Consolidated Balance Sheet
IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
ASSETS			
Current Assets:			
Cash and Cash Equivalents	**¥ 29,245**	¥ 39,900	**$ 311,161**
Marketable Securities	**-**	141	**-**
Lease Receivables and Investments in Lease (Notes 4 and 5)	**728,928**	704,210	**7,755,381**
Receivables(Notes 4 and 5):			
Notes and Accounts	**40**	44	**428**
Lease	**5,011**	9,040	**53,320**
Installment Sales	**114,341**	112,588	**1,216,526**
Loans	**212,959**	226,679	**2,265,766**
Factoring	**107,184**	68,328	**1,140,378**
Total Receivables	**439,536**	416,683	**4,676,418**
Operational Investment Securities	**48,798**	48,876	**519,189**
Deferred Tax Assets	**1,801**	2,698	**19,167**
Prepaid Expenses and Other	**21,646**	24,303	**230,305**
Allowance for Doubtful Receivables	**(4,380)**	(7,748)	**(46,601)**
Total Current Assets	**1,265,577**	1,229,065	**13,465,020**
Property and Equipment:			
Leased Assets (Note 4)	**222,122**	264,539	**2,363,258**
Accumulated Depreciation	**(171,156)**	(213,971)	**(1,821,004)**
Net Leased Assets	**50,966**	50,568	**542,254**
Own-used Assets	**6,014**	5,882	**63,986**
Accumulated Depreciation	**(2,645)**	(2,461)	**(28,142)**
Net Own-used Assets	**3,369**	3,420	**35,844**
Total Property and Equipment	**54,335**	53,988	**578,098**
Investments and Other Assets:			
Investment Securities	**14,639**	11,145	**155,760**
Investments in Unconsolidated Subsidiaries and Associated Companies	**6,096**	5,613	**64,859**
Long-term Receivables	**18,502**	19,153	**196,852**
Goodwill	**395**	455	**4,210**
Intangible Leased Assets (Note 4)	**339**	361	**3,616**
Deferred Tax Assets	**3,841**	4,097	**40,867**
Other	**11,678**	12,418	**124,255**
Allowance for Doubtful Receivables	**(3,159)**	(3,336)	**(33,616)**
Total Investments and Other Assets	**52,333**	49,909	**556,803**
Total Assets	**¥ 1,372,246**	¥ 1,332,963	**$ 14,599,921**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet
IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Note 6)	**¥ 643,748**	¥ 546,019	**$ 6,849,115**
Current Portion of Long-term Debt (Notes 5 and 6)	**236,594**	240,681	**2,517,230**
Lease Payable	**14,061**	19,228	**149,610**
Accounts Payable — trade	**59,769**	68,877	**635,911**
Accrued Expenses	**2,231**	2,284	**23,745**
Income Taxes Payable	**3,141**	2,425	**33,428**
Deferred Profit on Installment Sales (Note 4)	**401**	345	**4,274**
Accruals for Debt Guarantees	**101**	98	**1,084**
Other	**19,824**	20,940	**210,919**
Total Current Liabilities	**979,875**	900,900	**10,425,316**
Long-term Liabilities:			
Long-term Debt (Notes 5 and 6)	**296,121**	346,780	**3,150,564**
Deposits Received	**7,344**	6,814	**78,139**
Retirement Benefits for Employees	**2,336**	2,148	**24,854**
Retirement Allowance for Directors and Corporate Auditors	**42**	194	**451**
Other	**1,621**	1,406	**17,255**
Total Long-term Liabilities	**307,466**	357,345	**3,271,263**
Commitments and Contingent Liabilities (Note 7)			
Equity:			
Common Stock Authorized, 140,000,000 Shares Issued, 36,849,000 Shares as of March 31, 2013 and 2012	**11,760**	11,760	**125,122**
Capital Surplus	**9,680**	9,680	**102,996**
Retained Earnings	**58,054**	50,871	**617,668**
Treasury Stock - at cost 650,442 shares as of March 31, 2013 and 2012	**(1,079)**	(1,079)	**(11,483)**
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	**2,616**	1,003	**27,839**
Deferred Loss on Derivatives under Hedge Accounting	**(117)**	(42)	**(1,252)**
Foreign Currency Translation Adjustments	**(598)**	(1,439)	**(6,370)**
Total	**80,316**	70,754	**854,520**
Minority Interests	**4,588**	3,962	**48,822**
Total Equity	**84,905**	74,717	**903,342**
Total Liabilities and Equity	**¥ 1,372,246**	¥ 1,332,963	**$ 14,599,921**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Revenues	**¥ 352,492**	¥ 270,066	**$ 3,750,322**
Cost and Expenses	**314,818**	238,772	**3,349,493**
Gross Profit	**37,673**	31,293	**400,829**
Selling, General and Administrative Expenses	**23,007**	20,601	**244,791**
Operating Income	**14,665**	10,691	**156,038**
Other Income (Expenses):			
Interest Income	**13**	4	**145**
Dividend Income	**316**	264	**3,366**
Equity in Earnings of Associated Companies	**309**	54	**3,291**
Profit from Investments	**143**	421	**1,531**
Interest Expenses	**(347)**	(320)	**(3,699)**
Foreign Exchange Loss	**(132)**	(69)	**(1,406)**
Gain on Sales of Investment Securities	**1**	13	**19**
Loss on Sales of Investment Securities	**-**	(1,599)	**-**
Loss on Devaluation of Investment Securities	**(13)**	(24)	**(144)**
Other — net	**397**	78	**4,228**
Income before Income Taxes and Minority Interests	**15,355**	9,515	**163,369**
Income Taxes:			
Current	**5,711**	5,773	**60,771**
Deferred	**90**	(706)	**962**
Total	**5,802**	5,067	**61,733**
Net Income before Minority Interests	**9,552**	4,448	**101,636**
Minority Interests in Earnings of Consolidated Subsidiaries	**632**	151	**6,728**
Net Income	**¥ 8,920**	¥ 4,296	**$ 94,908**

	Yen		U.S. dollars (Note 1)
	2013	2012	**2013**
Amounts per Share of Common Stock (Notes 2(w) and 9)			
Net Income per Share	**¥ 246.43**	¥ 118.71	**$ 2.62**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Net Income before Minority Interests	**¥ 9,552**	¥ 4,448	**$ 101,636**
Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	**1,614**	(13)	**17,183**
Deferred Loss on Derivatives under Hedge Accounting	**(75)**	(5)	**(801)**
Foreign Currency Translation Adjustments	**713**	(139)	**7,586**
Share of Other Comprehensive Income in Associated Companies	**136**	(48)	**1,452**
Total Other Comprehensive Income	**2,389**	(207)	**25,420**
Total Comprehensive Income	**¥ 11,941**	¥ 4,240	**$ 127,056**
Total Comprehensive Income attributable to:			
Owners of the Parent	**¥ 11,298**	¥ 4,096	**$ 120,215**
Minority Interests	**643**	144	**6,841**

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, 2013

	Thousands of shares		Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**	2012	**2013**
Common Stock:					
Balance at beginning of year	***36,849***	*36,849*	**¥ 11,760**	¥ 11,760	**$ 125,122**
Balance at end of year	***36,849***	*36,849*	**11,760**	11,760	**125,122**
Capital Surplus:					
Balance at beginning of year			**9,680**	9,680	**102,996**
Balance at end of year			**9,680**	9,680	**102,996**
Retained Earnings:					
Balance at beginning of year			**50,871**	48,301	**541,246**
Net Income			**8,920**	4,296	**94,908**
Cash Dividends Paid			**(1,737)**	(1,737)	**(18,486)**
Increase resulting from Change of Fiscal Period of Consolidated Subsidiaries			**-**	10	**-**
Balance at end of year			**58,054**	50,871	**617,668**
Treasury Stock:					
Balance at beginning of year	***(650)***	*(650)*	**(1,079)**	(1,079)	**(11,483)**
Treasury Stock Acquired, net	-	*(0)*	-	(0)	**-**
Balance at end of year	***(650)***	*(650)*	**(1,079)**	(1,079)	**(11,483)**
Accumulated Other Comprehensive Income:					
Unrealized Gain on Available-for-sale Securities:					
Balance at beginning of year			**1,003**	994	**10,675**
Net change during year			**1,613**	8	**17,164**
Balance at end of year			**2,616**	1,003	**27,839**
Deferred Loss on Derivatives under Hedge Accounting:					
Balance at beginning of year			**(42)**	(46)	**(451)**
Net change during year			**(75)**	4	**(801)**
Balance at end of year			**(117)**	(42)	**(1,252)**
Foreign Currency Translation Adjustments:					
Balance at beginning of year			**(1,439)**	(1,225)	**(15,313)**
Net change during year			**840**	(213)	**8,943**
Balance at end of year			**(598)**	(1,439)	**(6,370)**
Total Accumulated Other Comprehensive Income:					
Balance at beginning of year			**(478)**	(277)	**(5,089)**
Net change during year			**2,378**	(200)	**25,306**
Balance at end of year			**1,900**	(478)	**20,217**
Total			**80,316**	70,754	**854,520**
Minority Interests:					
Balance at beginning of year			**3,962**	1,007	**42,158**
Net change during year			**626**	2,955	**6,664**
Balance at end of year			**4,588**	3,962	**48,822**
Total Equity			**¥ 84,905**	¥ 74,717	**$ 903,342**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	**¥ 15,355**	¥ 9,515	**$ 163,369**
Adjustments for:			
Income Taxes Paid	**(4,996)**	(6,583)	**(53,161)**
Depreciation and Disposal of Fixed Assets	**14,266**	9,335	**151,790**
Equity in Earnings of Associated Companies	**(309)**	(54)	**(3,291)**
Profit from Investments	**(143)**	(421)	**(1,531)**
(Decrease) Increase in Allowance for Doubtful Receivables	**(3,548)**	3,339	**(37,749)**
Increase (Decrease) in Accruals for Debt Guarantees	**3**	(326)	**36**
(Gain) Loss on Sales of Marketable and Investment Securities	**(1)**	1,585	**(19)**
Loss on Devaluation of Marketable and Investment Securities	**13**	24	**143**
Change in assets and liabilities:			
(Increase) Decrease in Lease Receivables and Investments in Lease	**(26,562)**	18,922	**(282,611)**
(Increase) Decrease in Receivables	**(13,142)**	84,107	**(139,825)**
Decrease (Increase) in Operational Investment Securities	**495**	(2,500)	**5,269**
Decrease in Accounts Payable — trade	**(9,161)**	(6,745)	**(97,474)**
Purchases of Leased Assets	**(17,857)**	(14,410)	**(189,992)**
Proceeds from Sales of Leased Assets	**3,613**	1,784	**38,444**
Decrease in Interest Payable	**(89)**	(241)	**(952)**
Other — net	**(4,652)**	(4,967)	**(49,504)**
Total Adjustments	**(62,073)**	82,848	**(660,427)**
Net Cash (Used in) Provided by Operating Activities	**(46,718)**	92,364	**(497,058)**
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	**(1,513)**	(1,247)	**(16,103)**
Purchases of Marketable and Investment Securities	**(1,382)**	(516)	**(14,710)**
Proceeds from Sales and Redemption of Marketable and Investment Securities	**84**	4,182	**900**
Purchases of Investments in Subsidiaries causing Changes in Scope of Consolidation	**-**	(3,696)	**-**
Other — net	**273**	298	**2,914**
Net Cash Used in Investing Activities	**(2,537)**	(979)	**(26,999)**
Cash Flows from Financing Activities:			
Net Increase (Decrease) in Short-term Borrowings	**96,822**	(33,871)	**1,030,139**
Proceeds from Long-term Debt	**377,891**	812,567	**4,020,554**
Repayments of Long-term Debt	**(435,241)**	(864,751)	**(4,630,717)**
Cash Dividends Paid	**(1,737)**	(1,737)	**(18,486)**
Other — net	**(18)**	(8)	**(201)**
Net Cash Provided by (Used in) Financing Activities	**37,717**	(87,800)	**401,289**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**884**	(51)	**9,406**
Net (Decrease) Increase in Cash and Cash Equivalents	**(10,654)**	3,532	**(113,362)**
Cash and Cash Equivalents at Beginning of Year	**39,900**	36,110	**424,523**
Increase in Cash and Cash Equivalents resulting from Change of Fiscal Period of Consolidated Subsidiaries	**-**	258	**-**
Cash and Cash Equivalents at End of Year	**¥ 29,245**	¥ 39,900	**$ 311,161**

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, 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. 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 ¥93.99 to US$1.00, the approximate rate of exchange at March 31, 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. 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, 2013 and 2012 was 22 and 24, respectively. The consolidated financial statements for the year ended March 31, 2013 do not include the accounts of IS Leasing Co., Ltd., and E-Front Leasing Co., Ltd. as they were liquidated during the year.

The number of associated companies accounted for under the equity method as of March 31, 2013 and 2012 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 84 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 25 other subsidiaries, and I-N Information Systems,Ltd., an associated company 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 19 and 17 SPEs which were not consolidated under Guidance No. 15 as of March 31, 2013 and 2012, respectively. Total assets (simply compiled amount) of such SPEs as of March 31, 2013 and 2012 were ¥132,446 million ($1,409,158 thousand) and ¥111,688 million, respectively. Total liabilities (simply compiled amount) of such SPEs as of March 31, 2013 and 2012 were ¥132,887 million ($1,413,849 thousand) and ¥111,938 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 2013 was ¥16,880 million ($179,603 thousand), with no gain/loss on the transfer of such receivables. IBJL holds no subordinated interests of such transferred receivables. IBJL recognized profit dividends of ¥14 million ($157 thousand) and servicing fees received of ¥1 million ($21 thousand) with respect to the transactions with such SPEs for the year ended March 31, 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 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.

(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 and Factoring 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 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 ¥13,244 million ($140,916 thousand) and ¥16,121 million at March 31, 2013 and 2012, respectively.

(l) 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.

(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 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 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

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.

(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.

3. Accounting Change

Change in accounting policy which is difficult to distinguish changes in accounting estimates

Following the revision of Corporation Tax Law, effective from the fiscal year ended March 31, 2013, own-used depreciable assets of IBJL and its domestic consolidated subsidiaries acquired on or after April 1, 2012 are depreciated under the depreciation method stipulated in the revised Corporation Tax Law. The effect of the change is immaterial.

4. Operating Assets

(1) Operating Assets by industry segment as of March 31, 2013 and 2012 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Leasing: (*1)			
Finance Lease	¥728,928	¥704,210	$7,755,381
Operating Lease	51,306	50,929	545,870
Leasing total	780,234	755,139	8,301,251
Installment Sales (*2)	113,939	112,243	1,212,252
Loans and Factoring	320,143	295,008	3,406,144
Other	48,798	48,876	519,189
Total Operating Assets	¥1,263,116	¥1,211,268	$13,438,836

(*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-ends.

(*2) Installment Sales represent "Installment Sales Receivables" less "Deferred Profit on Installment Sales" on the consolidated balance sheet at the year-ends.

(2) The total amount of new contracts entered into during the years ended March 31, 2013 and 2012 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Leasing:			
Finance Lease	¥289,701	¥177,919	$3,082,263
Operating Lease	17,900	14,410	190,446
Leasing total	307,601	192,329	3,272,709
Installment Sales (*1)	64,836	44,208	689,827
Loans and Factoring	411,299	167,158	4,375,993
Other	20,514	22,261	218,258
Total	¥804,252	425,959	$8,556,787

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

5. Pledged Assets

Assets pledged as collateral as of March 31, 2013 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2013	2013
Lease Receivables and Investments in Leases	¥19,310	$205,457
Factoring Receivable	125	1,335
Total	¥19,436	$206,792

Liabilities secured by the above assets as of March 31, 2013 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2013	2013
Current Portion of Long-term Debt	¥1,808	$19,240
Long-term Debt	17,341	184,501
Total	¥19,149	$203,741

6. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2013 and 2012 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Short-term Borrowings			
Short-term Borrowings from banks and other financial institutions	¥233,548	¥172,919	$2,484,821
Commercial Paper	410,200	373,100	4,364,294
Total	¥643,748	¥546,019	$6,849,115
Current Portion of Long-term Debt			
Long-term debt from banks and other financial institutions	¥195,539	¥202,973	$2,080,424
Payables under securitized lease receivables due within one year	41,055	37,707	436,806
Total	¥236,594	¥240,681	$2,517,230

(2) "Long-term Debt" as of March 31, 2013 and 2012 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Long-term Debt			
Bonds payable	¥10,000	¥ –	$106,394
Long-term debt from banks and other financial institutions	286,099	345,702	3,043,933
Payables under securitized lease receivables due over one year	22	1,077	237
Total	¥296,121	¥346,780	$3,150,564

7. Commitments and Contingent Liabilities

"Contingent Liabilities" as of March 31, 2013 was as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2013	2013
Guarantee Obligations with respect to operating activities	¥25,438	$270,649
Other Guarantee Obligations	6,472	68,867
Total	¥31,911	$339,516

8. Segment Information

(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". As mentioned in 3.Accounting Change subtitled "Change in accounting policy which is difficult to distinguish changes in accounting estimates", effective from the fiscal year ended March 31,2013, following the revision of Corporation Tax Law, own-used depreciable assets of IBJL and its domestic consolidated subsidiaries acquired on or after April 1, 2012 are depreciated under the depreciation method stipulated in the revised Corporation Tax Law. The effect of the change is immaterial

(3) Information about sales, profit (loss), assets, liabilities and other items for the year ended March 31, 2013 and 2012 was as follows:

(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

(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

	(Thousands of U.S. dollars)						
	2013						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1) (*2) (*3)	Consolidated (*4)
Sales:							
Sales to external customers	$3,482,549	$160,771	$74,256	$32,746	$3,750,322	$ -	$3,750,322
Intersegment sales and transfers	1,925	3,322	2,543	808	8,598	(8,598)	-
Total	3,484,474	164,093	76,799	33,554	3,758,920	(8,598)	3,750,322
Operating Expenses	3,282,259	154,779	93,661	25,565	3,556,264	38,020	3,594,284
Segment Profit (Loss)	$202,215	$9,314	$(16,862)	$7,989	$202,656	$(46,618)	$156,038
Segment Assets	$8,775,290	$1,348,061	$3,701,675	$572,736	$14,397,762	$202,159	$14,599,921
Others							
Depreciation and Amortization	131,015	-	-	-	131,015	20,661	151,676
Capital Expenditure	189,992	-	-	-	189,992	16,103	206,095

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2013 and 2012 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Elimination of intersegment transactions	¥(353)	¥(112)	$(3,764)
Administrative expenses not allocated to the reportable segments	(4,027)	(4,060)	(42,854)
Total	¥(4,381)	¥(4,173)	$(46,618)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2013 and 2012 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2013	2012	2013
Elimination of intersegment transactions	¥(5,688)	¥(6,486)	$(60,518)
Corporate assets not allocated to the reportable segments	24,688	21,568	262,677
Total	¥19,000	¥15,081	$202,159

(*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, 2013 and 2012 were as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
For the year ended March 31, 2013:	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders	**¥8,920**	**36,198**	**¥246.43**	**$2.62**
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	¥4,296	36,198	¥118.71	$1.26