

Consolidated Balance Sheet
IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of September 30, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2017	March 31 2017	September 30 2017
ASSETS			
Current Assets:			
Cash and Cash Equivalents	¥ 43,752	¥ 41,563	\$ 388,081
Marketable Securities	520	44	4,612
Lease Receivables and Investments in Lease (Note 4)	830,716	809,304	7,368,425
Receivables (Note 4):			
Notes and Accounts	538	486	4,781
Lease	3,043	4,028	26,993
Installment Sales	138,586	138,089	1,229,253
Loans	200,248	205,206	1,776,198
Factoring	104,550	139,749	927,355
Other	3,130	3,130	27,763
Total Receivables	450,096	490,690	3,992,343
Operational Investment Securities	181,756	172,493	1,612,170
Deferred Tax Assets	1,646	1,874	14,606
Prepaid Expenses and Other	42,478	53,763	376,785
Allowance for Doubtful Receivables	(2,613)	(3,130)	(23,184)
Total Current Assets	1,548,352	1,566,603	13,733,838
Property and Equipment:			
Leased Assets (Note 4)	188,606	236,482	1,672,929
Accumulated Depreciation	(41,124)	(95,568)	(364,776)
Net Leased Assets	147,481	140,913	1,308,153
Advances for Purchases of Leased Assets	631	311	5,603
Own-used Assets	6,187	6,187	54,881
Accumulated Depreciation	(3,272)	(3,200)	(29,026)
Net Own-used Assets	2,914	2,986	25,855
Total Property and Equipment	151,027	144,211	1,339,611
Investments and Other Assets:			
Investment Securities	22,252	20,340	197,381
Investments in Unconsolidated Subsidiaries and Associated Companies	8,091	7,907	71,768
Long-term Receivables	1,884	3,331	16,714
Goodwill	151	168	1,342
Intangible Leased Assets (Note 4)	100	101	888
Deferred Tax Assets	670	975	5,944
Other	9,296	8,987	82,461
Allowance for Doubtful Receivables	(54)	(343)	(485)
Total Investments and Other Assets	42,391	41,469	376,013
Total Assets	¥ 1,741,772	¥ 1,752,284	\$ 15,449,462

Consolidated Balance Sheet
IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of September 30, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2017	March 31 2017	September 30 2017
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Note 5)	¥ 761,633	¥ 805,696	\$ 6,755,667
Current Portion of Long-term Debt (Note 5)	170,995	155,509	1,516,721
Lease Payable	6,791	7,329	60,245
Accounts Payable - trade	45,188	53,400	400,818
Accrued Expenses	2,301	2,619	20,418
Income Taxes Payable	1,555	1,200	13,793
Deferred Profit on Installment Sales (Note 4)	251	268	2,235
Accruals for Debt Guarantees	31	68	282
Other	21,812	19,671	193,474
Total Current Liabilities	1,010,562	1,045,764	8,963,653
Long-term Liabilities:			
Long-term Debt (Note 5)	544,225	531,232	4,827,258
Deposits Received	29,278	25,623	259,701
Liability for Employees' Retirement Benefits	2,516	2,533	22,320
Other	6,774	5,375	60,086
Total Long-term Liabilities	582,794	564,764	5,169,365
Contingent Liabilities (Note 6)			
Equity: (Note 9)			
Common Stock	17,874	17,874	158,544
Authorized, 140,000,000 Shares; Issued, 42,649,000 Shares as of September 30 and March 31, 2017			
Capital Surplus	16,070	16,086	142,543
Retained Earnings	99,572	94,319	883,201
Treasury Stock - at cost	(1)	(1)	(9)
583 shares as of September 30 and March 31, 2017			
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	9,632	8,036	85,440
Deferred (Loss) Gain on Derivatives under Hedge Accounting	(80)	24	(713)
Foreign Currency Translation Adjustments	81	348	722
Defined Retirement Benefit Plans	(112)	(116)	(998)
Total	143,036	136,571	1,268,730
Non-controlling Interests	5,379	5,183	47,714
Total Equity	148,415	141,755	1,316,444
Total Liabilities and Equity	¥ 1,741,772	¥ 1,752,284	\$ 15,449,462

Consolidated Statement of Income
 IBJ Leasing Company, Limited and Consolidated Subsidiaries
 For the six-month period ended September 30, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2017	September 30 2016	September 30 2017
Revenues	¥ 178,408	¥ 181,364	\$ 1,582,477
Cost and Expenses	159,621	162,203	1,415,833
Gross Profit	18,787	19,161	166,644
Selling, General and Administrative Expenses	9,306	8,562	82,552
Operating Income	9,480	10,599	84,092
Other Income (Expenses):			
Interest Income	1	2	12
Dividend Income	336	340	2,989
Equity in Earnings of Associated Companies	153	158	1,361
Profit from Investments	120	86	1,069
Interest Expenses	(142)	(138)	(1,267)
Bond Issuance Costs	(1)	(104)	(9)
Gain on Sales of Fixed Assets	-	0	-
Gain on Sales of Investment Securities	-	244	-
Loss on Devaluation of Investment Securities	(9)	(151)	(84)
Loss on Impairment of Long-lived Assets	-	(39)	-
Other net	54	166	483
Income before Income Taxes	9,993	11,165	88,646
Income Taxes:			
Current	2,123	3,354	18,839
Deferred	929	126	8,241
Total	3,052	3,480	27,080
Net Income	6,940	7,684	61,566
Net Income attributable to Non-controlling Interests	238	183	2,116
Net Income attributable to Owners of the Parent	¥ 6,702	¥ 7,501	\$ 59,450
		Yen	U.S. dollars (Note 1)
	September 30 2017	September 30 2016	September 30 2017
Amounts per Share of Common Stock (Note 8)			
Net Income attributable to Owners of the Parent per Share	¥ 157.15	¥ 175.88	\$ 1.39

Consolidated Statement of Comprehensive Income
 IBJ Leasing Company, Limited and Consolidated Subsidiaries
 For the six-month period ended September 30, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2017	September 30 2016	September 30 2017
Net Income	¥ 6,940	¥ 7,684	\$ 61,566
Other Comprehensive Income (Loss):			
Unrealized Gain (Loss) on Available-for-sale Securities	1,599	(1,408)	14,187
Deferred (Loss) Gain on Derivatives under Hedge Accounting	(108)	0	(962)
Foreign Currency Translation Adjustments	(325)	(1,359)	(2,890)
Defined Retirement Benefit Plans	5	6	47
Share of Other Comprehensive Income (Loss) in Associated Companies	3	(289)	26
Total Other Comprehensive Income (Loss)	1,173	(3,049)	10,408
Comprehensive Income	¥ 8,114	¥ 4,634	\$ 71,974
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 7,930	¥ 4,533	\$ 70,345
Non-controlling Interests	183	100	1,629

Consolidated Statement of Changes in Equity
 IBI Leasing Company, Limited and Consolidated Subsidiaries
 For the six-month period ended September 30, 2017

	Thousands	Millions of yen			
	Number of shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance as of April 1, 2016	42,648	¥ 17,874	¥ 16,086	¥ 84,514	¥ (0)
Net Income attributable to Owners of the Parent				12,414	
Cash Dividends Paid				(2,558)	
Purchase of Treasury Stock	(0)				(0)
Changes in Scope of Consolidation				(50)	
Changes in an Interest in Subsidiary					
Net change during year					
Balance as of March 31, 2017	42,648	¥ 17,874	¥ 16,086	¥ 94,319	¥ (1)
Net Income attributable to Owners of the Parent				6,702	
Cash Dividends Paid				(1,450)	
Purchase of Treasury Stock					
Changes in Scope of Consolidation					
Changes in an Interest in Subsidiary				(15)	
Net change during the Period					
Balance as of September 30, 2017	42,648	¥ 17,874	¥ 16,070	¥ 99,572	¥ (1)

	Millions of yen				Total	Non-controlling Interests	Total Equity
	Unrealized Gain on Available-for-sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
Balance as of April 1, 2016	¥ 7,956	¥ (174)	¥ 1,026	¥ (249)	¥ 127,033	¥ 5,753	¥ 132,786
Net Income attributable to Owners of the Parent					12,414		12,414
Cash Dividends Paid					(2,558)		(2,558)
Purchase of Treasury Stock					(0)		(0)
Changes in Scope of Consolidation					(50)		(50)
Changes in an Interest in Subsidiary							
Net change during year	79	198	(677)	132	(266)	(570)	(836)
Balance as of March 31, 2017	¥ 8,036	¥ 24	¥ 348	¥ (116)	¥ 136,571	¥ 5,183	¥ 141,755
Net Income attributable to Owners of the Parent					6,702		6,702
Cash Dividends Paid					(1,450)		(1,450)
Purchase of Treasury Stock							
Changes in Scope of Consolidation					(15)		(15)
Changes in an Interest in Subsidiary							
Net change during the Period	1,596	(104)	(267)	3	1,228	196	1,424
Balance as of September 30, 2017	¥ 9,632	¥ (80)	¥ 81	¥ (112)	¥ 143,036	¥ 5,379	¥ 148,415

	Thousands of U.S. dollars (Note 1)			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance as of March 31, 2017	\$ 158,544	\$ 142,685	\$ 836,613	\$ (9)
Net Income attributable to Owners of the Parent			59,450	
Cash Dividends Paid			(12,862)	
Purchase of Treasury Stock				
Changes in Scope of Consolidation				
Changes in an Interest in Subsidiary			(142)	
Net change during the Period				
Balance as of September 30, 2017	\$ 158,544	\$ 142,543	\$ 883,201	\$ (9)

	Thousands of U.S. dollars (Note 1)				Total	Non-controlling Interests	Total Equity
	Unrealized Gain on Available-for-sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
Balance as of March 31, 2017	\$ 71,280	\$ 215	\$ 3,093	\$ (1,033)	\$ 1,211,388	\$ 45,974	\$ 1,257,362
Net Income attributable to Owners of the Parent					59,450		59,450
Cash Dividends Paid					(12,862)		(12,862)
Purchase of Treasury Stock							
Changes in Scope of Consolidation							
Changes in an Interest in Subsidiary					(142)		(142)
Net change during the Period	14,160	(928)	(2,371)	35	10,896	1,740	12,636
Balance as of September 30, 2017	\$ 85,440	\$ (713)	\$ 722	\$ (998)	\$ 1,268,730	\$ 47,714	\$ 1,316,444

Consolidated Statement of Cash Flows
IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the six-month period ended September 30, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2017	September 30 2016	September 30 2017
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 9,993	¥ 11,165	\$ 88,646
Adjustments for:			
Income Taxes Paid	(1,768)	(4,865)	(15,689)
Depreciation and Disposal of Fixed Assets	5,767	5,242	51,157
Equity in Earnings of Associated Companies	(153)	(158)	(1,361)
Profit from Investments	(120)	(86)	(1,069)
Loss on Impairment of Long-lived Assets	-	39	-
(Decrease) Increase in Allowance for Doubtful Receivables	(805)	220	(7,144)
(Decrease) Increase in Accruals for Debt Guarantees	(36)	28	(322)
Gain on Sales of Marketable and Investment Securities	-	(244)	-
Loss on Devaluation of Marketable and Investment Securities	9	151	84
Gain on Sales of Fixed Assets	-	(0)	-
Change in assets and liabilities:			
Increase in Lease Receivables and Investments in Lease	(22,550)	(10,337)	(200,021)
Decrease in Receivables	39,747	48,060	352,563
Increase in Operational Investment Securities	(9,262)	(57,273)	(82,158)
Decrease in Accounts Payable trade	(8,198)	(10,142)	(72,723)
Purchases of Leased Assets	(25,912)	(64,602)	(229,841)
Proceeds from Sales of Leased Assets	13,690	32,932	121,430
Decrease in Interest Payable	(20)	(27)	(181)
Other net	20,228	(5,160)	179,428
Total Adjustments	10,614	(66,224)	94,153
Net Cash Provided by (Used in) Operating Activities	20,608	(55,059)	182,799
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(687)	(742)	(6,099)
Proceeds from Sales of Fixed Assets	-	15	-
Purchases of Marketable and Investment Securities	(435)	(517)	(3,866)
Proceeds from Sales and Redemption of Marketable and Investment Securities	60	11	535
Proceeds from Sales of Subsidiaries causing Changes in Scope of Consolidation	-	2,546	-
Other net	(230)	235	(2,046)
Net Cash (Used in) Provided by Investing Activities	(1,293)	1,548	(11,476)
Cash Flows from Financing Activities:			
Net Decrease in Short-term Borrowings	(28,607)	(14,240)	(253,751)
Proceeds from Long-term Debt	109,870	140,476	974,549
Repayments of Long-term Debt	(96,812)	(83,731)	(858,720)
Cash Dividends Paid	(1,450)	(1,279)	(12,862)
Other net	(127)	86	(1,135)
Net Cash (Used in) Provided by Financing Activities	(17,127)	41,312	(151,919)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	1	(541)	13
Net Increase (Decrease) in Cash and Cash Equivalents	2,189	(12,739)	19,417
Cash and Cash Equivalents at Beginning of the Period	41,563	48,332	368,664
Cash and Cash Equivalents at End of the Period	¥ 43,752	¥ 35,592	\$ 388,081

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 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, 2017.

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 ¥112.74 to US\$1.00, the approximate rate of exchange at September 30, 2017. 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, which include IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., IBJ Auto Lease Company, Limited, IBJ Leasing (China) Ltd. and PT.IBJ Verena Finance. The number of the consolidated subsidiaries as of September 30, 2017 was 26.

The number of associated companies accounted for under the equity method as of September 30, 2017 was 3. Investments in associated companies consist of Krung Thai IBJ Leasing Co., Ltd., Juhachi Sogo Lease Co., Ltd. and PNB-IBJL Leasing and Finance Corporation.

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, 2017.

4. Operating Assets

(1) Operating Assets as of September 30 and March 31, 2017 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30, 2017	March 31, 2017	September 30, 2017
Leasing: (*1)			
Finance Lease	¥830,716	¥809,304	\$7,368,425
Operating Lease	147,581	141,014	1,309,041
Leasing total	978,297	950,318	8,677,466
Installment Sales (*2)	138,334	137,820	1,227,018
Loans and Factoring	307,928	348,085	2,731,316
Other	181,756	172,493	1,612,170
Total Operating Assets	¥1,606,316	¥1,608,718	\$14,247,970

(*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, 2017 and 2016 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2017	2016	2017
Leasing:			
Finance Lease	¥150,449	¥139,022	\$1,334,481
Operating Lease	25,499	64,303	226,177
Leasing total	175,948	203,326	1,560,658
Installment Sales (*1)	29,568	24,920	262,273
Loans and Factoring	405,856	227,582	3,599,934
Other	30,268	79,822	268,480
Total	¥641,642	¥535,651	\$5,691,345

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

5. Short-term Borrowings and Long-term Debt

(1) “Short-term Borrowings” as of September 30 and March 31, 2017 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30,	March 31,	September 30,
	2017	2017	2017
Short-term Borrowings			
Short-term Borrowings from banks and other financial institutions	¥308,954	¥312,715	\$2,740,416
Commercial Paper	393,700	433,800	3,492,106
Payables under securitized lease receivables	58,979	59,180	523,145
Total	¥761,633	¥805,696	\$6,755,667
Current Portion of Long-term Debt			
Bonds payable	¥10,000	¥-	\$88,700
Long-term Debt from banks and other financial institutions	160,995	155,509	1,428,021
Total	¥170,995	¥155,509	\$1,516,721

(2) “Long-term Debt” as of September 30 and March 31, 2017 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30,	March 31,	September 30,
	2017	2017	2017
Long-term Debt			
Bonds payable	¥48,000	¥58,000	\$425,758
Long-term Debt from banks and other financial institutions	462,908	455,312	4,105,985
Payables under securitized lease receivables	33,316	17,919	295,515
Total	¥544,225	¥531,232	\$4,827,258

6. Contingent Liabilities

Contingent Liabilities as of September 30, 2017 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2017	2017
Guarantee Obligations with respect to operating activities (*1)	¥12,692	\$112,581
Other Guarantee Obligations	8,910	79,034
Accruals for Debt Guarantees	(31)	(282)
Total	¥21,570	\$191,333

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

7. Segment Information

(1) Information about sales and profit (loss)

For the six-month period ended September 30, 2017

	(Millions of yen)							
	2017							
	Reportable segment					Total	Reconciliations (*1)	Consolidated (*2)
Leasing	Installment sales	Loans	Other	Total				
Sales:								
Sales to external customers	¥165,163	¥6,498	¥3,304	¥3,441	¥178,408		¥-	¥178,408
Intersegment sales and transfers	115	99	149	55	419	(419)		-
Total	165,278	6,597	3,453	3,497	178,828	(419)		178,408
Operating Expenses	157,733	6,714	1,600	1,024	167,073	1,854		168,927
Segment Profit (Loss)	¥7,545	¥(116)	¥1,853	¥2,472	¥11,754	¥(2,273)		¥9,480

For the six-month period ended September 30, 2016

	(Millions of yen)						
	2016						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)	Consolidated (*2)
Sales:							
Sales to external customers	¥170,699	¥4,795	¥3,500	¥2,368	¥181,364	¥-	¥181,364
Intersegment sales and transfers	101	116	134	44	396	(396)	-
Total	170,801	4,912	3,635	2,413	181,761	(396)	181,364
Operating Expenses	162,242	4,756	1,047	874	168,921	1,844	170,765
Segment Profit (Loss)	¥8,558	¥155	¥2,587	¥1,538	¥12,840	¥(2,241)	¥10,599

For the six-month period ended September 30, 2017

	(Thousands of U.S. dollars)						
	2017						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)	Consolidated (*2)
Sales:							
Sales to external customers	\$1,464,996	\$57,644	\$29,310	\$30,527	\$1,582,477	\$-	\$1,582,477
Intersegment sales and transfers	1,021	879	1,327	495	3,722	(3,722)	-
Total	1,466,017	58,523	30,637	31,022	1,586,199	(3,722)	1,582,477
Operating Expenses	1,399,091	59,560	14,200	9,089	1,481,940	16,445	1,498,385
Segment Profit (Loss)	\$66,926	\$(1,037)	\$16,437	\$21,933	\$104,259	\$(20,167)	\$84,092

(*1) The details of Reconciliations to Segment Profit for the periods ended September 30, 2017 and 2016 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2017	2016	2017
Elimination of intersegment transactions	¥(130)	¥(142)	\$(1,159)
Administrative expenses not allocated to the reportable segments	(2,142)	(2,098)	(19,008)
Total	¥(2,273)	¥(2,241)	\$(20,167)

(*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

8. Per Share Information

Details of basic Net Income attributable to Owners of the Parent per share (“EPS”) for the periods ended September 30, 2017 and 2016 were as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
Net Income attributable to Owners of the Parent		Weighted-average shares	EPS	
For the period ended September 30, 2017:				
Basic EPS				
Net income available to common shareholders	¥6,702	42,648	¥157.15	\$1.39
For the period ended September 30, 2016:				
Basic EPS				
Net income available to common shareholders	¥7,501	42,648	¥175.88	\$1.56

9. Subsequent Events

Appropriation of Retained Earnings

On November 8, 2017, the Board of Directors of IBJL resolved to approve the payment of the interim cash dividends to its shareholders registered as of September 30, 2017 as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Interim cash dividends, ¥32.00 (\$0.28) per share	¥1,364	\$12,105