Balance at end of year			3,447	1,900	35,268
Total			101,491	80,316	1,038,279
Minority Interests:					
Balance at beginning of year			4,588	3,962	46,944
Net change during year			176	626	1,803
Balance at end of year			4,765	4,588	48,747
Total Equity			¥ 106,256	¥ 84,905	\$ 1,087,026

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

IBJ Leasing Company, Limited and Consolidated Subsidiaries

For the six-month period ended September 30, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2013	September 30 2012	September 30 2013
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 11,452	¥ 7,943	\$ 117,164
Adjustments for:			
Income Taxes Paid	(3,462)	(2,460)	(35,423)
Depreciation and Disposal of Fixed Assets	6,275	7,406	64,197
Equity in Earnings of Associated Companies	(127)	(136)	(1,307)
Profit from Investments	(44)	(45)	(456)
Decrease in Allowance for Doubtful Receivables	(1,165)	(3,340)	(11,928)
(Decrease) Increase in Accruals for Debt Guarantees	(11)	108	(119)
Gain on Sales of Marketable and Investment Securities	(93)	(0)	(958)
Loss on Devaluation of Marketable and Investment Securities	42	11	434
Change in assets and liabilities:			
Decrease (Increase) in Lease Receivables and Investments in Lease	5,931	(16,099)	60,681
Increase in Receivables	(16,238)	(6,844)	(166,123)
Decrease in Operational Investment Securities	8,193	798	83,825
Decrease in Accounts Payable — trade	(4,027)	(7,358)	(41,198)
Purchases of Leased Assets	(9,141)	(10,253)	(93,515)
Proceeds from Sales of Leased Assets	2,824	1,892	28,897
Increase (Decrease) in Interest Payable	45	(82)	467
Other — net	(3,723)	(1,010)	(38,094)
Total Adjustments	(14,723)	(37,414)	(150,620)
Net Cash Used in Operating Activities	(3,270)	(29,470)	(33,456)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(356)	(666)	(3,648)
Purchases of Marketable and Investment Securities	(25)	(612)	(263)
Proceeds from Sales and Redemption of Marketable and Investment Securities	206	38	2,113
Other — net	(222)	130	(2,280)
Net Cash Used in Investing Activities	(398)	(1,108)	(4,078)
Cash Flows from Financing Activities:			
Net Increase in Short-term Borrowings	12,618	64,759	129,089
Proceeds from Long-term Debt	174,836	189,401	1,788,605
Repayments of Long-term Debt	(193,623)	(222,663)	(1,980,799)
Proceeds from Stock Issuance	12,228	-	125,095
Disposal of Treasury Stock	1,370	-	14,019
Cash Dividends Paid	(941)	(868)	(9,628)
Other — net	(101)	(17)	(1,035)
Net Cash Provided by Financing Activities	6,387	30,610	65,346
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	372	55	3,816
Net Increase in Cash and Cash Equivalents	3,091	86	31,628
Cash and Cash Equivalents at Beginning of Year	29,245	39,900	299,192
Cash and Cash Equivalents at End of Year	¥ 32,337	¥ 39,987	\$ 330,820

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 conformity 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. The accompanying consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and related notes for the year ended March 31, 2013.

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 ¥97.75 to US\$1.00, the approximate rate of exchange at September 30, 2013. 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. Scope of 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 the consolidated subsidiaries as of September 30, 2013 was 22.

The number of associated companies accounted for under the equity method as of September 30, 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.

3. Summary of Significant Accounting Policies

The accounting policies are the same as those applied in the Consolidated Financial Statements as of and for the year ended March 31, 2013.

4. Significant Changes to Shareholders’ Equity

IBJL issued new shares in the second quarter of the current fiscal year by way of public offering followed by Third-party allotment for secondary offering by exercising the over-allotment option based on the approval by the Board of Directors held on August 22, 2013. Accordingly Common Stock and Capital Surplus increased by ¥6,114 million (\$62,547 thousand) each. Additionally, Capital Surplus increased by

¥291 million (\$2,984 thousand) and Treasury Stock decreased by ¥1,078 (\$11,035 thousand) million due to disposal of treasury stock in the second quarter of the current fiscal year. As a result, at the end of the second quarter, Common Stock was ¥17,874 million (\$182,856 thousand), Capital Surplus was ¥16,086 million (\$164,565 thousand) and Treasury Stock was ¥(0) million (\$ (9) thousand).

5. Operating Assets

(1) Operating Assets as of September 30 and March 31, 2013 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30, 2013	March 31, 2013	September 30, 2013
Leasing:			
Finance Lease	¥723,326	¥728,928	\$7,399,756
Operating Lease	52,806	51,306	540,223
Leasing total (*1)	776,132	780,234	7,939,979
Installment Sales (*2)	114,722	113,939	1,173,635
Loans and Factoring	337,987	320,143	3,457,677
Other	40,461	48,798	413,928
Total Operating Assets	¥1,269,305	¥1,263,116	\$12,985,219

(*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 period-end.

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

(2) The total amounts of new contracts entered into during the periods ended September 30, 2013 and 2012 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Leasing:			
Finance Lease	¥126,672	¥148,259	\$1,295,879
Operating Lease	9,033	10,089	92,419
Leasing total	135,706	158,349	1,388,298
Installment Sales (*1)	30,727	31,411	314,351
Loans and Factoring	192,047	201,443	1,964,684
Other	437	4,254	4,471
Total	¥358,918	¥395,459	\$3,671,804

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

6. Short-term Borrowings and Long-term Debt

(1) “Short-term Borrowings” as of September 30 and March 31, 2013 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30, 2013	March 31, 2013	September 30, 2013
Short-term Borrowings			
Short-term Borrowings from banks and other financial institutions	¥233,102	¥233,548	\$2,384,680
Commercial Paper	424,200	410,200	4,339,642
Total	¥657,302	¥643,748	\$6,724,322
Current Portion of Long-term Debt			
Long-term Debt from banks and other financial institutions	¥176,037	¥195,539	\$1,800,891
Payables under securitized lease receivables due within one year	40,221	41,055	411,475
Total	¥216,258	¥236,594	\$2,212,366

(2) “Long-term Debt” as of September 30 and March 31, 2013 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30, 2013	March 31, 2013	September 30, 2013
Long-term Debt			
Bonds payable	¥20,000	¥ 10,000	\$204,604
Long-term Debt from banks and other financial institutions	279,273	286,099	2,857,019
Payables under securitized lease receivables due over one year	~	22	~
Total	¥299,273	¥296,121	\$3,061,623

7. Commitments and Contingent Liabilities

Contingent Liabilities as of September 30, 2013 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2013	2013
Guarantee Obligations with respect to operating activities	¥27,317	\$279,458
Other Guarantee Obligations	9,029	92,377
Accruals for Debt Guarantees	(90)	(923)
Total	¥36,256	\$370,912

8. Segment Information

(1) Information about sales and profit (loss)

For the six-month period ended September 30, 2013

	(Millions of yen)						
	2013						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)	Consolidated
Sales:							
Sales to external customers	¥161,281	¥7,607	¥3,160	¥4,931	¥176,981	¥ -	¥176,981
Intersegment sales and transfers	127	149	115	42	434	(434)	-
Total	161,409	7,756	3,275	4,973	177,415	(434)	176,981
Operating Expenses	151,747	7,532	998	3,824	164,103	1,734	165,838
Segment Profit	¥ 9,661	¥ 224	¥2,277	¥1,148	¥ 13,311	¥(2,169)	¥ 11,142

For the six-month period ended September 30, 2012

	(Millions of yen)						
	2012						
	Reportable segment				Total	Reconciliations (*1)	Consolidated
	Leasing	Installment sales	Loans	Other			
Sales:							
Sales to external customers	¥166,520	¥6,916	¥ 3,664	¥1,693	¥178,794	¥ -	¥178,794
Intersegment sales and transfers	121	156	114	35	429	(429)	-
Total	166,642	7,073	3,778	1,729	179,223	(429)	178,794
Operating Expenses	156,036	6,516	5,799	1,235	169,587	1,724	171,312
Segment Profit (Loss)	¥ 10,605	¥ 556	¥(2,020)	¥ 493	¥ 9,635	¥(2,153)	¥ 7,482

For the six-month period ended September 30, 2013

	(Thousands of U.S. dollars)						
	2013						
	Reportable segment				Total	Reconciliations (*1)	Consolidated
	Leasing	Installment sales	Loans	Other			
Sales:							
Sales to external customers	\$1,649,941	\$77,825	\$32,337	\$50,446	\$1,810,549	\$ -	\$1,810,549
Intersegment sales and transfers	1,307	1,528	1,177	430	4,442	(4,442)	-
Total	1,651,248	79,353	33,514	50,876	1,814,991	(4,442)	1,810,549
Operating Expenses	1,552,406	77,060	10,219	39,125	1,678,810	17,749	1,696,559
Segment Profit	\$ 98,842	\$ 2,293	\$23,295	\$11,751	\$ 136,181	\$(22,191)	\$ 113,990

(*1) The details of Reconciliations to Segment Profit for the periods ended September 30, 2013 and 2012 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Elimination of intersegment transactions	¥(170)	¥(148)	\$(1,741)
Administrative expenses not allocated to the reportable segments	(1,998)	(2,005)	(20,450)
Total	¥(2,169)	¥(2,153)	\$(22,191)

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

(2) 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 periods ended September 30, 2013 and 2012 were as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
	Net income	Weighted average shares	EPS	
For the period ended September 30, 2013:				
Basic EPS				
Net income available to common shareholders	¥6,971	36,925	¥188.79	\$1.93
For the period ended September 30, 2012:				
Basic EPS				
Net income available to common shareholders	¥4,239	36,198	¥117.11	\$1.19

10. Subsequent Events

Appropriation of Retained Earnings

On November 5 2013, the Board of Directors of IBJL resolved to approve the payment of the interim cash dividends to its shareholders registered as of September 30, 2013 as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Interim cash dividends, ¥26.00 (\$0.27) per share	¥1,108	\$11,344