



Century Tokyo Leasing Corporation



**Aiming for a Comprehensive Financial Services Enterprise**

ANNUAL REPORT **2014**



# Create New Business with Leasing

In addition to pursuing its mainstay leasing business, Century Tokyo Leasing Corporation provides a wealth of high-value-added services as well as financing. We strongly believe that the role of a leasing company is to contribute to customers' businesses through the provision of financing. As an integral member within the service industry, we are making the most of our flexibility and high degree of freedom to pursue further expansion as a comprehensive financial services enterprise.

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### Forward-Looking Statements

Statements in this annual report with respect to Century Tokyo Leasing Group's plans, forecasts, strategies, presumptions and other statements that are not historical facts are forward-looking statements and are based on management's assumptions and beliefs grounded on information that was available when this report was written. The actual performance of the Company may differ considerably from that discussed in the forward-looking statements.

\* Each of the Company's local subsidiaries in China, Singapore, Malaysia, Indonesia, Thailand, the United States and Taiwan are participating in training.





### Customer base: about 25,000 clients

The Equipment Leasing segment services about 25,000 companies in Japan from 15 operating bases nationwide. Responsible for managing business relationships with leading manufacturing companies in Japan, Fujitsu Leasing Co., Ltd. and IHI Finance Support Corporation and other consolidated subsidiaries provide optimal products and services that address customer needs for information and communications equipment as well as in various other fields.



### Output: 1,000 MW

We are aggressively engaging in business fields with growth potential, such as environment and energy, ships and aircraft. In the field of environment and energy, Century Tokyo Leasing is working with Kyocera Corporation on both land-based and floating solar power generation projects (Kyocera TCL Solar LLC), as well as land-based wind power projects. As new businesses, we are involved in geothermal power generation and off-shore wind power generation projects. Our aim is to achieve a generation capacity of 1,000 MW in the environment and energy business.





### Network of 25 bases in 10 countries and regions

To support the overseas operations of Japanese companies, we established Century Tokyo Factoring China Corporation as the first Japanese commercial factoring company in China. Amid robust business growth in Thailand, our local subsidiary TISCO Tokyo Leasing Co., Ltd. issued unsecured straight corporate bonds denominated in Thai baht.

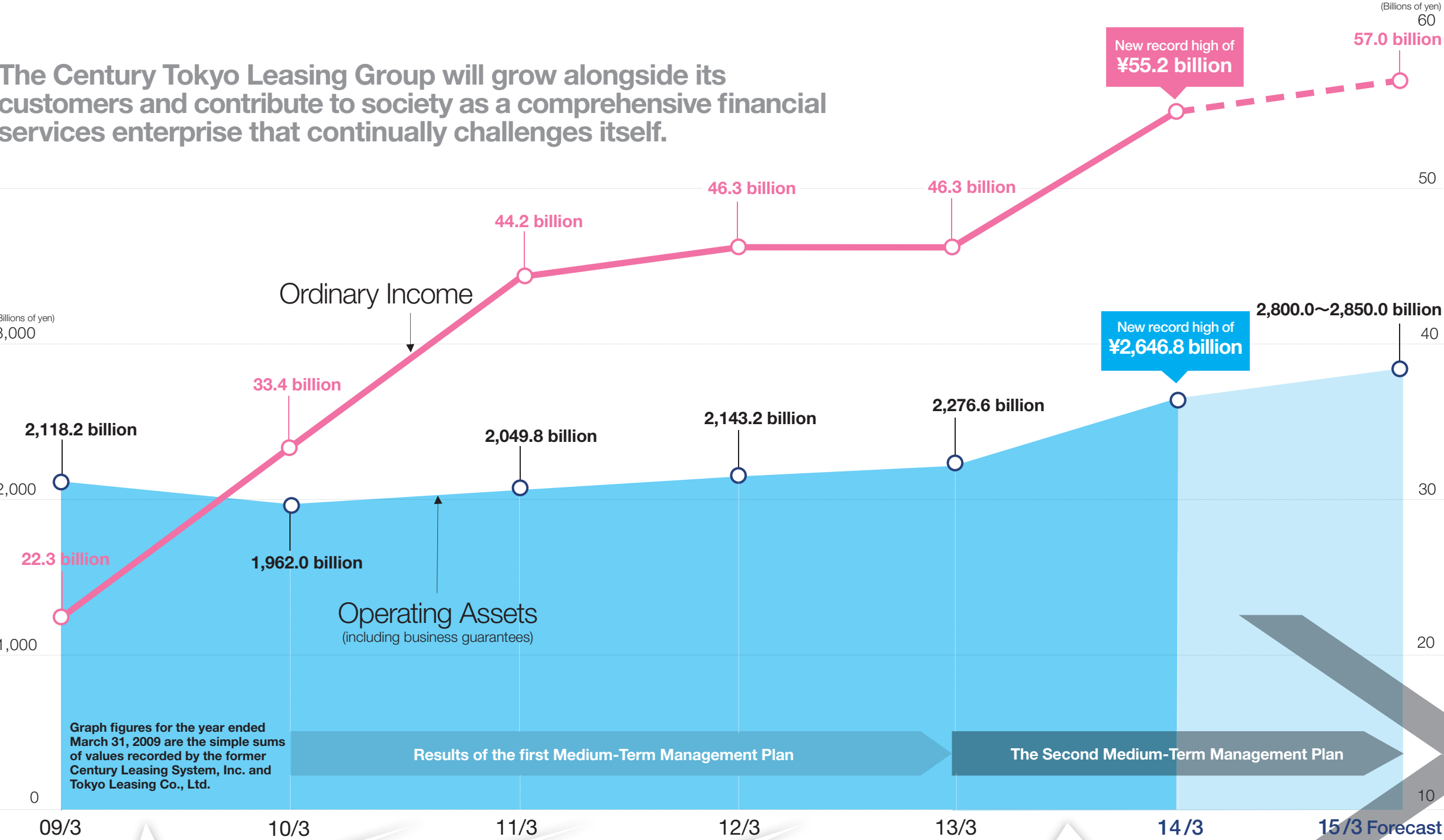


### A fleet of approximately 500,000 vehicles

In 2013, we made Nippon Rent-A-Car Service, Inc. and Nippon Car Solutions Co., Ltd. our consolidated subsidiaries. Including vehicles owned by Orico Auto Leasing Co., Ltd., we have a fleet of around half a million vehicles under management, placing us at the top of the class in both the automobile leasing and car rental industries.



The Century Tokyo Leasing Group will grow alongside its customers and contribute to society as a comprehensive financial services enterprise that continually challenges itself.



**April 2009**  
Launched Century Tokyo Leasing Corporation through the merger of the former Century Leasing System, Inc. and the former Tokyo Leasing Co., Ltd.

**July 2010**  
Acquired a 66.5% stake in IHI Finance Support Corporation, including it in the Company's scope of consolidation as a consolidated subsidiary

**February 2011**  
Established PT. Century Tokyo Leasing Indonesia in Indonesia

**December 2011**  
Launched recycling service for information and communications equipment in Asia via business alliance with the TES-AMM Group, an IT equipment recycling company in Singapore

**March 2012**  
Acquired 16.7% of voting shares in Jetstar Japan Co., Ltd., a low-cost carrier

**August 2012**  
Established Kyocera TCL Solar LLC as a joint venture with Kyocera Corporation for the sale of electricity generated using solar power

**September 2012**  
Entered the market in India and began leasing operations in alliance with the Tata Group

**December 2012**  
Invested in GA Telesis, LLC, a major aircraft parts company in the U.S., making it an equity-method affiliate

**June 2013**  
Turned major rental car company Nippon Rent-A-Car Service, Inc. into a consolidated subsidiary

**June 2013**  
Established Century Tokyo Factoring China Corporation as a commercial factoring business company in Shanghai

**October 2013**  
Nippon Car Solutions Co., Ltd. and Tokyo Auto Leasing Co., Ltd. merged; Nippon Car Solutions Co., Ltd. was included in the Company's scope of consolidation as a consolidated subsidiary

**October 2013**  
Established TC Aviation Capital Ireland Limited as a company specializing in aircraft financing in Ireland

## The Second Medium-Term Management Plan (Fiscal 2013 to Fiscal 2015)

**Basic Policy**  
To become a robust comprehensive financial services enterprise and realize further innovative changes as well as sustainable growth

- Management Strategies**  
(Strengthen the sales base)
- Enhance Competitiveness in the Leasing Business
  - Bolster the Financing Business
  - Expand Overseas Businesses
  - Reinforce Activities in the Automobile Financing Business both in Japan and Overseas

### Forecast for Fiscal 2014

Consolidated ordinary income  
**¥57.0 billion**

Consolidated operating assets  
**¥2.80—2.85 trillion**



# FINANCIAL HIGHLIGHTS

Century Tokyo Leasing Corporation and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen			Thousands of U.S. dollars
	2012	2013	2014	2014
<b>Operating Results</b>				
Revenues	¥ 716,342	¥ 691,128	¥ 828,559	\$ 8,050,515
Operating income	41,878	41,974	51,417	499,581
Ordinary income (income before extraordinary items and income taxes)	46,252	46,293	55,168	536,028
Net income	26,194	28,935	33,051	321,131

## Financial Condition

Total assets	¥ 2,260,389	¥ 2,465,817	¥ 2,884,773	\$ 28,029,276
Operating assets, including business guarantees	2,143,217	2,276,575	2,646,782	25,716,884
Business guarantees	48,815	45,211	49,305	479,065
Interest-bearing debt	1,783,173	1,939,219	2,211,673	21,489,247
Net assets	201,272	233,669	285,485	2,773,852

## Per Share Data

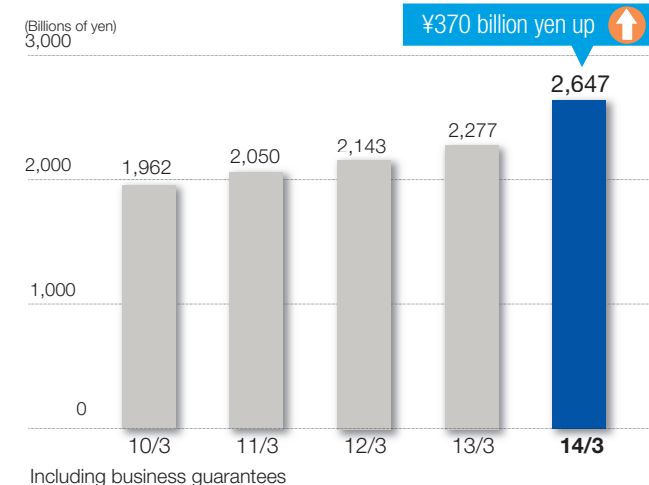
	Yen			U.S. dollars
Net income	¥ 245.82	¥ 272.32	¥ 311.64	\$ 3.03
Net assets	1,796.62	2,092.46	2,386.02	23.18
Dividends	44.00	48.00	52.00	0.51

## Significant Indicators

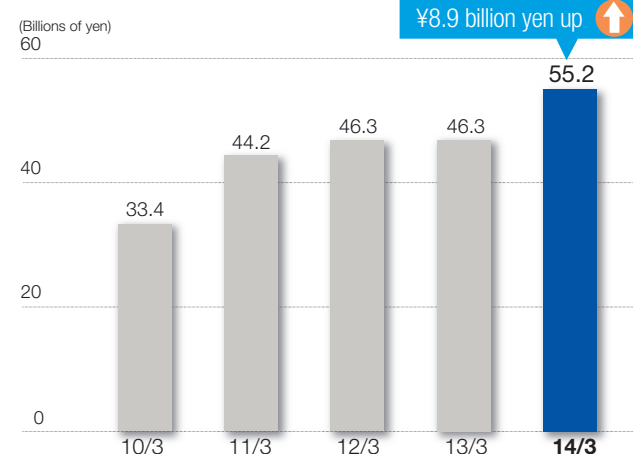
	%		
Return on equity (ROE)	14.5	14.0	13.9
Return on assets (ROA)	2.1	2.0	2.1
Equity ratio	8.4	9.0	8.8

Note: Translated at ¥102.92= US\$1.00, the approximate rate of exchange on March 31, 2014

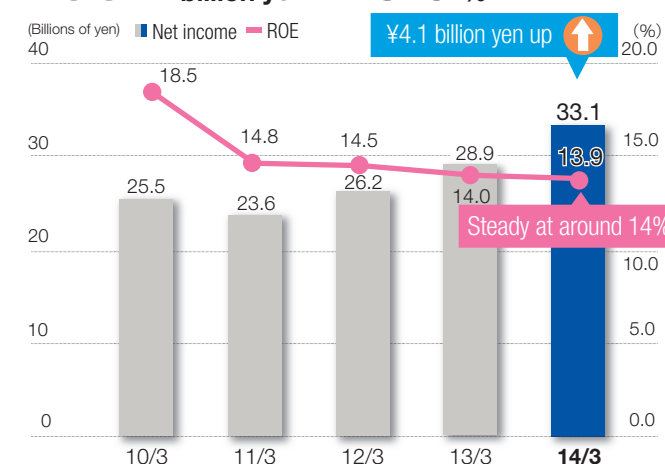
## Operating assets 2,647 billion yen



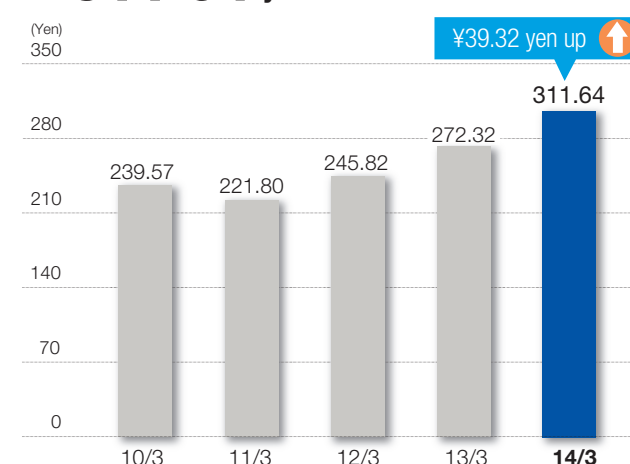
## Ordinary income 55.2 billion yen



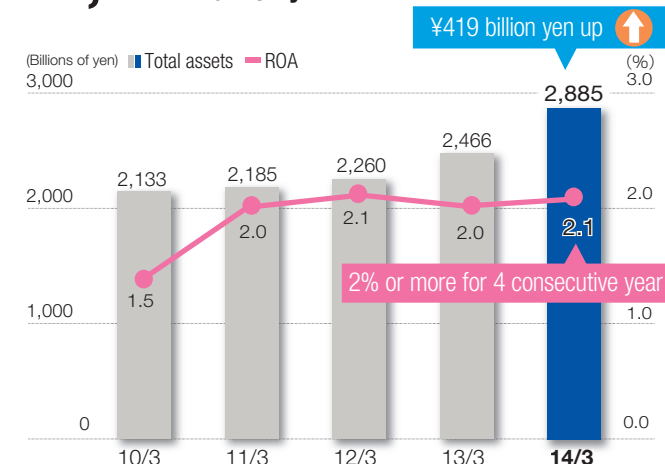
## Net income 33.1 billion yen



## Net income per share 311.64 yen



## Total assets 2,885 billion yen



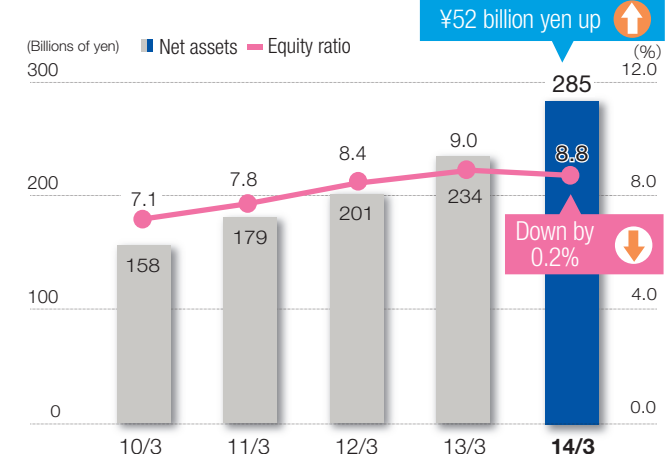
## Century Tokyo Leasing is a constituent stock of the JPX-Nikkei Index 400.

JPX-Nikkei Index 400\* is a new stock index in Japan comprising companies that are compelling investment candidates from an investor standpoint for satisfying such global investment criteria as return on equity (ROE).

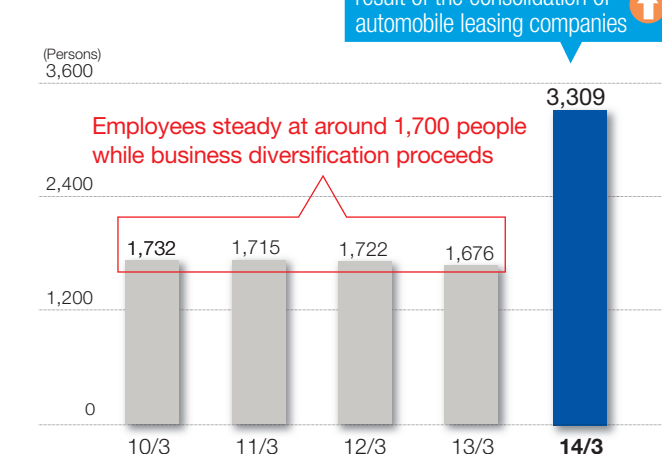
Century Tokyo Leasing's ROE has been steady at around 14%, while its market capitalization has expanded roughly 5 times as a result of the merger.

\* A new stock index that began to be compiled on January 6, 2014, by Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc. and Nikkei Inc.

## Net assets 285 billion yen



## Number of employees 3,309 persons





The Century Tokyo Leasing Group's earnings have expanded steadily since the merger in April 2009. Operating assets (including business guarantees) totaled ¥2,646.8 billion as of March 31, 2014, approximately 1.2 times the pre-merger figure of ¥2,118.2 billion on March 31, 2009 (simple sum of the pre-merger companies). At the same time, shareholders' equity has roughly doubled to ¥252.4 billion. In fiscal 2013, the fiscal year ended March 31, 2014, ordinary income was ¥55.2 billion, approximately 2.5 times the pre-merger level and a new record high for the fifth consecutive fiscal year. Net income amounted to ¥33.1 billion, marking a third consecutive fiscal year of record highs. Return on equity (ROE) has remained at the relatively high level of 14%. Reflecting this performance, our market capitalization has expanded roughly 5 times since the merger, to ¥308.0 billion as of March 31, 2014. Century Tokyo Leasing Corporation is included in JPX-Nikkei Index 400, a new stock index launched on January 6, 2014, by Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc. and Nikkei Inc.

Under its new Second Medium-Term Management Plan initiated in April 2013, The Century Tokyo Leasing Group aims to become a robust comprehensive financial services enterprise and realize further innovative changes as well as sustainable growth. We will strive to meet the expectations of our stakeholders through sustainable growth that leverages our extensive customer base and management that has a high degree of freedom in pursuing business opportunities.

Record highs were attained in operating income, ordinary income and net income in fiscal 2013.

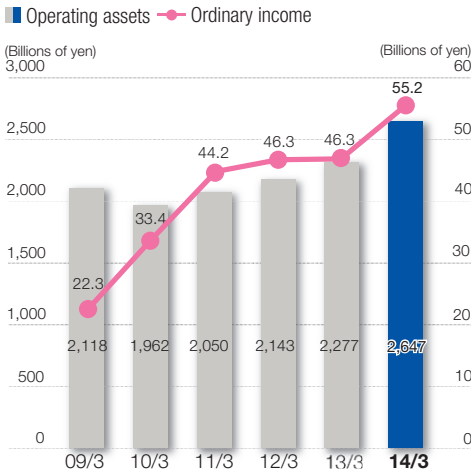
Review of Fiscal 2013

During the fiscal year under review, the Japanese economy showed moderate recovery, with signs of improvement in corporate earnings and capital investment as a result of government policies to stimulate the economy and quantitative easing, despite rising crude oil and raw material prices and concerns about a slowdown in emerging economies.

Against this backdrop, the Century Tokyo Leasing Group pushed forward with measures to strengthen its sales and business foundations, guided by its aim to become a robust comprehensive financial services enterprise and realize further innovative changes as well as sustainable growth, under its new Second Medium-Term Management Plan that began in fiscal 2013. As a result, the new transactions volume in fiscal 2013 expanded 19.6% year on year to ¥1,409.4 billion, which is far stronger growth than the 7.3% increase in volume of capital investment financed by leasing reported by the Japan Leasing Association.

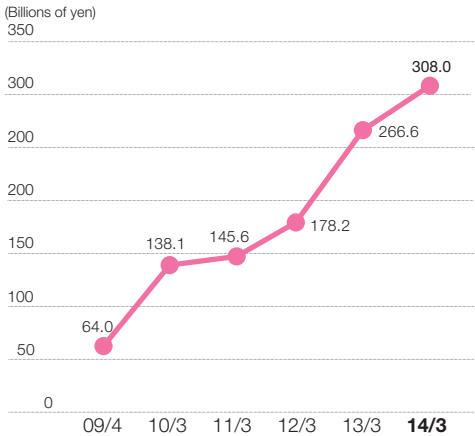
In fiscal 2013, consolidated sales grew 19.9% to ¥828.6 billion, operating income rose 22.5% to ¥51.4 billion, ordinary income increased 19.2% to ¥55.2 billion and net income expanded 14.2% to ¥33.1 billion, record-high levels on all fronts. We took a major step toward creating a structure able to stably generate consolidated operating income of ¥50.0 billion or more, an objective of the Second Medium-Term Management Plan. Operating assets, including business guarantees, expanded 16.3% to ¥2,646.8 billion in line with the Plan. We intend to expand operating assets further with prime assets.

Major indicators



Graph figures for the year ended March 31, 2009 are the simple sums of values recorded by the former Century Leasing System, Inc. and Tokyo Leasing Co., Ltd.

Market capitalization





Steady progress in four business strategies under the Second Medium-Term Management Plan

Management targets of the Second Medium-Term Management Plan (fiscal 2013–fiscal 2015)

	Targets (Fiscal 2015)	Results (Fiscal 2013)
Ordinary income	¥50 billion or more	¥55.2 billion
Operating assets	¥2.6 trillion	¥2.6 trillion
Shareholders' equity ratio	10.0%	8.8%

Equipment Leasing: strengthening our competitiveness

As the Century Tokyo Leasing Group strengthens its competitiveness in leasing operations in the equipment leasing business, a core source of earnings, the Group is acutely aware of the fact that leasing is a service business. While using our know-how to offer services in tune with customer needs, we make every effort to increase customer satisfaction and to win their trust. In March 2014, two operating leases provided by Century Tokyo Leasing Corporation and its consolidated subsidiary IHI Finance Support Corporation were selected as the first project under the Ministry of Economy, Trade and Industry's measures for promotion of investment in cutting-edge facilities using lease methods.\*

In a survey of shares of leasing transaction volume conducted by Nikkei, Inc., the Century Tokyo Leasing Group ranked first in fiscal 2012 and second in fiscal 2013, holding a best-in-class position within the industry. We aim to further enhance productivity and profitability while reinforcing our competitiveness.

\*Industrial Competitiveness Enhancement Act, enacted in January 2014

Specialty Financing: steady growth in operating assets

In specialty financing, which takes the lead in bolstering the financing business, we have been expanding the business foundation by focusing on fields with growth potential, including environment and energy, ships and aircraft.

In the environment and energy field, Century Tokyo Leasing Corporation and Kyocera Corporation, a top manufacturer of photovoltaic modules in Japan, jointly established Kyocera TCL Solar LLC in August 2012 to sell electricity generated using solar power. The joint venture got off to an excellent start, commencing operations at 11 solar power facilities during the fiscal year. We are also proactively participating in the mega-solar projects of local governments. As a result, solar power-related operating assets have increased sharply to account for 51% of total assets in the environment and energy field. In light of changes in Japan's electricity and energy structure, the Century Tokyo Leasing Group is working to develop new businesses, including geothermal and off-shore wind power generation as a way to contribute to society.

Aircraft is another field driving growth in specialty financing. In December 2012, we partnered with GA Telesis, LLC, which is now an equity-method affiliate, and established as an offering by the Century Tokyo Leasing Group a structure covering the lease financing of new aircraft to the dismantling of retired aircraft and parts sales. This partnership has led to steady growth in operating assets. We also established TC Aviation Capital Ireland Limited as a local subsidiary in Ireland for the purpose of expanding aircraft financing. The Century Tokyo Leasing Group has also strengthened the organization and sale of Japanese operating lease (JOL) for investors. Through these initiatives, we aim to diversify earnings opportunities and create a one-stop shop for the aircraft business.

International Business: expansion in mainly East Asian and ASEAN regions

The international business is responsible for expanding operations overseas and has focused on bolstering the competitiveness of our local subsidiaries and affiliates in order to tap into the strong economic growth in the East Asian and ASEAN regions. In June 2013, we established Century Tokyo Factoring China Corporation as the first Japanese commercial factoring company in China. In April 2014, President Tokyo Corporation, a local equity-method affiliate in Taiwan, founded Tong-Sheng Finance Leasing Co., Ltd. as an automobile company in China. While working closely with our leasing subsidiary, Century Tokyo Leasing China Corporation, the new company will comprehensively address the wide-ranging financing needs of Japanese companies and latch onto growth in China's automobile market, which has surpassed the U.S. to become number one in the world in terms of new car sales volume. (For more details, please turn to the section about strengthening our earnings capabilities in the expanding automobile financing field inside and outside Japan.)

In the fiscal year under review, the Thailand-based consolidated subsidiary (as of May 2014) TISCO Tokyo Leasing Co., Ltd. issued unsecured straight corporate bonds denominated in Thai baht in response to increasing demand for leases in the country.

In vendor financing (sales financing) through collaboration with overseas vendors, we are drawing on the strong reputation we have nurtured in Japan to reinforce our support for Japanese vendors with operations overseas while expanding these services in the East Asian and ASEAN regions.

Automobile Financing: expanding scale and strengthening earnings capacity in Japan and overseas

In automobile financing, the Century Tokyo Leasing Group is an industry leader with Nippon Car Solutions Co., Ltd. providing integrated automobile financing services, Orico Auto Leasing Co., Ltd. offering automobile leasing for individuals and Nippon Rent-A-Car Service, Inc. as the largest rental car company in Japan. In the fiscal year under review, we reinforced the automobile financing foundation as one of our major business pillars.

In June 2013, we made Nippon Rent-A-Car Service, Inc. into our consolidated subsidiary. The car rental market has grown by more than 6% annually over the past few years, as both companies and individuals have come to prefer renting over ownership. Nippon Rent-A-Car Service, Inc. has increased business with corporations as a result of its stronger ties with the Century Tokyo Leasing Group. This is one example of how we aim to grow business by generating synergies within the Group.

In October, equity-method affiliate Nippon Car Solutions Co., Ltd. and wholly owned subsidiary Tokyo Auto Leasing Co., Ltd. were merged, creating a consolidated subsidiary. After the merger, the new company became an industry leader with about 460,000 vehicles under management. We aim to generate synergies at an early stage and expand earnings potential by strengthening the new company's ties with others in the Group.

In the overseas automobile financing, we have a presence in Singapore, Malaysia, Thailand, the United States and Taiwan. In April 2014, we established a leasing company, mainly for automobile leases, in Suzhou, China. We are advancing automobile leasing operations in China, the world's second-largest economy by GDP, by reinforcing ties with corporate conglomerates with business bases there as a leader in joint financing with expertise for automobile leasing in Japan and other countries around the world.



Enhancing corporate value and shareholder returns

In our outlook for fiscal 2014, we think the operating environment surrounding the Century Tokyo Leasing Group will be sensitive to the economic recovery. We expect a moderate rebound in corporate earnings, owing in part to government measures to stimulate the economy, despite lingering uncertainties about private-sector capital investment in Japan due to the consumption tax hike and Japanese companies' accelerating development overseas.

In this environment, Century Tokyo Leasing Corporation will continue to strengthen its sales and business foundations under the Second Medium-Term Management Plan. For fiscal 2014, management forecasts record-breaking performance with sales of ¥860 billion (up 3.8% year on year), operating income of ¥56.3 billion (up 9.5%), ordinary income of ¥57 billion (up 3.3%) and net income of ¥33.3 billion (up 0.8%). We also plan to expand operating assets, including business guarantees, to more than ¥2,800.0 billion.

The Century Tokyo Leasing Group believes that its initiatives to continue expanding operations and its financial structure that supports these operations will lead to further growth in corporate value. Our basic shareholder policy is to distribute profits stably over the long term.

For fiscal 2013, management has decided to distribute an annual dividend of ¥52 per share, an increase of ¥4 per share, in accordance with its initial projection and reflecting a comprehensive evaluation of the Company's performance during the fiscal year under review, financial health and the operating environment. For fiscal 2014, management plans to increase the annual dividend by ¥4 to ¥56 per share. We aim to meet shareholder expectations by striving to increase both the amount of dividends paid as well as the payout ratio.

The Century Tokyo Leasing Group constantly strives for a business model that creates high business value by maximizing its high degree of flexibility and freedom in pursuing opportunities through investment. At the same time, we aim to achieve continuous growth by becoming a truly integrated financing services company able to leverage expertise in various fields.

August 2014

  
President & CEO Shunichi Asada

Achieving sustainable growth as an industry leader

The Century Tokyo Leasing Group's growth strategies in four business fields, aiming for sustained growth as an industry leader



**Equipment Leasing** p16



**Specialty Financing** p18



**TC-Lease**



**International Business** p20



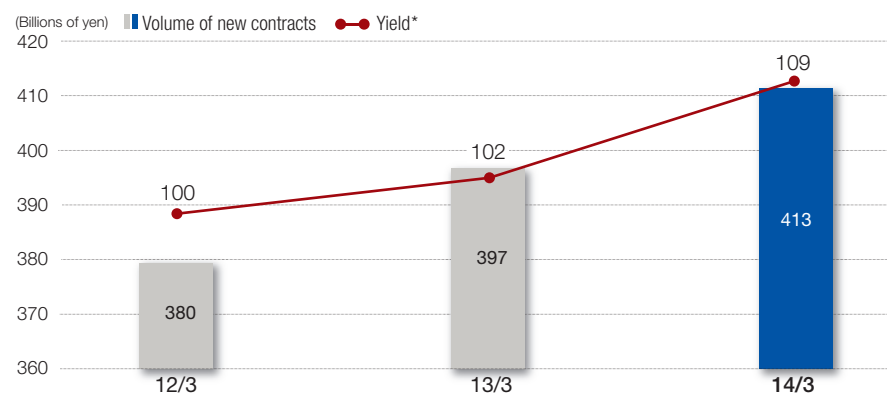
**Automobile Financing** p22



# A Core Business Focused on Enhancing Customer Satisfaction and Ensuring a Stable Earnings Foundation

In the equipment leasing field, the Century Tokyo Leasing Group strives to support the needs of its approximately 25,000-strong corporate customer base through a nationwide network of 15 offices. Together with such consolidated subsidiaries as Fujitsu Leasing Co., Ltd., and IHI Finance Support Corporation, companies that maintain close ties with leading manufacturers in Japan, the Group works diligently to provide comprehensive services covering every conceivable customer need.

Trends in the Volume of New Contracts and Yields on a Non-Consolidated Basis in Equipment Leasing



\*Based on fiscal 2011 set at 100.

## Further Growth through Promoting Distinctive Services

Information and communications technology devices account for more than 40% of the total volume of leasing transactions in Japan and represent one of several optimal leasing commodity groups. Playing to its strengths while taking a leading role within the industry, the Century Tokyo Leasing Group has established a proven track record of substantially surpassing the industry average for IT device transactions volume. This competitive advantage is based on the Group's pioneering status in providing IT device life cycle management (LCM)—covering every facet of IT device use from installation through operation and eventual disposal—as part of its wide range of solutions that include integrated asset management services employing IT.



Currently, the Group is actively deploying know-how accumulated through its IT device sales division across other areas of business in the equipment leasing field. Consistently positioned in close proximity to customers, we are addressing the customers' needs particularly in areas that extend beyond the leasing business. While maintaining close ties with customers, we are putting forward proposals that extend beyond the leasing industry as opportunities arise to ensure that we continue to unfailingly address customer needs.

The Century Tokyo Leasing Group recognizes that the role of a leasing company is to contribute to customers' business growth through the provision

of financing. Accordingly, the Group adopts a broad perspective that extends well beyond the confines of conventional business models when seeking to gain an understanding of its customers' businesses. By distinguishing itself from competitors and consistently expanding its capabilities, the Group will continue to enhance the satisfaction of customers and to garner their trust.

## Securing Stable Earnings while Realizing Sustainable Growth

The balance of operating assets in the equipment leasing business stood at ¥1,546.0 billion as of March 31, 2014. This represents 58.4% of total consolidated

operating assets and is playing a role to support the Group's earning as core business.

In recent years, the equipment leasing market has confronted intense competition due mainly to cutbacks in private-sector capital investment. Thanks largely to efforts aimed at differentiating the Group from its competitors and strengthening its competitive advantage, the Century Tokyo Leasing Group has already reaped considerable benefits. Looking ahead, we expect equipment leasing to continue to secure stable earnings as a core business while realizing sustainable growth based on expectations of a positive flow-on effect from the current government's fiscal and monetary policies.

## Topics Offering Highly Sophisticated Operating Leases Supported by Abenomics.

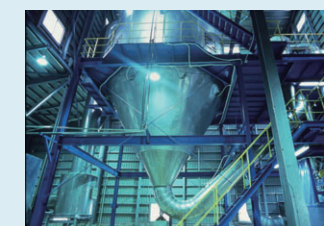
The Japanese government has put forward three core strategies designed to drive the domestic economy forward. As one start-up measure under the "third arrow" of Japan Revitalization Strategy, Japan's Ministry of Economy, Trade and Industry has launched the Promotion of investment in cutting-edge facilities using lease methods. Two proposals put forward by the Century Tokyo Leasing Group were among the first projects accepted under the new policy. One proposal is in connection with facilities leased to euglena Co., Ltd. as production facilities for the microalgae *Euglena gracilis*

(Japanese name: midorimushi). The other involved leasing assistance provided by IHI Finance Support Corporation, a consolidated subsidiary, to IHI Corporation for aircraft engine production facilities.

Under this measure, which is designed to promote bold capital investment in the area of essential advanced equipment by Japanese companies seeking to win out against global competition, the Japanese government will provide compensation for up to 50% of the value of equipment in the event a loss is incurred by the leasing company after completion of the lease term.

The Century Tokyo Leasing Group is

committed to supporting the Abenomics in its efforts to bring about a recovery in private-sector capital investment that would raise it to approximately ¥70 trillion. The Group will actively make use of this measure in order to help revitalize the Japanese economy.



Production facility of euglena



# Expanding Our Operating Base in Growth Fields (Ships, Aircraft, Real Estate, Environment and Energy)

Taking full advantage of its highly specialized knowledge, the Century Tokyo Leasing Group provides financial services in such areas as real estate, structured finance, and medicine and welfare while focusing on such large-scale transportation equipment as oceangoing ships and aircraft and pursuing solar power generation projects in the environment and energy field, which the Group expects to grow.



## Building Sound Operating Assets in Growth Fields

The balance of operating assets in the Specialty Financing stood at ¥570.0 billion as of March 31, 2014, up 9.6% compared with the end of the previous fiscal year. While real estate was responsible for 43.1% of this total, ships and aircraft accounted for 34.0% and environment and energy for 2.4%. Together, the ships and aircraft and environment and energy fields, which the Group has earmarked as areas of strong growth potential, account for ¥207.4 billion in operating assets, a year-on-year rise of ¥69.4 billion. On this basis, projects from these fields accounts for 36.4% of the total consolidated operating assets of Specialty Financing. Looking ahead, we will continue to promote a flexible approach toward business expansion while steadily building on our proven track record in highly specialized fields.

Moving forward, the Century Tokyo Leasing Group is targeting operating assets of between ¥800.0 and ¥850.0 billion in Specialty Financing. In addition to realizing further growth, we anticipate our activities in this field will blossom into a core business and serve to drive earnings in the future.

## Aircraft—Rich with Business Opportunities

In its aircraft financing operations, the Century Tokyo Leasing Group has built a one-stop structure that is capable of capturing every possible business opportunity across the aircraft life cycle, from new aircraft leasing and financing through the dismantling of retired aircraft and sale of components. To this end, it holds an equity interest in Jetstar Japan, a low-cost carrier (LLC), and works in close collaboration with GA Telesis, LLC, an equity-method affiliate.

In October 2013, we established a local subsidiary in Ireland, a key location in the aircraft financing industry. At the same time, the Group is working to maximize the effectiveness of its bases in the United States and Europe at capturing growing global demand for aircraft financing while honing its specialist expertise. Through these means, every effort is being made to increase the balance of operating assets in this field.

## Ships—Ongoing Business Platform Expansion

In ship financing operations, we are seeing a gradual shift in the domestic maritime shipping market from a large number of traditional domestic ship owners to the domination of a few leading domestic ship owners as well as some leading foreign



ship owners. In terms of the types of ship being leased, our operations extend from bulk carriers, car carriers and container ships to include off-shore wind turbine installation vessels as well as off-shore vessels. In addition to increasing the number of ships operated by the Company and taking stock of the status of the maritime industry, we are endeavoring to identify industry trends going forward while bolstering our portfolio of high-quality operating assets.

## Environment and Energy—Continuing to Benefit from the Feed-in Tariff (FIT) System

In the environment and energy field, we are leveraging our many years of accumulated know-how in project financing to support wind power generation facility operators. In addition to entering the solar power generation business in collaboration with Kyocera Corporation, we are expand-

ing our activities in this business domain by actively participating in local government-run mega-solar generation projects. The Group is also capitalizing on the favorable operating conditions created by the introduction of the feed-in tariff (FIT) system to expand the scale of its business in Japan. Along with our collaboration with Kyocera and focus on land-based and floating solar power generation, we will work vigorously to expand our operating assets by engaging aggressively in geothermal power, off-shore wind power, and other generation activities in a bid to cultivate new business fields.

## Real Estate—Firm Growth Backed by the Underlying Strengths of Partnerships with Major Real Estate and Other Companies

In our real estate financing operations, we

are continuing to accumulate a high-quality portfolio of operating assets, including office buildings and logistics facilities, supported by the underlying strengths of our partnerships with major real estate and other companies.

In June 2014, the Company executed a business partnership agreement with the Kanagawa Prefectural Government and Daiwa House Industry Co., Ltd. to develop and operate a facility provisionally dubbed the Life Innovation Center in a national strategic zone as a base for the commercialization and industrialization of specific projects that focus mainly on the regenerative and cell therapy medical field. Looking ahead, we will continue to promote business activities of high social significance while at the same time steadily expanding our operating assets.

## Topics Steady Progress in Kyocera TCL Solar LLC's Electric Power Sales Business

Established as a joint venture with Kyocera Corporation in August 2012, Kyocera TCL Solar LLC is constructing mega-solar power generation facilities backed by know-how gathered from a variety of sources, including business partners and clients, and local governments. The venture has brought the Company into the electric power sales business in Japan. While the Century Tokyo Leasing Group provides leasing and other finance for power generation facilities, Kyocera Corporation and its group companies undertake the manufacture of solar power generation modules, provide peripheral equipment and engage in con-

struction as well as maintenance and management services. In the environment and energy field, the Company is accordingly working to increase its presence in the land-based wind power generation and related fields. This is in addition to its land-based and floating solar power generation activities conducted through Kyocera TCL Solar LLC. Moving forward, we will venture into other areas, including geothermal and off-shore wind power generation, with a view to expanding our overall business scale in the environment and energy field to 1,000 MW.



## Network Expansion with a Focus on Growing Asian Markets

The Century Tokyo Leasing Group maintains an overseas network of 25 bases in 10 countries and regions around the world. In addition to arranging finance programs that adhere strictly to each country's legislative requirements, we provide high-value-added services that are designed to satisfy customers. To better support Japanese companies in their efforts to enter overseas markets, we continually upgrade and expand our overseas network.



Opening ceremony for Tong-Sheng Finance Leasing Co., Ltd. July 9, 2014

### Augmenting Operating Assets Driven by Asian Growth while Laying a Foundation in China with an Eye to the Future

The International Business' operating assets stood at approximately ¥170.0 billion as of March 31, 2014, up 27.4% compared with the end of the previous period. Taking the lead among Japanese companies, the Group took the significant step of establishing Century Tokyo Factoring China Corporation in China in June 2013. Also in China, the equity-method affiliate President Tokyo Corporation established a wholly owned automobile leasing subsidiary Tong-Sheng Finance Leasing Co., Ltd. in April 2014. Moreover, although our automobile operations have thus far centered mainly on the United States, Singapore and Taiwan, those in Malaysia and Thailand have expanded in recent years.



Staff training of overseas Subsidiaries

Moving forward, we will look to expand our automobile financing operations in China from fiscal 2014, which has the second largest GDP in the world.

Principal products include leasing, installment sales, loan transactions, factoring, installment of trade finance, cross-border leasing, installment sales and loan transactions as well as vendor finance programs and automobile leasing.

### Working in Collaboration with Local Enterprises and Expanding Transactions with Non-Japanese Companies while Serving the Capital Investment Needs of Japanese Companies

The Group's International Business' strategy emphasizes bolstering its business mainly in East Asia and the ASEAN

region where demand is expected to grow. This reflects the accelerated pace at which Japanese companies are seeking to enter these markets. We are paying particular attention to the development of local leasing and installment of trade finance opportunities in a bid to address the capital investment needs of Japanese companies operating overseas.

Our pursuit of business with non-Japanese companies led us to become one of the first Japanese companies to enter the leasing market in Singapore in 1979 and we have grown our car financing business for individuals in the region into a major earnings pillar. Looking ahead, we will continue striving to harness the attributes of the Mizuho Financial Group and ITOCHU Corporation while deepening ties with joint-venture partners the

TISCO Financial Group and the Uni-President Enterprises Corporation Group. Through these means, we will pursue transactions with non-Japanese companies while taking into consideration risk-return concerns.

In the Americas, our local subsidiary in the United States is leveraging its collaborative arrangement with CSI Leasing Inc., a major independent leasing company with a strong presence in Central and South America, to expand leasing operations. In India, we established a "Japan Desk" within Tata Capital Financial Services Limited, a member of the Tata Group, as a part of our business alliance with Tata Capital Limited. Moreover, we are promoting vendor finance services among global vendors in East Asia and the ASEAN region.

### Topics Taking the Lead in Launching a Commercial Factoring Company in China

A substantial number of companies entering the Chinese market face difficulties in securing working capital. In a bid to address this issue, Century Tokyo Factoring China Corporation became the first Japanese company to establish a commercial factoring

company in China, opening its doors in June 2013.

This company will work closely with Century Tokyo Leasing China Corporation to meet the wide-ranging finance needs of Japanese and other companies.



# Building the Segment into a Major Earnings Pillar by Increasing the Scale and Profitability of the Business

The automobile financing and other related activities of Century Tokyo Leasing Group are undertaken by three core Group companies. Nippon Car Solutions Co., Ltd. provides comprehensive automotive services focusing mainly on auto leasing in Japan. Nippon Rent-A-Car Service, Inc. offers rental car services to both individual and corporate customers. Lastly, Orico Auto Leasing, Co., Ltd. engages primarily in the leasing of automobiles to individuals. Through a broad automotive-related service lineup, the Group is working diligently to address the needs of both corporations and individuals.

Looking ahead, the Century Tokyo Leasing Group will look to further expand its automobile financing business in Japan and overseas. Every effort will be made to expand the scale of the business and to strengthen profitability in order to build the business into a major earnings pillar.






### Forging a Leading Position within the Industry

The balance of operating assets in the automobile financing field stood at ¥360.8 billion as of March 31, 2014, up ¥244.1 billion compared with the end of the previous fiscal year. The principal factor for this substantial increase was the inclusion as subsidiaries of Nippon Rent-A-Car Service, Inc. and Nippon Car Solutions Co., Ltd. in Century Tokyo Leasing's scope of consolidation in June 2013 and October 2013, respectively.

Looking at the number of vehicles under management, the total held by the Century Tokyo Leasing Group's three core

Vehicles under Management in the Automobile Financing

	Nippon Car Solutions Co., Ltd.	460,000	
	Orico Auto Leasing, Co., Ltd.	40,000	(included in Nippon Car Solutions Co., Ltd. data)
	Nippon Rent-A-Car Service, Inc.	40,000	(of which 8,000 vehicles are included in Nippon Car Solutions Co., Ltd. data)
Subtotal for domestic automobile business		500,000	
Total for overseas bases		30,000	



operating companies in Japan, Nippon Car Solutions Co., Ltd., Orico Auto Leasing, Co., Ltd., and Nippon Rent-A-Car Service, Inc., stands at approximately 500,000, placing the Group in a leading position within the industry. As a new initiative in the automobile financing segment, the Taiwan-based equity-method affiliate President Tokyo Corporation established a wholly owned subsidiary in Suzhou, China, in April 2014, thereby stepping up the Group's automobile financing operations in the region. Under the second medium-term management plan, the Group is working to reinforce the automobile financing business both in Japan and overseas with particular attention to expanding automobile financing in China going forward.

### Considerable Potential for Expansion in the Automobile Leasing and Rent-A-Car Markets

Unlike standard leasing agreements for such items as manufacturing facilities and information-related equipment, automobile leasing agreements are substantially weighted toward management, administrative and other services, including residual value assessment, maintenance, and safety inspection. The Century Tokyo Leasing Group will seek to differentiate itself from competitors by upgrading the quality of these services and providing detailed solutions to customers' needs. The Group recognizes that its ability to deliver high-value-added products attractive to a wide range of customers is critical to expanding automobile leasing transactions with both companies and individuals.

In Japan, only 4% of the private vehicles on the road are leased. Individuals are the vast majority of automobile owners and represent a market that offers considerable room for expansion from a vehicle

leasing perspective. Nippon Rent-A-Car Service is a widely recognized name in this market and has been making great strides in expanding its automobile leasing activities thanks to a highly convenient network that focuses mainly on major railway and airport locations. The rent-a-car market's annual growth rate has averaged more than 6% on the back of the trend from ownership to use. A variety of factors, including the 2020 Olympics in Tokyo, are expected to propel a surge in tourist demand for rental vehicles. Taking each of these factors into consideration, the rent-a-car market offers considerable promise of future growth going forward. Against this backdrop, the Century Tokyo Leasing Group will work to cultivate demand across its customer base while steadily capturing a major share of the market and aggressively expanding corporate-sector transactions.

Topics

### Nippon Car Solutions: Harnessing a Broad Business Base

Century Tokyo Leasing and Nippon Telegraph and Telephone Corporation (NTT) hold voting rights totaling 59.5% and 40.5%, respectively, in Nippon Car Solutions (NCS), which became a consolidated subsidiary in October 2013. In addition to its collaborative operating ties with the Company, NCS has secured a leading position within the automobile leasing industry, its core area of operation, by drawing on the customer base of the Mizuho Financial Group and ITOCHU Corporation, a major strength of Century Tokyo Leasing, as well as the broad business fields of the NTT Group. In fiscal 2014, the second year following the

merger, NCS will continue to leverage the Group's sales channels and bolster collaborative ties. At the same time, the company will expand transactions with small and medium-sized enterprises by utilizing the NCS agency system, and promote a variety of measures aimed at expanding automobile leasing to individuals focusing mainly on occupational fields. Through the integration of backbone systems and other measures, energies will be directed toward increasing the efficiency of administrative costs. Moving forward, the company will take positive steps toward strengthening both its sales and management base.



With regard to maximizing its corporate value, Century Tokyo Leasing Corporation recognizes that the effective functioning of corporate governance is an important management issue. To this end, we require a sound and highly transparent management system capable of swift and precise decision making in response to changes in the business environment, as well as properly operating and effectively functioning systems of internal control and risk management. We are striving to fortify our management system to achieve highly sound and transparent corporate management.

Management System

The management system of the Company—composed mainly of Directors and Corporate Auditors, who comprise, respectively, directors and auditors selected at the general meeting of shareholders—is designed to sufficiently reflect the intentions of its shareholders. Furthermore, we have an executive officer system for the purpose of accelerating resolutions on management strategy and further strengthening the supervisory structure and the structure for executing operations. Of our 28 executive officers, we have one female executive officer on the roster.

Board of Directors

The Board of Directors consists of nine Directors, one of whom is an external director as specified in Article 2-15 of the Corporation Law of Japan. The Board of Directors deliberates on and decides important issues associated with the management of Century Tokyo Leasing and its Group companies as well as matters specified by prevailing laws, regulations, articles of incorporation, and rules governing the Board of Directors. Moreover, it supervises the execution of operations by Directors and Executive Officers.

Board of Corporate Auditors

Century Tokyo Leasing has adopted the organizational structure of a company with a board of corporate auditors. The Company maintains a Board of Corporate Auditors that consists of four corporate auditors (two of whom are full-time corporate auditors), three of whom are outside corporate auditors as defined by Article 2-16 of the Corporation Law of Japan. The Board of Corporate Auditors strives to fulfill its responsibility by thoroughly conducting fair audits of compliance and the appropriateness of corporate activity, starting with operations executed by Directors and Executive Officers, by holding regular meetings and maintaining the independence of its auditing activities. Corporate Auditors at tend Board of Directors Meetings as well as other important meetings, such as the Management Meetings and meetings of principal committees, etc. They then execute audits of Directors and Executive Officers, their responsibilities, and progress made in the improvement and management of the internal control system.

Independence of Management Oversight Structure

Century Tokyo Leasing does not have specific standards or policies it follows with regard to independence when appointing its external directors and external auditors. That said, we appoint external directors and auditors that we believe are able to objectively supervise management, based on their extensive background in corporate management, specialized knowledge, and common sense. Our external director has highly advanced knowledge of finance and economics, and leverages this expertise in the management of the Company from a macro standpoint. At the same time, our external director fulfills the responsibility of independently monitoring management. Our three external corporate auditors play a role in maintaining the system that ensures the objectivity and neutrality of the management monitoring function. They rely on their extensive experience and broad knowledge to check operations from the outside on a regular basis. All external corporate auditors are

employed by other companies. Of the Company's external corporate auditors, one is an external director as well as a designated independent officer as stipulated by the Tokyo Stock Exchange. There are no conflicts of interest between the Company and its external directors and auditors. One external director and three external auditors also hold the following positions at other companies.

Name	External position (as of June 19, 2014)
Yoshinori Shimizu	Honorary Professor, Hitotsubashi University External Director, Nisshinbo Holdings Inc.
Futoshi Okada	External Auditor, IHI Finance Support Corporation Auditor, TC Business Experts Corporation Auditor, Century Tokyo Leasing China Corporation Auditor, Century Tokyo Factoring China Corporation
Shunsuke Wada	Chairman, Nissay Information Technology Co., Ltd.
Mikio Fukushima	Advisor, JFE Shoji Trade Corporation

•External Director Yoshinori Shimizu holds the titles of Honorary Professor at Hitotsubashi University and External Director at Nisshinbo Holdings Inc. Century Tokyo Leasing conducts business with Hitotsubashi University and Nisshinbo Holdings Inc., but the prices and other transaction conditions are identical to transactions with other entities.

•External Auditor Futoshi Okada simultaneously holds positions as External Auditor at IHI Finance Support Corporation, Auditor at TC Business Experts Corporation, Auditor at Century Tokyo Leasing China Corporation and Auditor at Century Tokyo Factoring China Corporation. All of these companies are consolidated subsidiaries. Mr. Okada has work experience at Mizuho Bank, Ltd. and its affiliated companies, and three people from these companies have been appointed directors at Century Tokyo Leasing. As of March 31, 2014, Mizuho Bank, Ltd. owned a 4.40% stake in Century Tokyo Leasing. In addition, the Century Tokyo Leasing Group had business loans totaling ¥222,247 million as of March 31, 2014, from Mizuho Bank, Ltd. Century Tokyo Leasing conducts business with Mizuho Bank, Ltd. and its affiliated companies, but the prices and other transaction conditions are the same as transactions with other entities.

•External Auditor Shunsuke Wada simultaneously holds positions as Chairman of Nissay Information Technology Co., Ltd. Century Tokyo Leasing conducts business with Nissay Information Technology Co., Ltd., but the prices and other transaction conditions are similar to transactions with other entities. Mr. Wada has work experience at Nippon Life Insurance Company, and one person from Nippon Life Insurance Company is a director at Century Tokyo Leasing. Nippon Life Insurance Company had a 2.09% stake in Century Tokyo Leasing as of March 31, 2014. In addition, the Century Tokyo Leasing Group had business loans totaling ¥27,726 million from Nippon Life Insurance Company as of March 31, 2014. Century Tokyo Leasing conducts business with Nippon Life Insurance Company and its affiliated companies, but the prices and other transaction conditions are the same as transactions with other entities.

•External Auditor Mikio Fukushima held the title of Chairman at JFE Shoji Trade Corporation until March 2014, and he became an advisor in April 2014, a position he still holds. As of March 31, 2014, JFE Shoji Trade Corporation and its affiliated companies owned a 1.84% stake in Century Tokyo Leasing. Century Tokyo Leasing has a 0.32% stake in JFE Holdings, a company affiliated with JFE Shoji Trade Corporation. Century Tokyo Leasing conducts business with JFE Shoji Trade Corporation and its affiliated companies, but the prices and other transaction conditions are the same as transactions with other entities.

Management Meeting

We established the Management Meeting, which is chaired by the President and officers appointed by the President. As a general rule, the Management Meeting deliberates on particularly important matters concerning the execution of operations and makes decisions for the entire Group. In addition, various internal committees deliberate on management issues specific to their fields of responsibility with the results of deliberations reported at the Management Meeting.

Project Evaluation Meeting

The Project Evaluation Meeting consists of directors appointed by the President, who heads the meeting. The Project Evaluation Meeting discusses major business transactions undertaken by Century Tokyo Leasing and Group companies, as well as business transactions that warrant complex risk analysis, and then decides which transactions the Company should undertake.

Committees

ALM Committee

The ALM (Asset Liability Management ) Committee deliberates on how to manage market, liquidity and other risks, and comprehensively manages funds and their procurement in order to identify and minimize those risks that have the potential to negatively impact the Company's assets and liabilities, including fluctuations in interest rates and foreign currency exchange rates.

Internal Control Committee

The Internal Control Committee deliberates on general internal control matters in order to ensure that the Company's internal control structures and measures are functioning effectively. Deliberations encompass a wide range of matters, including the effectiveness and scope of evaluation with respect to the internal control of financial reporting.

Comprehensive Risk Management Committee

In addition to deliberating on a wide variety of risk measurement methods and other important matters related to the establishment of a risk

management structure that is capable of addressing every possible risk that the Company may confront, the Comprehensive Risk Management Committee regularly evaluates the risk conditions of the Company.

Credit Risk Management Committee

The Credit Risk Management Committee deliberates on matters concerning the Group's credit portfolio as a whole as well as credit risk management. This is to ensure the proper management of portfolio credit risks.

IT and Administration Strategy Management Committee

This committee debates IT strategy, IT investment plans, and business structures for Century Tokyo Leasing and Group companies in order to address system risk and Administration risk.

Internal Control

Basic Policy of Internal Control System

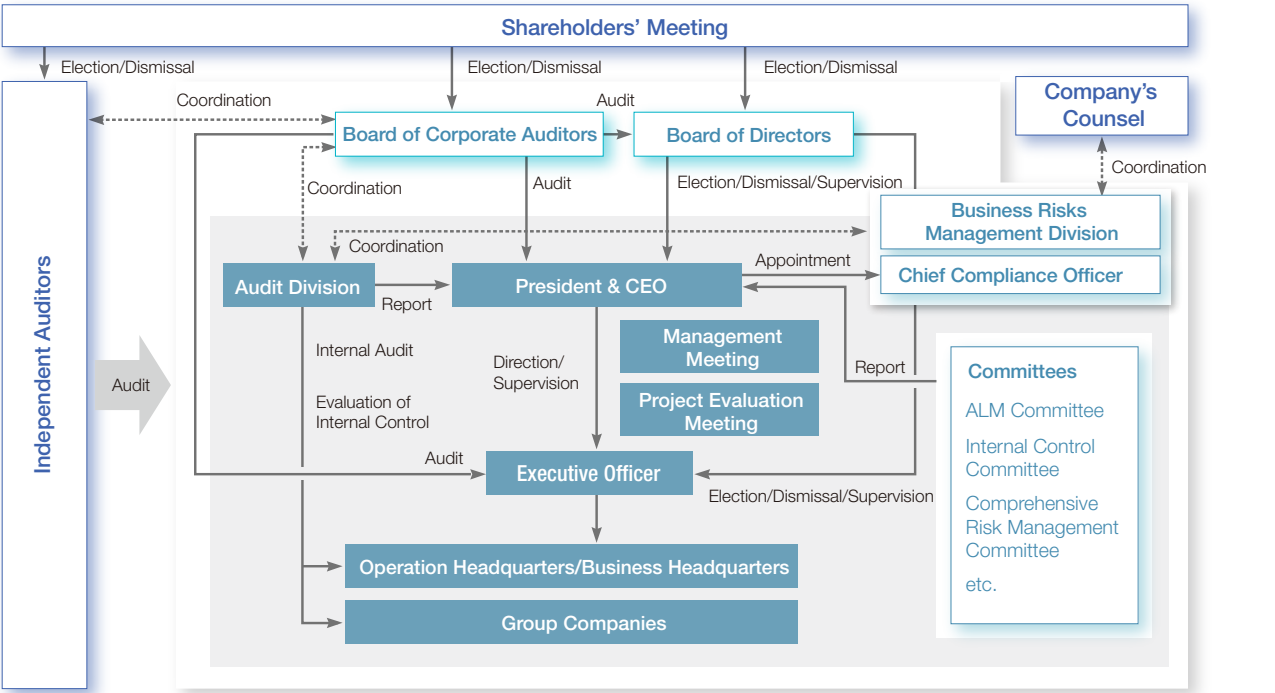
Every officer and employee is expected to refer to the following Management Philosophy as a basic policy for performing their work.

Management Philosophy

The Century Tokyo Leasing Group will grow alongside its customers and contribute to society as a comprehensive financial services enterprise that continually challenges itself.

Guided by this Management Philosophy, we have established an internal control system that recognizes the importance of ensuring the appropriate execution of operations as a vital managerial responsibility of the corporation.

System of Corporate Governance and Internal Control (as of June 19, 2014)





Compliance
<p>We recognize that thorough compliance is essential for the continued existence of a corporation. Therefore, we aim to establish a management system that ensures that every officer and employee operates under the principle of fairness and with the highest ethical standards to earn the trust of society.</p> <p>The Chief Compliance Officer takes the lead in promoting compliance in accordance with compliance programs, implementing continuous education and training through the use of e-learning and other initiatives and enhancing compliance awareness.</p> <p>In addition, we have established several contacts, including an external law office, with whom employees can consult on compliance issues and to whom they can provide information on fraudulent actions and practices. We also operate a whistle-blower system that strictly protects those reporting problems.</p>
Risk Management
<p>To minimize the risk of loss, we systematically prepare in advance appropriate preventive measures for various risks that may affect the Company, according to the potential scale and probability of their occurrence.</p> <p>•<b>Credit Risks</b> The Credit Risk Executive Committee sets basic policies based on its rules, measures credit risk, and manages risk. For projects that require complex analysis, such as major deals and new schemes, the Project Evaluation Meeting is held to assess and reach a decision on the project based on rules of the meeting.</p> <p>•<b>Market and Liquidity Risks</b> The ALM Committee comprehensively manages and procures funds based on committee rules to address market risk, such as interest rate fluctuations, and liquidity risk related to the procurement of funds.</p> <p>•<b>Information Security Risk</b> The Company manages information security risk based on a basic policy regarding information security, rules for handling personal information, and a management system based on ISO 27001 standards.</p> <p>•<b>System and Administrative Risk</b> The IT and Business Strategy Committee was established to discuss IT strategy, IT investment, and administrative system to address system risk and business risk based on the rules of the committee.</p> <p>•<b>Operational Risk</b> To deal with operational risk, the Business Risk Management Division identifies, evaluates and reviews risk countermeasures, while the Business Risk Management Committee comprehensively reviews the Company's overall risk controls, risk management systems, policies and measures based on the rules of the committee. In the event of a large-scale natural disaster or other crisis, the committee is set up to take immediate action.</p>



Basic Stance toward Eliminating All Ties with Antisocial Forces and the Status of Implementation
<p>Century Tokyo Leasing and its Group companies take an unwavering, categorical stance toward maintaining the basic policy of eliminating any and all ties with antisocial forces. As a part of efforts to put in place a structure that is designed to eliminate all ties with antisocial forces, the Group has established specific procedures in accordance with its Code of Conduct and engages in appropriate management through wide-ranging initiatives that encompass such fields as education and training. In addition, the General Affairs Division is charged with the responsibility of overseeing the Group's response to antisocial forces. This Division is a member of the Tokubouren (a special-interest incorporated association set up within the Tokyo Metropolitan Police Department to prevent violence). While collaborating closely with the Association, every effort is made to sever all ties with antisocial forces and to garner the trust and confidence of society.</p>
Information Disclosure (IR Policy)

The Company strives to build bonds of trust with shareholders and investors by offering to them an accurate understanding of the Company through the disclosure of management strategies, the status of business activities and financial conditions in a timely, fair, accurate, proactive and ongoing manner.

We disclose information based on various laws, including the Financial Instruments and Exchange Law of Japan and rules on timely disclosure stipulated by the Tokyo Stock Exchange. In addition to this information disclosure, we disclose other information determined to be appropriate and useful to promote the investment activities of market participants and a greater understanding of the Company.

Based on all relevant statutory, regulatory and related requirements, information shall be disclosed to mass media in addition to disclosure via the Electronic Disclosure for Investors' Network (EDINET) (the system for such disclosure documents as annual securities reports in accordance with Japan's Financial Instruments and Exchange Act) as well as via TDnet, the company announcement disclosure service provided by the Tokyo Stock Exchange. We also disseminate information through the Company's website after announcements have been made through media institutions.

Board of Directors	Corporate Auditors	Executive Officers	
Chairman & Co-CEO, Representative Director <b>Toshihito Tamba</b>	Standing Corporate Auditors <b>Osamu Shibaya</b> <b>Futoshi Okada*</b>	Senior Managing Executive Officers <b>Yuichiro Ikeda</b> <b>Takeshi Honda</b>	Executive Officers <b>Masahiko Shishido</b> <b>Yoshio Nomura</b> <b>Osamu Miyata</b> <b>Takashi Kamite</b> <b>Shogo Ozaki</b> <b>Koichiro Sato</b> <b>Osamu Tamano</b> <b>Akihiro Naruse</b> <b>Mahoko Hara</b> <b>Kazuhiro Shibata</b> <b>Toshifumi Takashima</b> <b>Tomoyuki Akamatsu</b> <b>Kouichi Baba</b>
President & CEO, Representative Director <b>Shunichi Asada</b>	Corporate Auditors <b>Syunsuke Wada*</b> <b>Mikio Fukushima*</b>	Managing Executive Officers <b>Takashi Muramatsu</b> <b>Atsuhiko Iwatake</b> <b>Noboru Akatsuka</b> <b>Yasuo Mori</b> <b>Kenji Murai</b> <b>Yoichiro Nakai</b> <b>Takashi Ito</b> <b>Yasushi Yoshino</b>	
Deputy Presidents, Directors and Executive Officers <b>Makoto Nogami</b> <b>Koichi Nakajima</b>			
Director and Senior Managing Executive Officer <b>Masao Mizuno</b>			
Directors and Managing Executive Officers <b>Masuo Suzuki</b> <b>Masataka Yukiya</b>			
Directors <b>Hideo Kondou</b> <b>Yoshinori Shimizu*</b>			
*External			



## Basic Stance toward CSR Management

As an industry leader, the Century Tokyo Leasing Group is committed to helping realize a sustainable society. With this in mind, the Group works diligently to not only expand earnings, but also to contribute to society and help protect the environment through every facet of its business activities. Put another way, the Century Tokyo Leasing Group endeavors to fulfill its corporate social responsibility by practicing CSR management that strives to balance social and environmental concerns.

In addition, the Group is dedicated to ensuring sound and transparent management by enhancing corporate governance. Moving forward, the Century Tokyo Leasing Group aims to earn the trust and fulfill the expectations of all its stakeholders, including customers, vendors, shareholders, investors, local communities and employees.

## Social Contribution through Business Activities

### Initiatives in Response to Industrial Competitiveness Enhancement Act

In December 2013, the "Industrial Competitiveness Enhancement Act" was enforced as a part of the growth strategy being pushed forward by the second Cabinet of the Abe administration. As a measure supporting this Act, the Ministry of Economy, Trade and Industry enacted measures for promotion of investment in cutting-edge facilities using lease methods. The Century Tokyo Leasing Group is proactively engaging in this promotion to revitalize the Japanese economy and enhance the competitiveness of Japan. Two operating lease cases from the TC-Lease Group were selected as the first cases of these promotion measures, one from Century Tokyo Leasing and another from IHI Finance Support, a consolidated subsidiary of TC-Lease.

#### euglena × Century Tokyo Leasing Production facilities for euglena microalgae (Japanese name: midorimushi)

Founded in 2005, euglena Co., Ltd. was the first company in the world to establish outdoor mass cultivation technology for euglena and is engaged in development and sale of products such as health foods, cosmetics and biofuel using euglena.

#### IHI × IHI Finance Support Manufacturing and development facility for aircraft engines

IHI Corporation is a major heavy machinery manufacturer with strengths in engineering large-scale boilers and LNG receiving terminals. The company boasts one of the top shares in the production of aircraft engines in Japan.

## Environmental Protection Activities

### Environmental Management System

The Century Tokyo Leasing Group recognizes that tackling environmental issues is a major social responsibility. To that end, the Company and four Group companies have obtained ISO 14001 certification, the international standard for environmental management systems, at all of our business offices in Japan. Moving forward, the Group as a whole is implementing ongoing activities aimed at reducing its environmental load.

Scope of coverage  
Century Tokyo Leasing Corporation  
TRY, Inc.  
TC Agency Corporation  
TC Business Service Corporation  
TC Business Experts Corporation  
(As of August 31, 2014)



### Initiatives at Kyocera TCL Solar LLC

Century Tokyo Leasing and Kyocera Corporation jointly established Kyocera TCL Solar LLC in 2012 to engage in the renewable energy business through solar power generation (mega-solar power plants). In July 2013, the company launched operations at its first solar power plant, the Takamatsu Ikushima Mega-Solar Power Plant. During fiscal 2013, a total of 11 solar power facilities nationwide with a combined output of 21.6 MW were operational. The electricity generated at 11 facilities throughout the year is equivalent to supply 6,700 general households\* in Japan. The company plans to develop 17 more solar power plants with a total output of 71.2 MW. In addition to land-based installations, the company is working to install solar modules on the rooftops of logistics facilities and to develop solar power generating systems installed on water such as lakes and ponds used for agricultural purposes.

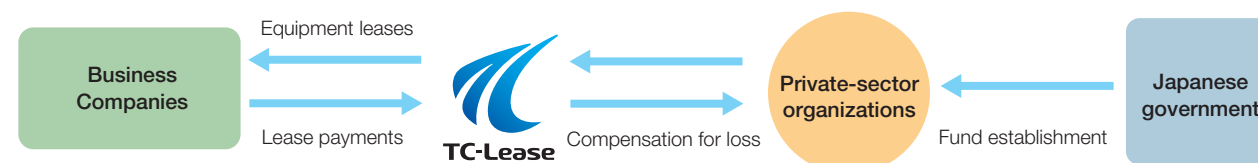
The Century Tokyo Leasing Group is proactively seeking opportunities in the renewable energy business, starting with the solar power generation business of Kyocera TCL Solar LLC, to contribute to the sustainable development of society.

\* Assumes one household consumes 3,500 kWh per year.



Oita Usa Mega-Solar Power Plant

### Scheme of the promotion



## Together with All of Our Stakeholders

### With Customers and with Vendors

Many Japanese companies have been making inroads in China and other Asian countries in step with the economic growth of the region. The Century Tokyo Leasing Group has been expanding its network of bases in the East Asia and ASEAN regions in order to meet the needs of Japanese companies for capital investment and funding. As of the end of August 2014, Century Tokyo Leasing has 25 bases in 10 countries and regions offering a broad range of services that comply with local business customs and laws.

### With Shareholders and with Investors

We disseminate information for stakeholders, starting with shareholders and investors, in a timely, appropriate and fair manner, thereby enforcing a system that secures the transparency of our corporate activities. While holding results briefings and meetings for institutional investors and analysts, we also conduct corporate briefings for individual investors to furnish them with overviews and inform them of the Group's strengths and management strategies, with the aim of deepening the understanding of the Group.

### With local communities

As one element of our social contribution activities, the Century Tokyo Leasing Group donates to non-profit organizations and groups working for the public good. In addition, the Group contributes an amount equivalent to 5% of the total amount of shareholder special benefits to the Japan Service Dog Association. Service dogs receive advanced training that enables them to assist people with physical disabilities in carrying out a host of daily activities. To raise awareness of service dogs and their vital role in society, the Group hosts demonstrations.

### With Employees

With the aim of creating a vibrant organization, the Century Tokyo Leasing Group maintains an environment that allows each and every employee to maximize their skills and abilities. We encourage employees to dress in accordance with the weather during the hot summer months of July and August, when the government asks companies to conserve electricity usage, while implementing shortened working hours. In addition, we aim to improve work-life balance by seeking greater efficiencies in daily work routines and reducing the amount of overtime put in by our employees in order to enable them to spend more time with their families and friends or to pursue self development.



Service dog demonstration

## External Evaluation

Century Tokyo Leasing is a constituent stock in the FTSE4 Good Index, a leading global indicator of socially responsible investing (SRI). This index is composed of companies that meet international standards for environmental sustainability and human rights, having excellent labor standards along the supply chain and measures in place to prevent bribery and corruption. The index is used as a benchmark by SRI funds when they screen for investment candidates.

Century Tokyo Leasing is also included in the JPX-Nikkei Index 400, a new stock price index composed of companies with high investment appeal for investors and that meet global investment criteria, such as good return on equity (ROE).

Century Tokyo Leasing aims to continue improving its corporate value.



FTSE4Good



1964	The former Tokyo Leasing Co., Ltd. jointly established by Nippon Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.), Kangin Tochi-Tatemono Co., Ltd. (currently Nippon Tochi-Tatemono Co., Ltd.), and Nanoh Co., Ltd. (currently Nissin Tatemono Co., Ltd.)
1969	The former Century Leasing System, Inc. jointly established by ITOCHU Corporation, Daiichi Bank, Ltd. (currently Mizuho Financial Group, Inc.), Nippon Life Insurance Company, and Asahi Mutual Life Insurance Company
1979	Established Tokyo Auto Leasing Co., Ltd.  Entered the market in Singapore (operations conducted through Century Tokyo Leasing (Singapore) Pte. Ltd.)
1985	Established Century Auto Leasing Co., Ltd.  Entered the market in the U.S. (operations conducted through Century Tokyo Leasing (USA) Inc.)
1990	The former Tokyo Leasing Co., Ltd. listed its shares on the Second Section of the Tokyo Stock Exchange (the company listed its shares on the First Section of the Tokyo Stock Exchange in September 2002)
1997	Entered the market in Taiwan (established President Tokyo Corporation with Uni-President Enterprises Corp., a local food distribution company)
2003	The former Century Leasing System, Inc. listed its shares on the Second Section of the Tokyo Stock Exchange (the company listed its shares on the First Section of the Tokyo Stock Exchange in September 2004)  Turned Fujitsu Leasing Co.,Ltd., into an equity-method affiliate
2005	Launched Nippon Car Solutions Co., Ltd. through an equal merger between Century Auto leasing Co., Ltd. and NTT Auto Leasing Co., Ltd.
2006	Entered the market in Shanghai, China (operations conducted through Century Tokyo Leasing China Corporation)
2007	Entered the market in Malaysia (operations conducted through Century Tokyo Capital (Malaysia) Sdn. Bhd.)
2008	Made Fujitsu Leasing Co., Ltd. into a consolidated subsidiary  Made Shiseido Lease Co., Ltd. (currently S.D.L Co., Ltd.) into a consolidated subsidiary  Jointly established Orico Auto Leasing Co., Ltd. With Orient Corporation for the purpose of entering the automobile leasing market for individuals

	Entered the market in Thailand through the acquisition of an equity interest in Mizuho Corporate Leasing (Thailand) Co., Ltd. (operated by TISCO Tokyo Leasing Co., Ltd.)
2009	Launched Century Tokyo Leasing Corporation through the merger of the former Century Leasing System, Inc. and the former Tokyo Leasing Co., Ltd.
2010	Launched TC Agency Corporation through the integration of two former companies' nonlife insurance agency businesses  Made IHI Finance Support Corporation into a consolidated subsidiary
2011	Entered the market in Indonesia (operations currently conducted through PT. Century Tokyo Leasing Indonesia)  Turned Nippon Rent-A-Car Service, Inc. into an equity-method affiliate  Jointly established TCI Finance Corporation with ITOCHU Corporation for the purpose of expanding ITOCHU Group related finance transactions  Established TC Property Solutions Corporation for the purpose of improving real estate business-related profitability  Launched recycling service for information and communications equipment in Asia via business alliance with the TES-AMM Group, an IT equipment recycling company in Singapore
2012	Acquired 16.7% of voting shares in the low-cost carrier Jetstar Japan Co., Ltd.  Jointly established Kyocera TCL Solar LLC with Kyocera Corporation for the purpose of engaging in electricity retail business  Entered the market in India and began leasing operations in alliance with the Tata Group
2013	Turned major U.S. aircraft parts company GA Telesis, LLC, based in Miami, into an equity-method affiliate  Turned Nippon Rent-A-Car Service, Inc. into a consolidated subsidiary  Established Century Tokyo Factoring China Corporation as the first Japanese commercial factoring company in China  Merged Nippon Car Solutions Co., Ltd. and Tokyo Auto Leasing Co., Ltd. creating a consolidated subsidiary  Established TC Aviation Capital Ireland Limited as a company specializing in aircraft financing in Dublin, Ireland
2014	Established Tong-Sheng Finance Leasing Co., Ltd. as an auto leasing company in China

## FINANCIAL SECTION

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## FIVE-YEAR SUMMARY

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31

	Millions of yen				
	2010	2011	2012	2013	2014
<b>Operating Results</b>					
Revenues	¥ 758,674	¥ 713,182	¥ 716,342	¥ 691,128	¥ 828,559
Leasing	635,808	598,925	603,768	584,637	707,484
Installment sales	105,413	94,114	88,955	81,898	86,768
Finance	11,764	13,211	14,031	16,935	19,938
Other businesses	5,689	6,932	9,588	7,658	14,369
Costs	693,569	641,589	643,684	620,245	731,229
Leasing	567,884	531,387	538,691	525,373	628,745
Installment sales	98,378	88,443	84,157	77,266	81,773
Finance	2,476	1,688	1,149	1,706	1,046
Other businesses	4,830	5,585	8,130	6,036	10,481
Interest expenses	20,001	14,487	11,558	9,864	9,184
Gross profit on revenues	65,105	71,593	72,658	70,883	97,330
Sales revenues (Gross profit on revenues before deducting interest expenses)	85,106	86,081	84,216	80,747	106,513
SG&A expenses	34,810	30,559	30,780	28,909	45,913
Personnel and non-personnel expenses	29,153	29,421	30,768	29,839	45,986
Allowance for doubtful accounts	5,657	1,139	12	(929)	(73)
Operating income	30,295	41,034	41,878	41,974	51,417
Ordinary income (Income before extraordinary items and income taxes)	33,414	44,170	46,252	46,293	55,168
Extraordinary gains (losses)	(250)	(3,465)	(2,171)	(103)	97
Net income	25,542	23,646	26,194	28,935	33,051
<b>Financial Condition</b>					
Total assets	¥2,132,892	¥2,184,599	¥2,260,389	¥2,465,817	¥2,884,773
Operating assets, including business guarantees	1,962,008	2,049,804	2,143,217	2,276,575	2,646,782
Leasing	1,410,109	1,383,696	1,375,761	1,473,866	1,783,881
Installment sales (after deducting deferred profit on installment sales)	200,539	191,836	187,986	201,559	213,720
Finance	327,307	448,191	530,655	555,938	593,106
Other businesses	—	—	—	—	6,770
Business guarantees	24,053	26,081	48,815	45,211	49,305
Interest-bearing debt	1,749,776	1,741,897	1,783,173	1,939,219	2,211,673
Net assets	158,116	178,752	201,272	233,669	285,485
<b>Cash Flows</b>					
Cash flows from operating activities	¥ 194,308	¥ 48,552	¥ (26,425)	¥ (89,711)	¥ (28,315)
Cash flows from investing activities	(8,949)	23,192	(516)	(5,593)	9,994
Cash flows from financing activities	(306,146)	(89,762)	38,289	135,868	54,486
Cash and cash equivalents at end of year	50,947	32,794	44,531	83,123	115,841

	Yen				
	2010	2011	2012	2013	2014
<b>Per Share Data</b>					
Net income	¥ 239.57	¥ 221.80	¥ 245.82	¥ 272.32	¥ 311.64
Net assets	1,410.61	1,594.57	1,796.62	2,092.46	2,386.02
Dividends	32.00	40.00	44.00	48.00	52.00
<b>Significant Indicators</b>					
Return on equity (ROE)	18.5%	14.8%	14.5%	14.0%	13.9%
Return on assets (ROA)	1.5%	2.0%	2.1%	2.0%	2.1%
Equity ratio	7.1%	7.8%	8.4%	9.0%	8.8%
Overhead ratio	44.8%	41.1%	42.3%	42.1%	47.2%
<b>Other Data</b>					
	Persons				
Employees	1,732	1,715	1,722	1,676	3,309

Notes: 1. In the fiscal year ended March 31, 2011, Century Tokyo Leasing reorganized the loan business and other business categories to create the finance business. To reflect this change, fiscal 2009 revenues, the cost of loans and other items as well as operating assets have been retroactively revised.  
2. Revenues do not include internal revenues or transfers between segments.  
3. ROE = Net income / Equity (simple average of beginning and end of term balance sheet figures) X 100  
ROA = Ordinary income / Total assets (simple average of beginning and end of term balance sheet figures) X 100  
Overhead ratio = (Personnel expenses + Non-personnel expenses) / Gross profit on revenues X 100



# MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31

## Business Environment and the Group's Approaches

In fiscal 2013, the fiscal year ended March 31, 2014, the Japanese economy experienced a gradual recovery. Despite concerns surrounding an upswing in the prices of crude oil and raw materials as well as the effects of a slowdown in the rates of economic growth in emerging countries, this recovery was largely attributable to signs of a pickup in corporate-sector earnings and capital investments on the back of such factors as the government's economic and monetary easing policies.

Under these circumstances, the Century Tokyo Leasing Group put in place its second three-year medium-term management plan, which was launched during the fiscal year under review. Guided by this plan, we commenced steps to strengthen our sales and management base in an effort to become a robust comprehensive financial services enterprise.

In order to strengthen our sales base, energies were directed toward enhancing the competitiveness in the Leasing Business, bolstering Financing Business, expanding International Businesses, and reinforcing activities in the Automobile Financing Business both in Japan and overseas.

Indicating the Group's successful efforts to enhance the competitiveness of its Leasing Business, the operating leases offered by the Company and its consolidated subsidiary, IHI Finance Support Corporation, were among the first cases to be adopted by Japan's Ministry of Economy, Trade and Industry under "Promotion of investment in cutting-edge facilities using lease methods" based on the Industrial Competitiveness Enhancement Act that took effect in January 2014.

As a part of efforts to bolster Financing Business, the Century Tokyo Leasing Group expanded the solar power sales

business conducted through a joint venture (Kyocera TCL Solar LLC) with Kyocera Corporation in the environment and energy field. Operations commenced at 11 mega solar power generation facilities across Japan. In the aircraft field, we established TC Aviation Capital Ireland Limited, an overseas subsidiary in Ireland.

Looking to expand our International Businesses, we set up a commercial factoring company, Century Tokyo Factoring China Corporation, in Shanghai to meet the securitization needs of Japanese companies operating in China for such assets as accounts receivable. In addition, TISCO Tokyo Leasing Co., Ltd., a subsidiary in Thailand that was included in the Company's scope of consolidation in May 2014, issued baht-denominated unsecured straight bonds to address the growing demand for leasing in Thailand.

To reinforce our activities in the Automobile Financing Business both in Japan and overseas, the equity-method affiliate and major automobile leasing company, Nippon Car Solutions Co., Ltd., was converted into a consolidated subsidiary and merged with Tokyo Auto Leasing Co., Ltd. effective October 1, 2013. Moreover, we acquired additional shares in Nippon Rent-A-Car Service, Inc., a leading company in the rental car market, converting this equity-method affiliate into a consolidated subsidiary as well.

With the aim of strengthening our management base, we have taken steps to reinforce our finance base by diversifying fund procurement methods, including the periodic issuance of unsecured bonds (with limited inter-bond pari passu clauses). In this manner, we have worked diligently to bolster our financial foundation.

## Overview of Results

The volume of new contracts executed, a clear measure of the success or otherwise of the Group's operating activities, came to ¥1,409,448 million, up 19.6% compared with the previous fiscal year.

From a profit and loss perspective, total revenues climbed 19.9% compared with the previous fiscal year to ¥828,559 million in fiscal 2013. On a year-on-year basis, operating income rose 22.5% to ¥51,417 million, ordinary income improved 19.2% to ¥55,168 million, and net income grew 14.2% to ¥33,051 million.

## Revenues

Revenues in the leasing and installment sales business increased ¥127,717 million, or 19.2%, climbed ¥3,003 million, or 17.7%, in the financing business, and jumped ¥6,711 million, or 87.6%, in other businesses compared with the previous fiscal year. Due to these across the board year-on-year increases, total revenues amounted to ¥828,559 million, up ¥137,431 million, or 19.9%, compared with fiscal 2012.

## Gross Profit on Revenues and Operating Income

Gross profit on revenues climbed ¥26,447 million, or 37.3%, compared with the previous fiscal year to ¥97,330 million. Selling, general and administrative (SG&A) expenses surged ¥17,004 million, or 58.8%, year on year to ¥45,913 million. Accounting for each of these factors, operating income for the fiscal year under review increased ¥9,443 million, or 22.5%, compared with fiscal 2012 to ¥51,417 million.

## Ordinary Income

Other income declined ¥805 million, or 11.3%, compared with the previous fiscal year due mainly to a drop in foreign exchange gains. Other expenses decreased ¥237 million, or 8.5%, largely reflecting the decrease in expenses on derivatives other than for trading or hedging. As a result, ordinary income came in at ¥55,168 million, ¥8,875 million, or 19.2%, higher than the level recorded in the previous fiscal year.

## Net Income

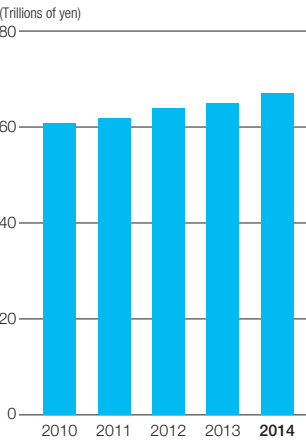
Extraordinary income increased ¥1,778 million compared with the previous fiscal year largely representing the gain on amortization of negative goodwill. Extraordinary loss increased ¥1,771 million year on year due mainly to the increase in impairment loss. As a result, income before income taxes and minority interests grew ¥8,882 million, or 19.2%, compared with fiscal 2012 to ¥55,071 million.

The total of current and deferred income taxes was ¥20,045 million, up ¥3,552 million, or 21.5%, year on year while minority interests in income jumped ¥1,214 million, 159.7%, to ¥1,975 million.

Accounting for each of the aforementioned factors, net income amounted to ¥33,051 million, up ¥4,116 million, or 14.2%, compared with the previous fiscal year.

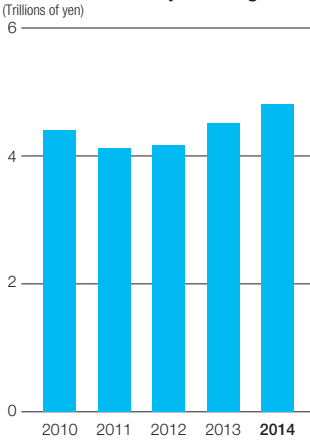
Net income per share improved ¥39.32 year on year to ¥311.64. ROE (net income as a ratio of shareholders' equity) edged down 0.1 of a percentage point to 13.9% while ROA (ordinary income as a ratio of total assets) edge up 0.1 of a percentage point to 2.1%.

Total Private Capital Investment



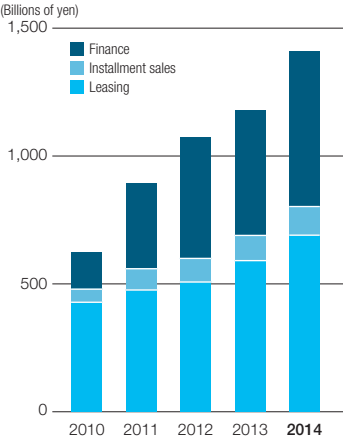
Source: Private capital investment is based on a survey by the Cabinet Office. The figure for "14/3" (FY2013) is the preliminary figure announced on September 8, 2014.

Total Capital Investment Financed by Leasing



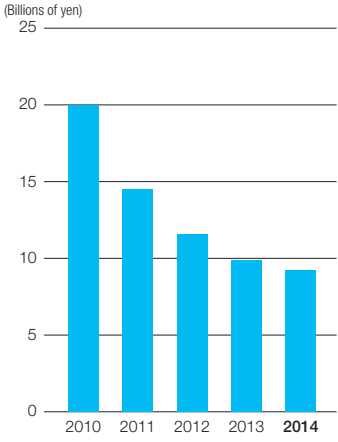
Source: Japan Leasing Association

Volume of New Contracts

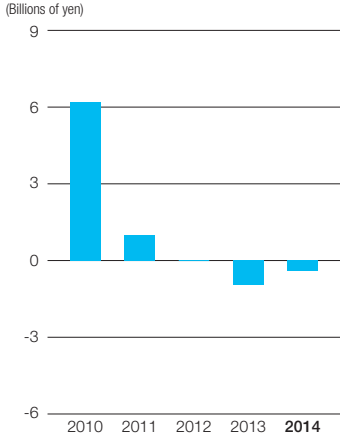


Finance of the end of March 2014 include the other businesses.

Interest Expenses

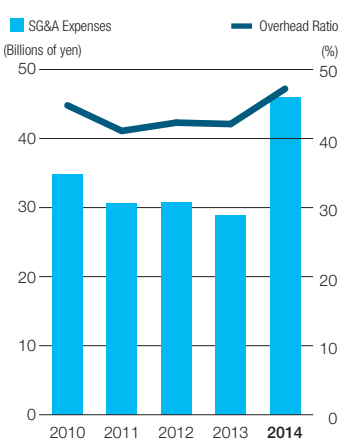


Credit Costs



Credit costs represent the sum of doubtful account costs, which were included in costs of sales, and allowance for doubtful accounts, which was included in SG&A expenses.

SG&A Expenses/Overhead Ratio



Overhead ratio = (Personnel expenses + Non-personnel expenses) / Gross profit on revenues X 100



Results by Reportable Segment

In the leasing and installment sales business, the volume of new contracts executed was ¥802,560 million, up 16.4% compared with the previous fiscal year. Revenues amounted to ¥794,252 million, up 19.2%, year on year. Segment profit came to ¥43,550 million, an increase of ¥15.7%.

In the financing business, the volume of new contracts executed was ¥599,929 million, an improvement of 22.6% compared with the previous fiscal year. Revenues rose to ¥19,938 million, up 17.7% year on year. Segment profit totaled ¥11,457 million, an increase of 24.2% compared with fiscal 2012.

In other businesses, the volume of new contracts executed was ¥6,958 million. Revenues came to ¥14,369 million, up 87.6% compared with the previous fiscal year. Segment profit was ¥3,605 million, an improvement of 69.4% year on year.

Financial Condition

Total Assets

Total assets as of the end of the fiscal year under review increased ¥418,956 million, or 17.0%, compared with the end of the previous fiscal year to ¥2,884,773 million. This was mainly due to the upswing in operating assets following the inclusion of Nippon Car Solutions in the scope of the Company's consolidation as a subsidiary.

The balance of operating assets, including business guarantees, as of March 31, 2014 increased ¥370,206 million, or 16.3%, year on year to ¥2,646,782 million. The balances of operating assets by segment were as follows: ¥1,997,601 million for the leasing and installment sales business, ¥642,411 million (including business guarantees) for the financing business, and ¥6,770 million for other businesses.

Liabilities

Total liabilities as of the end of the fiscal year under review increased ¥367,140 million, or 16.4%, compared with the previous fiscal year-end to ¥2,599,288 million. This was mainly due to the increase in interest-bearing debt following the inclusion of Nippon Car Solutions in the scope of the Company's consolidation as a subsidiary.

Total interest-bearing debt increased ¥272,454 million, or 14.0%, year on year to ¥2,211,673 million. A breakdown of interest-bearing debt shows that, in short-term fund procurement, interest-bearing debt increased ¥171,151 million, or 16.1%, to ¥1,236,619 million compared with the balance as of March 31, 2013. Meanwhile, in long-term fund procurement, interest-bearing debt increased ¥101,302 million, or 11.6%, year on year to ¥975,054 million.

Net Assets

Net assets as of March 31, 2014 increased ¥51,816 million, or 22.2%, compared with the end of the previous fiscal year to ¥285,485 million. This largely reflected higher retained earnings and the increase in minority interests following the inclusion of Nippon Car Solutions in the scope of the Company's consolidation as a subsidiary.

Basic Policy on the Procurement of Funds

The Century Tokyo Leasing Group has adopted the basic policy of curtailing funding costs while enhancing its ability to procure funds on a stable basis. To this end, the Group works diligently to diversify both the sources from which it procures funds as well as procurement methods while at the same time responding flexibly to changes in financial conditions. By implementing asset-liability management, the Group undertakes the multifaceted analysis of market risks. Through these means, every effort is made to control risks in an appropriate manner.

Indirect and Direct Funding

In raising the funds necessary to promote its business, the Century Tokyo Leasing Group not only engages in indirect funding through debt financing from financial institutions, but also direct funding through capital markets.

Due mainly to such factors as the inclusion of Nippon Car Solutions in the scope of the Company's consolidation as a subsidiary company, indirect funding as of the end of the fiscal year under review stood at ¥1,227,814 million, up ¥116,923 million compared with the end of the previous fiscal year. Direct funding climbed ¥155,530 million year on year to ¥983,858 million, owing largely to the issuance of commercial paper and straight bonds. As a result, the direct financing ratio for the fiscal year ended March 31, 2014 was 44.5%, up 1.8 percentage points compared with the end of the previous fiscal year. In addition, the long-term fund procurement ratio stood at 44.1%, down 1.0 percentage point year on year.

Securing Liquidity

With the aim of securing liquidity, the Century Tokyo Leasing Group executed overdraft agreements and commitment line agreements with 84 financial institutions. As of March 31, 2014, the total value of agreements amounted to ¥1,027,136 million, up ¥155,823 million compared with the end of the previous fiscal year.

The balance of unused facilities under the overdraft and commitment line agreements as of the end of the fiscal year under review stood at ¥606,465 million. The Group is confident that it has secured ample liquidity of funds.

Cash Flows

Cash Flows from Operating Activities

Net cash used in operating activities amounted to ¥28,315 million, down from net cash used in operating activities of ¥89,711 million in the previous fiscal year. During the fiscal year under review, operating cash outflows increased year on year as a result of an upswing in the value of new contracts executed in connection with operating assets. Meanwhile, depreciation and amortization of leased assets, loss on disposal of leased assets, and the cost of revenues all increased owing mainly to the inclusion of Nippon Car Solutions in the scope of the Company's consolidation as a subsidiary.

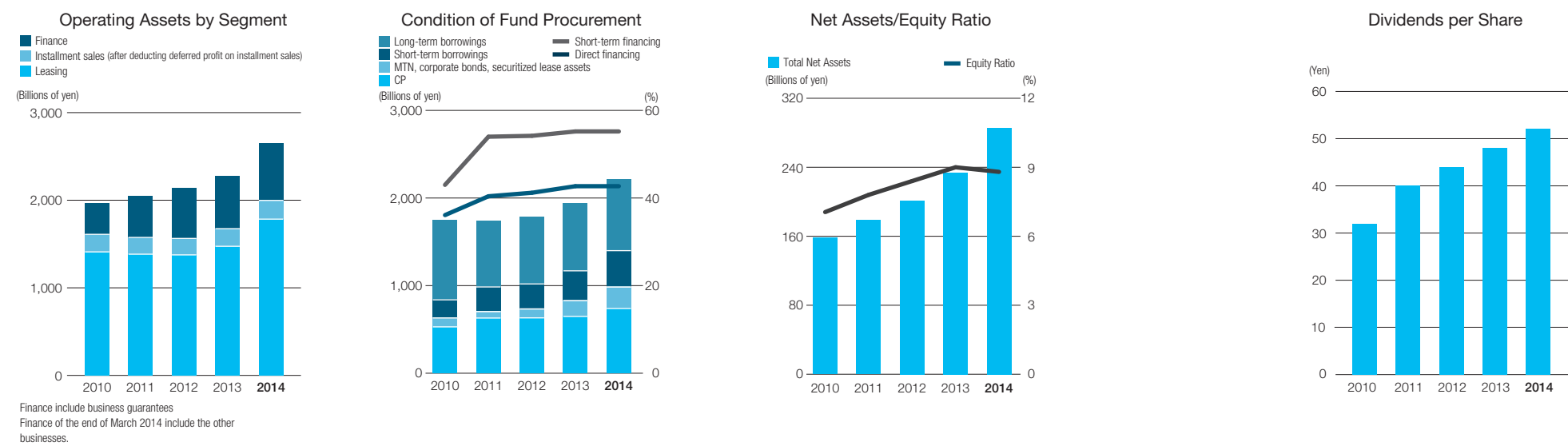
Cash Flows from Investing Activities

Net cash provided by investing activities amounted to ¥9,994 million compared with net cash used in investing activities of ¥5,593 million in the previous fiscal year. This was mainly due to proceeds from the purchase of shares of subsidiaries resulting in a change in scope of consolidation, which amounted to ¥11,765 million.

Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥54,486 million, down from net cash provided by investing activities of ¥135,868 million in the previous fiscal year. During the fiscal year under review, the Company saw the outflow of funds totaling ¥30,612 million as the repayment of indirect funding exceeded proceeds. This was compared with inflows of ¥46,723 million in the previous fiscal year.

Accounting for each of the aforementioned activities, cash and cash equivalents as of the end of the fiscal year stood at ¥115,841 million, up ¥32,718 million compared with the end of the previous fiscal year.





Fiscal 2014 Outlook

In Japan, a modest recovery in private capital investment is expected. Despite lingering uncertainty with regard to the effects of the consumption tax rate hike and the accelerated globalization of domestic companies, this mild positive outlook is mainly supported by the government's economic policies and a sense that the operating environment is gradually picking up.

Against this backdrop, Century Tokyo Leasing will continue to reduce funding costs and the cost of credit, while enhancing competitiveness in the Leasing Business, bolstering the Financing Business, expanding International Businesses, and reinforcing the domestic and overseas Automobile Financing, in an effort to improve profitability.

Based on the above, the Company's business performance forecasts for the fiscal year ending March 31, 2015 are as follows: total revenues are projected to reach ¥860,000 million, up 3.8% year on year, operating income is expected to total ¥56,300 million, up 9.5%, ordinary income is estimated to come in at ¥57,000 million, up 3.3%, and net income is anticipated to amount to ¥33,300 million, up 0.8%.

Basic Policy on the Distribution of Profits as well as Dividends for Both the Fiscal Year under Review and the Next Fiscal Year

The Century Tokyo Leasing Group believes that an ongoing commitment to the expansion of business content and the reinforcement of its business structure will yield higher corporate value. In this context, the Company complies with the basic policy of stably distributing profits to its shareholders over the long term with due consideration given to increasing retained earnings.

Internal reserve funds will be appropriated by corporate management and used effectively to, for example, fund the purchase high-quality operating assets.

As for dividends for the fiscal year under review, Century Tokyo Leasing intends to pay an annual dividend of ¥52 per share as forecasted at the beginning of the year, consisting of a ¥26 per share interim dividend and a ¥26 per share year-end dividend, taking into consideration comprehensive factors, including business results and the Company's financial position for the fiscal year under review as well as future operating conditions.

For the fiscal year ending March 31, 2015, Century Tokyo Leasing intends to ensure an annual dividend of ¥56 per share, which will consist of a ¥28 per share interim dividend and a ¥28 per share year-end dividend, based on the above policy of distributing profits to shareholders and in appreciation of the support of the shareholders.

Business and Other Risks

Listed below are risks that may influence the Group's business performance, stock price and financial condition.

(1) Credit Risk

Leasing transactions are those in which credit is provided to a customer on an unsecured basis, in principle, over a relatively long term (an average of about five years), and the expected profit is secured only when the full amount of the leasing fee, etc., is collected from the customer. However, if there is non-payment by the customer or a similar incident, we collect as much as possible through such measures as selling the leased property in question or leasing it to another customer.

The Group strives to minimize credit risks through cautious credit management, the assessment of properties, and by controlling credit risks in the portfolio of operating assets; however, the Group's performance may be affected if bad debt newly arises as a result of deterioration in the credit situations of companies, depending on future economic trends or any factors.

(2) Impacts of Interest Rate Volatility and Changes in the Fund Procurement Environment

In our main business of lease and installment sales transactions, leasing fees are set on the basis of the property purchase price, interest rate level when the contract is signed, etc., and leasing fees do not vary during the contract period. On the other hand, the portion of interest expenses (financing costs) that comprises the cost of lease transactions is affected by fluctuations in market interest rates because funds are raised by obtaining both loans with variable interest rates and long-term fixed funding. Therefore, if market interest rates rise, interest expenses may increase.

Fund procurement by the Group, in addition to indirect funding, includes direct funding by way of commercial paper, corporate bonds, etc. Depending on changes in the funding environment, there may be impacts on fund procurement.

As mentioned above, depending on interest rate volatility and changes in the funding environment, there may be impacts on the Group's results. However, the Group strictly controls these fund procurement related risks on the basis of ALM (Asset Liability Management) analysis and hedges risks as necessary.

(3) The Impact of Changes in Private Capital Investment Trends

While there are temporary differences, the values of private capital investment and capital investment financed by leasing are interrelated. This trend is expected to continue in the future.

The change in the value of the Group's contracts and changes in the values of private capital investment and capital investment financed by leasing have not necessarily coincided in recent years; however, the Group's performance may be affected if a large decrease in the value of private capital investment occurs in the future accompanied by a large decline in the value of capital investment financed by leasing.

(4) Stock Price Volatility Risk

The Group holds securities for the purpose of strengthening its relationships with partner companies.

The Group periodically reviews stocks held that correspond to individual business relationships; however, depending on future stock price volatility, there may be impacts on the Group's results.

(5) The Impact of Fluctuations in the Value of Asset Holdings and Investment Assets

The Century Tokyo Leasing Group holds and invests in assets with specified values, including ships, aircraft, real estate and automobiles, as a part of its operating lease and rental operations. While the Group takes great care in identifying the value of these assets, asset values are subject to change. Accordingly, the Group's performance may be affected in the event of a decline in the value of assets held and investment assets.

(6) System Change Risk

The Group is developing its business on the basis of current legal, tax and accounting systems and standards, etc. If these systems change considerably in the future, there may be impacts on the Group's results.

(7) Risk Attributable to Unpredictable Events

The Group has established measures based on its business continuity plan (BCP) to ensure preparedness in the event of large-scale disasters (including earthquakes, wind and flood damage, fire and man-made disasters) or the outbreak of infectious diseases, such as new-type influenza and SARS. There may be impacts on the Group's results if such events precipitate unpredictable economic damage.

(8) Other Risks

In addition to the above risks, there are information system risks, such as failure and errors in such areas as sales management, contract management, asset management and statistical operations; administrative risks due to improper administrative procedures and compliance risk or loss of social trust resulting from noncompliance with laws or regulations or social norms, etc.

Private Capital Investment and Capital Investment Financed by Leasing					(Billions of yen)
	FY2009	FY2010	FY2011	FY2012	FY2013
Private capital investment (a)	¥60,718.0	¥61,945.1	¥64,333.2	¥64,659.9	¥66,948.5
YoY comparison	85.5%	102.0%	103.9%	100.5%	103.5%
Capital investment financed by leasing (b)	4,405.8	4,116.1	4,168.2	4,510.6	4,841.1
YoY comparison	80.9%	93.4%	101.3%	108.2%	107.3%
Ratio of capital investment financed by leasing to private capital investment (b) ÷ (a)	7.3%	6.6%	6.5%	7.0%	7.2%
Value of new leasing contracts executed of the Group	¥ 428.2	¥ 476.2	¥ 507.4	¥ 591.0	¥ 690.5
YoY comparison	82.2%	111.2%	106.6%	116.5%	116.8%

Notes: 1. Private capital investment is based on a survey by the Cabinet Office. The figures for FY2013 are preliminary figures announced on September 8, 2014.  
2. Capital investment financed by leasing is statistical data released by the Japan Leasing Association.

## CONSOLIDATED BALANCE SHEETS

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
AS OF MARCH 31, 2014 AND 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
ASSETS			
<b>Current assets:</b>			
Cash on hand and in banks (Notes 8, 12 and 17)	¥ 79,840	¥ 56,250	\$ 775,749
Accounts receivable:			
Installment sales (Notes 8, 9 and 17)	225,937	212,042	2,195,270
Lease receivables and investment assets (Notes 8, 15 and 17)	1,461,054	1,271,716	14,196,014
Loans (Notes 8, 9 and 17)	474,156	450,041	4,607,032
Leases	17,612	14,685	171,128
Other	10,152	7,201	98,643
Allowance for doubtful accounts (Note 17)	(3,410)	(4,799)	(33,136)
Operational investment securities (Notes 6 and 17)	111,966	102,316	1,087,890
Other operating assets	5,097	753	49,524
Short-term investment securities (Notes 6, 12 and 17)	25,140	18,000	244,267
Inventories (Notes 8 and 9)	1,455	1,520	14,137
Deferred tax assets (Note 13)	4,378	1,285	42,535
Other current assets (Notes 8 and 12)	52,039	43,032	505,626
Total current assets	2,465,416	2,174,042	23,954,679
<b>Investments and other assets:</b>			
Investments in securities (Notes 6, 8 and 17):			
Unconsolidated subsidiaries and affiliates	8,200	22,083	79,676
Other securities	34,312	35,373	333,383
Long-term loans and other assets	23,040	13,175	223,865
Claims provable in bankruptcy or rehabilitation (Note 17)	4,305	5,358	41,833
Deferred tax assets (Note 13)	3,895	998	37,849
Allowance for doubtful accounts (Note 17)	(2,928)	(2,373)	(28,460)
Total investments and other assets	70,824	74,614	688,146
<b>Property and equipment, at cost less accumulated depreciation:</b>			
Leased assets (Notes 7 and 8)	322,536	201,817	3,133,850
Advances for purchases of property for lease	587	8,197	5,700
Other operating assets (Note 7)	6,770	—	65,782
Own assets in use (Note 7)	8,062	2,956	78,333
Property and equipment, net	337,955	212,970	3,283,665
<b>Intangible assets:</b>			
Computer programs leased to customers	291	334	2,827
Goodwill	4,872	202	47,333
Other intangible assets	5,415	3,655	52,626
Total intangible assets	10,578	4,191	102,786
Total assets	¥2,884,773	¥2,465,817	\$28,029,276

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
LIABILITIES AND NET ASSETS			
<b>Current liabilities:</b>			
Short-term borrowings (Notes 8, 9, 12 and 17)	¥1,217,919	¥1,044,267	\$11,833,648
Current portion of long-term debt (Notes 8 and 9)	354,007	312,876	3,439,635
Notes and accounts payable – trade (Note 17)	222,505	161,560	2,161,926
Lease obligations (Note 17)	6,076	6,541	59,033
Accrued income taxes (Note 13)	14,782	7,059	143,625
Advances received from customers	5,029	5,194	48,860
Deferred tax liabilities (Note 13)	2,539	773	24,674
Deferred profit on installment sales(Note 17)	12,217	10,483	118,707
Other current liabilities	39,245	27,577	381,306
Total current liabilities	1,874,319	1,576,330	18,211,414
<b>Long-term liabilities:</b>			
Long-term debt (Notes 8, 9 and 17)	639,747	582,076	6,215,965
Lease obligations (Note 17)	10,473	9,421	101,755
Provision for retirement benefits (Note 14)	—	940	—
Provision for directors' retirement benefits	291	127	2,830
Net defined benefit liability (Note 14)	7,170	—	69,667
Guarantee deposits from customers	25,046	23,670	243,357
Deferred tax liabilities (Note 13)	919	3,739	8,929
Allowance for automobile inspection costs	951	37	9,242
Other long-term liabilities	40,372	35,808	392,265
Total long-term liabilities	724,969	655,818	7,044,010
Total liabilities	2,599,288	2,232,148	25,255,424
<b>Contingent liabilities</b> (Note 16)			
<b>Net assets</b> (Note 23):			
Shareholders' equity (Notes 19 and 21):			
Common stock without par value:			
Authorized: 400,000,000 shares			
Issued: 106,624,620 shares in 2014 and 2013	34,231	34,231	332,599
Capital surplus	5,538	5,538	53,808
Retained earnings	204,607	176,866	1,988,015
Treasury stock:			
821,663 shares in 2014 and 370,456 shares in 2013	(2,000)	(582)	(19,425)
Total shareholders' equity	242,376	216,053	2,354,997
Accumulated other comprehensive income (loss)			
Net unrealized holding gains on securities	10,338	9,424	100,451
Net unrealized gains (loss) on derivative instruments	(762)	138	(7,403)
Translation adjustments	1,057	(3,282)	10,272
Remeasurements of defined benefit plans	(562)	—	(5,464)
Total accumulated other comprehensive income	10,071	6,280	97,856
Share subscription rights (Note 21)	313	148	3,040
Minority interests	32,725	11,188	317,959
Total net assets	285,485	233,669	2,773,852
Total liabilities and net assets	¥2,884,773	¥2,465,817	\$28,029,276



## CONSOLIDATED STATEMENTS OF INCOME

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31, 2014 AND 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Revenues:</b>			
Leases	¥707,484	¥584,637	\$6,874,116
Installment sales	86,768	81,898	843,066
Other	34,307	24,593	333,333
Total revenues	828,559	691,128	8,050,515
<b>Costs:</b>			
Leases	628,745	525,373	6,109,067
Installment sales	81,773	77,266	794,531
Interest expense	9,184	9,864	89,230
Other	11,527	7,742	112,004
Total costs	731,229	620,245	7,104,832
Gross profit	97,330	70,883	945,683
<b>Selling, general and administrative expenses</b> (Note 10)	45,913	28,909	446,102
Operating income	51,417	41,974	499,581
<b>Other income (expenses):</b>			
Interest and dividend income	982	792	9,539
Interest expense	(516)	(425)	(5,010)
Equity in earnings of affiliates	3,048	2,235	29,612
Gain on amortization of negative goodwill	590	890	5,729
Foreign exchange gains	1,232	2,848	11,968
Expenses on derivatives other than for trading or hedging	(1,864)	(2,198)	(18,107)
Gain on sale of investments in securities	390	112	3,789
Gain on bargain purchase	1,411	—	13,713
Impairment loss	(1,219)	(31)	(11,842)
Merger expenses of subsidiaries	(372)	—	(3,611)
Loss on step acquisitions	(241)	—	(2,346)
Other, net	213	(8)	2,073
Income before income taxes and minority interests	55,071	46,189	535,088
<b>Income taxes</b> (Note 13):			
Current	23,630	15,145	229,596
Deferred	(3,585)	1,348	(34,833)
	20,045	16,493	194,763
Income before minority interests	35,026	29,696	340,325
<b>Minority interests</b>	1,975	761	19,194
Net income (Note 23)	¥ 33,051	¥ 28,935	\$ 321,131

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31, 2014 AND 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Income before minority interests</b>	¥35,026	¥29,696	\$340,325
<b>Other comprehensive income (loss)</b> (Note 11)			
Net unrealized holding gains on securities	992	6,809	9,643
Net unrealized losses on derivative instruments	(945)	(1,715)	(9,187)
Translation adjustments	4,361	2,207	42,375
Share of other comprehensive income of affiliates accounted for using equity method	203	184	1,972
Total other comprehensive income	4,611	7,485	44,803
Comprehensive income	¥39,637	¥37,181	\$385,128
<b>Comprehensive income attributable to:</b>			
Shareholders of Century Tokyo Leasing Corporation	¥37,405	¥36,322	\$363,438
Minority interests	¥ 2,232	¥ 859	\$ 21,690

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31, 2014 AND 2013

	Number of shares Thousands		Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014	2013	2014
<b>Common stock</b>					
Balance at beginning of year	106,625	106,625	¥ 34,231	¥ 34,231	\$ 332,599
Balance at end of year	106,625	106,625	34,231	34,231	332,599
<b>Capital surplus</b>					
Balance at beginning of year			5,538	5,538	53,809
Disposal of treasury stock			0	0	(1)
Balance at end of year			5,538	5,538	53,808
<b>Retained earnings</b>					
Balance at beginning of year			176,866	152,818	1,718,478
Net income for the year			33,051	28,935	321,131
Cash dividends			(5,307)	(4,887)	(51,565)
Disposal of treasury stock			(3)	—	(29)
Balance at end of year			204,607	176,866	1,988,015
<b>Treasury stock</b>					
Balance at beginning of year	(370)	(369)	(582)	(580)	(5,655)
Purchase of treasury stock	(463)	0	(1,437)	(2)	(13,957)
Disposal of treasury stock	12	0	19	0	187
Balance at end of year	(821)	(370)	(2,000)	(582)	(19,425)
<b>Total shareholders' equity</b>					
Balance at beginning of year			¥242,376	¥216,053	\$2,354,997
Cash dividends			216,053	192,007	2,099,231
Net income for the year			(5,307)	(4,887)	(51,565)
Purchase of treasury stock			33,051	28,935	321,131
Disposal of treasury stock			(1,437)	(2)	(13,957)
Balance at end of year			16	0	157
			242,376	216,053	2,354,997
<b>Net unrealized holding gains on securities</b>					
Balance at beginning of year			¥ 9,424	¥ 2,586	\$ 91,566
Net changes of items other than shareholder's equity			914	6,838	8,885
Balance at end of year			10,338	9,424	100,451
<b>Net unrealized gains on derivative instruments</b>					
Balance at beginning of year			138	1,808	1,338
Net changes of items other than shareholder's equity			(900)	(1,670)	(8,741)
Balance at end of year			(762)	138	(7,403)
<b>Translation adjustments</b>					
Balance at beginning of year			(3,282)	(5,502)	(31,890)
Net changes of items other than shareholder's equity			4,339	2,220	42,162
Balance at end of year			1,057	(3,282)	10,272
<b>Remeasurements of defined benefit plans</b>					
Balance at beginning of year			—	—	—
Net changes of items other than shareholder's equity			(562)	—	(5,464)
Balance at end of year			(562)	—	(5,464)
<b>Total accumulated other comprehensive income</b>					
Balance at beginning of year			¥ 10,071	¥ 6,280	\$ 97,856
Net changes of items other than shareholder's equity			6,280	(1,108)	61,014
Balance at end of year			3,791	7,388	36,842
			10,071	6,280	97,856
<b>Share subscription rights (Note 21)</b>					
Balance at beginning of year			¥ 148	¥ —	\$ 1,443
Net changes of items other than shareholder's equity			165	148	1,597
Balance at end of year			313	148	3,040
<b>Minority interests</b>					
Balance at beginning of year			¥ 11,188	¥ 10,373	\$ 108,705
Net changes of items other than shareholder's equity			21,537	815	209,254
Balance at end of year			32,725	11,188	317,959
<b>Total net assets</b>					
Balance at beginning of year			¥285,485	¥233,669	\$2,773,852
Cash dividends			233,669	201,272	2,270,393
Net income for the year			(5,307)	(4,887)	(51,565)
Purchase of treasury stock			33,051	28,935	321,131
Disposal of treasury stock			(1,437)	(2)	(13,957)
Net changes of items other than shareholder's equity			16	0	157
Balance at end of year			25,493	8,351	247,693
			¥285,485	¥233,669	\$2,773,852

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31, 2014 AND 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 55,071	¥ 46,189	\$ 535,088
Adjustments to reconcile income before income taxes and minority interests to net cash used in operating activities:			
Depreciation and amortization of leased assets	49,860	27,774	484,454
Decrease in allowance for doubtful accounts	(1,316)	(1,860)	(12,784)
Loss on disposal of leased assets	66,521	7,511	646,339
Loss on devaluation of investments in securities	—	7	—
Foreign exchange gains	(1,232)	(2,848)	(11,968)
Interest and dividend income	(982)	(792)	(9,539)
Interest expense	9,699	10,289	94,240
Gain on sale of investments in securities	(390)	(112)	(3,789)
Impairment loss	1,219	—	11,842
Decrease (increase) in installment sales receivable	1,876	(8,490)	18,231
Increase in lease receivables and investment assets	(92,544)	(30,778)	(899,184)
Increase in loans receivable	(18,645)	(16,458)	(181,157)
Increase in operational investment securities	(8,704)	(5,975)	(84,568)
Purchases of leased assets	(111,539)	(102,140)	(1,083,746)
Decrease (increase) in claims provable in bankruptcy or rehabilitation	1,415	(78)	13,752
Increase in trade notes and accounts payable	27,032	11,110	262,650
Other, net	20,695	6,154	201,054
Subtotal	(1,964)	(60,497)	(19,085)
Interest and dividend income received	1,832	1,254	17,805
Interest expense paid	(10,182)	(10,392)	(98,935)
Income taxes paid	(18,001)	(20,076)	(174,898)
Net cash used in operating activities	(28,315)	(89,711)	(275,113)
<b>Cash flows from investing activities:</b>			
Purchases of own assets in use	(2,595)	(1,601)	(25,214)
Proceeds from sales/redemptions of investments in securities	3,080	410	29,925
Purchases of investments in securities	(791)	(4,871)	(7,687)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	11,765	—	114,316
Collection of loans receivable	25	1	247
Other, net	(1,490)	468	(14,482)
Net cash provided by (used in) investing activities	9,994	(5,593)	97,105
<b>Cash flows from financing activities:</b>			
Increase in short-term borrowings, net	78,763	63,482	765,284
Proceeds from long-term debt	269,255	331,657	2,616,162
Repayment of long-term debt	(332,394)	(334,370)	(3,229,636)
Proceeds from issuance of bonds	90,974	81,100	883,932
Redemption of bonds	(46,700)	(1,000)	(453,750)
Proceeds from stock issuance to minority shareholders	1,475	19	14,334
Cash dividends paid	(5,307)	(4,887)	(51,565)
Other, net	(1,580)	(133)	(15,358)
Net cash provided by financing activities	54,486	135,868	529,403
Effect of exchange rate changes on cash and cash equivalents	(3,447)	(1,972)	(33,495)
Net increase in cash and cash equivalents	32,718	38,592	317,900
Cash and cash equivalents at beginning of year	83,123	44,531	807,646
Cash and cash equivalents at end of year (Note 12)	¥ 115,841	¥ 83,123	\$ 1,125,546

The accompanying notes are an integral part of these statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CENTURY TOKYO LEASING CORPORATION AND CONSOLIDATED SUBSIDIARIES  
MARCH 31, 2014 AND 2013

1. Basis of Presentation

Century Tokyo Leasing Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Companies”) maintain their books of account in accordance with the provisions set forth in the Corporation Law of Japan (the “Law”), the Financial Instruments and Exchange Law of Japan and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements of the Companies, which were filed with the Director of the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥102.92 = US\$1.00, the approximate rate of exchange in effect on March 31, 2014. This translation should not be construed as a representation that Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at this or any other rate.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries over which the Company exerts control, principally Fujitsu Leasing Co., Ltd.

The Company’s share in the earnings or losses of affiliates over which it is able to exercise significant influence in terms of their operating and financial decisions is accounted for by the equity method and included in the consolidated operating results.

The Company made our equity-method affiliate, the major automobile leasing company, Nippon Car Solutions Co., Ltd., into our consolidated subsidiary (merged with Tokyo Auto Leasing Co., Ltd. as of October 1, 2013) while acquiring additional shares of our equity-method affiliate, the rental car industry leader, Nippon Rent-A-Car Service, Inc. to make it our consolidated subsidiary.

The Company established Century Tokyo Factoring China corporation and 11 other companies during the fiscal year ended March 31, 2014, which have been newly included in the scope of consolidation.

A total of 7 companies including TLC Canna Ltd. have been excluded from the scope of consolidation due to the completion of liquidation procedures and other reasons from the fiscal year ended March 31, 2014.

Nippon Car Solutions Co., Ltd., and Nippon Rent-A-Car Service, Inc. have been excluded as an affiliated company accounted for by the equity method from the fiscal year ended March 31,

2014, due to making them our consolidated subsidiaries.

With respect to affiliated companies accounted for by the equity method whose account closing dates differ from the closing date of the Company, the Company has used their financial statements as of their respective fiscal year end.

The number of consolidated subsidiaries and affiliated companies for 2014 are as follows:

	2014
Consolidated subsidiaries	105
Affiliated companies	6

In preparing the consolidated financial statements as of March 31, 2014, the financial statements of TLC Freesia Co., Ltd. and 9 other subsidiaries were consolidated by using their financial statements as of the parent fiscal year end and were prepared solely for consolidation purposes. Century Tokyo Leasing (USA) and 13 other subsidiaries were consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2013 and necessary adjustments were made to their financial statements to reflect any significant transactions from January 1 to March 31, 2014.

b) Foreign currency translation

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date. Foreign exchange gain or loss on translation is recognized in the consolidated statement of income.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding minority interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in its consolidated financial statements.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, net of overdrafts and short-term investments with original maturities of three months or less which are readily convertible into cash and are subject to little risk of any change in their value.

d) Revenue recognition

(Leases)

Lease revenues and the related costs on finance leases are recognized on receipt of lease payment.

Revenues from operating leases are recognized on a straight-line basis over the scheduled lease terms, and leased assets are depreciated by the straight-line method based on the scheduled lease terms of the respective assets.

(Installment sales)

Installment sales and the related costs are recognized when each payment becomes due under the respective installment

sales agreements.

e) Allocation of interest expense

Interest expense is allocated to cost of sales and other expenses based on the balances of the respective operating assets, which consist principally of lease receivables, lease investment assets and loans. Interest expense classified as cost of sales is stated net of interest income.

f) Securities

Securities held by the Companies are classified as available-for-sale securities. Marketable available-for-sale securities are carried at fair value with any unrealized gain or loss, net of the related income taxes, included directly in net assets. Cost of securities sold is determined principally by the moving average method. Non-marketable available-for-sale securities are stated at cost determined principally by the moving average method.

Hybrid financial instruments, from which an embedded derivative cannot be separated, are stated at fair value and the resulting gains or losses are recognized in the consolidated statement of income. Investments in a limited partnership are measured using the equity method. As of March 31, 2014 and 2013, the Companies did not have any trading securities.

g) Inventories

Inventories held by the Company are stated at cost determined by specific identification method (of which carrying values are calculated based on the method of reduction of book value accompanied with decline in market value).

h) Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation of leased assets is computed by the straight-line method based on the lease term of the respective assets. Depreciation of assets owned and used by the Companies is computed primarily by the declining-balance method (while the straight-line method is applied to buildings acquired on and after April 1, 1998) based on the estimated useful lives of the respective assets which range principally from 3 to 47 years for buildings, and from 3 to 20 years for equipment.

i) Intangible assets

Depreciation of the computer program leased to customers is computed by the straight-line method based on the lease-term of the respective assets. Costs related to software purchased for internal use are amortized by the straight-line method over the estimated useful life (generally 5 years).

Goodwill is amortized by the straight-line method over a period of 5 years or 10 years.

j) Income taxes

Provision is made for the Companies’ liabilities for various types of income taxes, i.e., corporation, inhabitants and enterprise taxes.

Deferred tax assets and liabilities are accounted for under the asset and liability method. Deferred tax assets and liabilities

are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which these temporary differences are expected to be recovered or settled.

k) Retirement benefits

Accrued retirement benefits for employees have been provided mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date. The Company and certain domestic subsidiaries have defined benefit plans covering substantially all employees other than directors and corporate auditors. Under the terms of these plans, eligible employees are entitled to lump-sum or annuity payments based on their level of compensation at termination and their years of service with the Company or the subsidiaries. To provide coverage for part of the lump-sum or annuity payments, the Company and certain domestic subsidiaries have joined a multi-employers’ welfare pension fund (the “Fund”) established in accordance with the Welfare Pension Insurance Law by the ITOCHU group companies.

In addition, accrued retirement benefits for directors and corporate auditors are provided at an amount to be required at the year-end according to internal regulations.

l) Derivatives and hedging activities

The Companies enter into interest-rate swap contracts, forward foreign exchange contracts, currency options, and loans from banks in order to hedge interest-rate and foreign currency exchange rate exposure on certain liabilities and assets, including loans from banks, installment sales receivable, and loans receivable denominated in foreign currencies and forecasted transactions. The Companies utilize these derivatives to reduce the risk of cash flow fluctuation inherent in the liabilities and assets hedged and such transactions are not entered into for speculative or trading purposes.

For interest-rate swap contracts and forward foreign exchange contracts, the Companies follow “Accounting Standard for Financial Instruments” and “Accounting Standard for Foreign Currency Transactions.” More specifically, interest-rate swaps not designated as hedging instruments are recorded at fair value in the consolidated balance sheet. Interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. Other interest-rate swaps which qualify for hedge accounting are measured at fair value as of the balance sheet date and the recognition of any unrealized gain or loss is deferred until maturity.

For forward foreign exchange contracts, the Companies follow the accounting method specified in “Accounting Standard for Financial Instruments” (“Allocation method”), if the contracts qualify for hedge accounting. Under this method, foreign currency transactions and the related monetary assets (installment sales receivable and loans receivable) are to be

translated at the fixed yen amount of such foreign currency contracts at the settlement dates based on the contracted rates. The difference between this amount and the amount as translated at the current rate of exchange on the date of forward contract is allocated over the life of each contract.

Hedge effectiveness is assessed based on comparative analysis between the accumulated future cash flows for hedged items and those for hedging instruments. As for the future hedging transactions denominated in foreign currencies, hedge effectiveness is assessed if substantial terms and conditions such as amounts and periods of the hedging instruments and the hedged forecasted transactions are the same. Hedge effectiveness is not assessed for the foreign currency exchange contracts which meet the requirements for allocation method and the interest rate swaps which meet the requirements for short-cut method. The consolidated subsidiaries for the Company assess hedge effectiveness primarily based on the above methods.

**m) Appropriation of retained earnings**

Under the Law the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting to be held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations.

Under the Law, flexible payment of dividends is permissible subject to certain limits on appropriation of retained earnings as well as to approval by resolution of the shareholders.

**n) Allowance for doubtful accounts**

The allowance for doubtful accounts is recorded on the basis of historical experience to provide for possible losses from bad debts related to general trade accounts and also for the estimated amounts considered to be uncollectible after individually reviewing the specific collectibility of certain doubtful accounts.

**o) Consumption taxes**

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

**p) Allowance for automobile inspection costs**

Under lease and maintenance service contracts, allowance for automobile inspection costs is recorded on the basis of historical experience.

**3. Standards issued but not yet effective**

**a) Accounting standards for business combinations**

On September 13, 2013, the ASBJ issued “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7), “Revised Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2), “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ

Guidance No. 10), and “Revised Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4).

**(1) Overview**

Under these revised accounting standards, the accounting treatment for any changes in a parent’s ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to “minority interests” was changed to, “non-controlling interests,” and transitional provisions for these accounting standards were also defined.

**(2) Scheduled date of adoption**

The Company expects to adopt these revised accounting standards and guidance from the beginning of the fiscal year ending March 31, 2016.

**(3) Impact of adopting revised accounting standards and guidance**

The Company is currently evaluating the effect of adopting these revised standards on its consolidated financial statements.

**b) Accounting standards for retirement benefits**

On May 17, 2012, the ASBJ issued “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25), 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, being followed by partial amendments from time to time through 2009.

**(1) Overview**

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

**(2) Scheduled date of adoption**

The revised accounting standard and guidance were adopted as of the end of the fiscal year ended March 31, 2014. However, revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015.

**(3) Impact of adopting revised accounting standard and guidance**

The Company is currently evaluating the effect of adopting these revised standards on its consolidated financial statements.

**4. Accounting Changes**

The Company adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the standard and in the main clause of Section 67 of the guidance) as of the end of the fiscal year ended March 31, 2014. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after

deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income. As a result of this change, a liability for retirement benefits was recognized in the amount of ¥7,170 million (\$69,667 thousand) and accumulated other comprehensive income decreased by ¥562 million (\$5,463 thousand) as of March 31, 2014. In addition, net assets per share decreased by ¥5.31 (\$0.05).

**6. Operational Investment Securities, Short-term Investment Securities and Investments in Securities**

Available-for-sale securities included in operational investment securities, short-term investment securities and investments in securities at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Equity securities	¥ 36,835	¥ 34,438	\$ 357,899
Debt securities	6,720	11,450	65,292
Other	127,862	109,801	1,242,349
	¥171,417	¥155,689	\$1,665,540

The carrying amounts and aggregate fair value of securities with determinable market value at March 31, 2014 and 2013 were as follows:

	Millions of yen			
	March 31, 2014			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Available-for-sale securities:				
Equity securities	¥15,354	¥13,591	¥125	¥28,820
Debt securities	6,412	9	1	6,420
Other	47,401	1,363	173	48,591

	Millions of yen			
	March 31, 2013			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Available-for-sale securities:				
Equity securities	¥15,230	¥11,596	¥105	¥26,721
Debt securities	11,104	48	2	11,150
Other	29,175	2,152	124	31,203

	Thousands of U.S. dollars			
	March 31, 2014			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Available-for-sale securities:				
Equity securities	\$149,183	\$132,059	\$1,214	\$280,028
Debt securities	62,297	87	7	62,377
Other	460,560	13,242	1,683	472,119



Available-for-sale securities whose fair value was not readily determinable as of March 31, 2014 and 2013 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Available-for-sale:			
Equity securities	¥ 8,014	¥ 7,718	\$ 77,871
Debt securities	300	300	2,915
Other	79,272	78,599	770,230

Proceeds from sales of available-for-sale securities and the resulting realized gain or loss for the years ended March 31, 2014 and 2013 were summarized as follows:

	Carrying amount		Thousands of U.S. dollars
	Millions of yen		
	2014	2013	2014
Proceeds	¥8,282	¥10,017	\$80,470
Realized gain	2,437	1,826	23,683
Realized loss	—	12	—

The impairment loss on investment securities recognized for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	
	2014	2013	2014
Equity securities	¥ 0	¥ 15	\$ 2
Other	21	124	201
	¥21	¥139	\$203

## 7. Accumulated Depreciation for Property and Equipment

Accumulated depreciation for property and equipment at March 31, 2014 and 2013 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	
	2014	2013	2014
Leased assets	¥216,136	¥111,583	\$2,100,039
Other operating assets	188	—	1,826
Own assets in use	4,765	1,984	46,302

## 8. Short-Term Borrowings, Long-Term Debt and Assets Pledged

Short-term borrowings at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted- average interest rate
	2014	2013		
	2014	2013	2014	
Short-term loans from banks	¥ 415,220	¥ 340,667	\$ 4,034,400	0.59%
Commercial paper	739,300	648,900	7,183,249	0.13%
Payables under securitized lease receivables	63,399	54,700	615,999	0.24%
Total	¥1,217,919	¥1,044,267	\$11,833,648	

Long-term debt at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Weighted- average interest rate
	2014	2013		
	2014	2013	2014	
Long-term loans, principally from banks	¥ 812,594	¥ 770,224	\$ 7,895,400	0.60%
Long-term payables under securitized lease receivables	2,638	—	25,630	0.25%
Bonds payable	178,522	124,728	1,734,569	0.53%
Total	993,754	894,952	9,655,599	
Less current portion	(354,007)	(312,876)	(3,439,635)	
	¥ 639,747	¥ 582,076	\$ 6,215,964	

The Companies have entered into overdraft contracts which provided the Companies with the overdraft facilities with 84 and 80 financial institutions as of March 31, 2014 and 2013 amounting to ¥1,027,136 million (\$9,979,949 thousand) and ¥871,313 million, respectively. The unused facilities maintained by the Companies as of March 31, 2014 and 2013 amounted to ¥606,465 million (\$5,892,584 thousand) and ¥529,439 million, respectively.

The aggregate annual maturity of long-term debt subsequent to March 31, 2014 is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥354,007	\$3,439,635
2016	298,936	2,904,547
2017	188,948	1,835,872
2018	74,361	722,512
2019	49,753	483,418
2020 and thereafter	27,749	269,615
	¥993,754	\$9,655,599

The Companies' assets pledged as collateral, principally for liabilities of ¥108,237 million (\$1,051,663 thousand), at March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks	¥ 123	\$ 1,192
Accounts receivable—installment sales	10,181	98,919
Accounts receivable—lease receivables and investment assets	83,721	813,457
Accounts receivable—loans	2,202	21,400
Inventories	1,012	9,835
Other current assets	6,829	66,354
Leased assets	25,114	244,016
Investments in securities	13	123
	¥129,195	\$1,255,296

## 9. Derivatives

In general, interest-rate swaps and forward foreign exchange contracts are exposed to market risk arising from fluctuation in interest rates and foreign exchange rates, and to credit risk arising from the potential for default by the counterparties. As the derivative instruments which the Companies utilize aim to reduce the risk of fluctuation in interest rates and foreign exchange rates associated with the underlying assets and liabilities hedged, these derivatives function to reduce the overall market risk to which the Companies are exposed. The Companies believe that any related credit risk is very low because all counterparties to the derivatives instrument are financial institutions with high credit ratings.

With respect to the interest-rate swap contracts entered into by the Company, the Treasury Department, which is responsible for financing activities, handles the execution of, and monitors the internal control over, these transactions in accordance with the Company's internal regulations. The ALM Committee determines the Company's hedging strategy for the coming six months based on an analysis of market rate trends and the Treasury Department enters into derivatives transactions in accordance with this strategy.

The Treasury Department is also involved in the management of risk associated with foreign exchange rate fluctuation on an individual contract basis.

Before the Company executes the transactions involving compound derivative instruments where credit derivatives are embedded, persons responsible sufficiently confer on the type or management method of the risk beforehand, and then obtain approval in accordance with the Company's internal regulations.

The consolidated subsidiaries of the Company follow the Company's internal regulations, and regularly report to the Company the results of their hedging activities, the counterparties, the period remaining for each contract and the fair value of the transactions.

The following table presents the outstanding derivatives positions that do not qualify for hedge accounting at March 31, 2014:

	Millions of yen			Thousands of U.S. dollars		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Currency swap contracts:						
Receive/USD; Pay/SGD	¥ 1,258 (1,258)	¥ 36	¥ 36	\$ 12,221 (12,221)	\$ 345	\$ 345
Non-deliverable forward:						
Put/CNY	11,750 (1,188)	(4,143)	(4,143)	114,169 (11,548)	(40,256)	(40,256)
Call/MYR	22 (—)	0	0	217 (—)	2	2
Total	¥13,030	¥(4,107)	¥(4,107)	\$126,607	\$(39,909)	\$(39,909)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

The following table presents the outstanding derivatives positions that do not qualify for hedge accounting at March 31, 2013:

	Millions of yen		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Currency swap contracts:			
Receive/USD; Pay/SGD	¥ 1,035 (1,035)	¥ (12)	¥ (12)
Non-deliverable forward			
Put/CNY	12,611 (11,719)	(2,554)	(2,554)
Total	¥ 13,646	¥(2,566)	¥(2,566)
Interest-rate swap contracts:			
Pay/fixed; Receive/floating	708 (—)	(6)	(6)
Total	¥ 708	¥ (6)	¥ (6)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

The following table presents the outstanding derivative positions that qualify for hedge accounting at March 31, 2014:

	Millions of yen			Thousands of U.S. dollars	
	Hedged items	Notional amount (over one year)	Fair value	Notional amount (over one year)	Fair value
Allocation method:					
Forward exchange contracts:					
Put					
USD	Accounts-receivable-installment sales	¥ 5,874 (3,279)	¥(767)	\$ 57,072 (31,856)	\$(7,453)
CNH	Accounts-receivable-installment sales	1,342 (1,149)	(49)	13,034 (11,163)	(473)
Call					
USD	Inventories	754 (—)	2	7,331 (—)	17
SDG	Accounts-receivable-installment sales	12 (—)	0	123 (—)	2
Currency options:					
Call					
USD	Inventories	1,050 (—)	0	10,200 (—)	1
Put					
USD	Inventories	1,050 (—)	2	10,200 (—)	17
Deferred hedges:					
Forward exchange contracts:					
Call					
USD	Proposed transaction	4,594 (—)	31	44,637 (—)	303
Total		¥14,676 (4,428)	¥(781)	\$142,597 (43,019)	\$(7,586)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

	Millions of yen			Thousands of U.S. dollars	
	Hedged items	Notional amount (over one year)	Fair value	Notional amount (over one year)	Fair value
Interest rate swap					
Deferral hedge accounting:					
Pay/fixed; Receive/floating	Borrowings	¥ 13,128 (10,272)	¥ (1)	\$ 127,553 (99,805)	\$ (7)
Short-cut method:					
Pay/fixed; Receive/floating	Borrowings Accounts-receivable-loans	72,064 (43,974)	(798)	700,197 (427,261)	(7,758)
Total		¥ 85,192 (54,246)	¥(799)	\$ 827,750 (527,066)	\$(7,765)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.



The following table presents the outstanding derivative positions that qualify for hedge accounting at March 31, 2013:

Millions of yen			
	Hedged items	Notional amount (over one year)	Fair value
Allocation method:			
Forward exchange contracts:			
Put			
USD	Accounts-receivable-installment sales	¥ 3,426 (2,446)	¥(599)
	Inventories	433 (—)	(—)
Call			
USD	Accounts-receivable-installment sales	7 (—)	0
	Inventories	243 (—)	2
Currency options:			
Call			
USD	Inventories	996 (—)	(3)
Put			
USD	Inventories	996 (—)	(1)
Total		¥ 6,101 (2,446)	¥(601)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

Millions of yen			
	Hedged items	Notional amount (over one year)	Fair value
Interest rate swap			
Deferral hedge accounting:			
Pay/fixed; Receive/floating	Borrowings	¥ 14,758 (2,363)	¥ (76)
Short-cut method:			
Pay/fixed; Receive/floating	Borrowings	76,334 (46,847)	(949)
	Accounts-receivable-loans		
Total		¥ 91,092 (49,210)	¥(1,025)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

## 10. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Employees' salaries, wages and bonuses	¥19,691	¥12,104	\$191,320
Rent expenses	4,753	2,219	46,179
Allowance for accrued bonuses for employees	2,235	1,809	21,714
Retirement benefit expenses	1,478	893	14,358
Allowance for accrued bonuses for directors	151	110	1,463
Allowance for retirement benefits for directors	53	28	518
Allowance for doubtful accounts	(73)	(929)	(714)

## 11. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2014 and 2013:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net unrealized holding gains on securities			
Amount arising during the year	¥ 3,625	¥11,809	\$ 35,221
Reclassification adjustments for gains and losses included in net income	(2,213)	(1,669)	(21,503)
Amount before tax effect	1,412	10,140	13,718
Tax effect	(420)	(3,331)	(4,075)
Net unrealized holding gains on securities	992	6,809	9,643
Net unrealized losses on derivative instruments			
Amount arising during the year	(1,935)	(1,989)	(18,807)
Reclassification adjustments for gains and losses included in net income	442	(833)	4,298
Amount before tax effect	(1,493)	(2,822)	(14,509)
Tax effect	548	1,107	5,322
Net unrealized losses on derivative instruments	(945)	(1,715)	(9,187)
Translation adjustments			
Amount arising during the year	4,361	2,207	42,375
Share of other comprehensive income of affiliates accounted for using equity method			
Amount arising during the year	203	184	1,972
Total other comprehensive income	¥ 4,611	¥ 7,485	\$ 44,803

## 12. Notes to the Consolidated Statements of Cash Flows

Cash and cash equivalents at March 31, 2014 and 2013 are reconciled to the accounts reported in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash on hand and in banks	¥ 79,840	¥56,250	\$ 775,749
Time deposits with maturities of more than three months	(2,838)	(88)	(27,579)
Cash equivalents included in short-term investment securities	24,840	18,000	241,353
Receivables under resale agreements	13,999	9,999	136,023
Bank overdrafts	—	(1,038)	—
Cash and cash equivalents	¥115,841	¥83,123	\$1,125,546

### 13. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets:			
Allowance for doubtful accounts	¥ 3,202	¥ 1,190	\$ 31,111
Tax adjustments for lease transactions	177	365	1,717
Loss on devaluation of own assets in use	444	459	4,313
Depreciation	1,177	1,187	11,439
Retirement benefits	—	475	—
Net defined benefit liability	2,273	—	22,082
Loss on devaluation of investments in securities	1,817	1,878	17,651
Accrued bonuses	979	692	9,509
Other	7,323	3,826	71,160
Subtotal	17,392	10,072	168,982
Less valuation allowance	(1,473)	(1,209)	(14,306)
Total deferred tax assets	15,919	8,863	154,676
Deferred tax liabilities:			
Net unrealized holding gain on securities	(5,031)	(4,643)	(48,882)
Other	(6,074)	(6,449)	(59,014)
Total deferred tax liabilities	(11,105)	(11,092)	(107,896)
Net deferred tax assets	¥ 4,814	¥ (2,229)	\$ 46,780

A reconciliation for the year ended March 31, 2014 is not presented because the difference between the effective statutory tax rate and the effective tax rates is negligible.

A reconciliation for the year ended March 31, 2013 is as follows:

	2013
Effective statutory tax rate	38.0%
Non-deductible expenses for income tax purpose	0.2
Non-taxable income for income tax purpose	(0.8)
Elimination of intercompany dividend	0.6
Equity in earnings of affiliates	(1.8)
Amortization of goodwill and negative goodwill	(0.4)
Other	(0.1)
Effective tax rates	35.7%

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014. In addition, the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 4 of 2014) and the “Act for Partial Amendment of the Local Corporate Tax Act, etc.” (Act No. 11 of 2014) were promulgated on March 31, 2014, and the Company is subject to the amended Local Corporate Tax effective for fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 38.0% to 35.6% for the temporary differences expected to be realized or settled from fiscal years beginning April 1, 2014. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets after offsetting deferred tax liabilities by ¥306 million (\$2,975 thousand) and increase deferred income taxes by ¥347 million (\$3,368 thousand) as of and for the year ended March 31, 2014.

### 14. Retirement Benefit Plans

For the year ended March 31, 2014

1. Overview of retirement benefit plans implemented by the Company

The Company has implemented a corporate pension fund plan (multi-employer welfare pension fund) and a defined benefit corporate pension plan under its defined benefit plan system, and a defined contribution pension plan under its defined contribution plan system.

Some of the Company's consolidated subsidiaries in Japan have a lump-sum payment plan and a defined benefit corporate pension plan under their defined benefit plan system, and a defined contribution pension plan under its defined contribution plan system.

Some of the Company's consolidated subsidiaries use the simplified method in the calculation of their retirement benefit obligation.

2. Defined benefit plans (except the simplified method)

The changes in the retirement benefit obligation during the years ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligation at April 1, 2013	¥ 9,730	\$ 94,534
Service cost	610	5,931
Interest cost	241	2,344
Actuarial loss	753	7,320
Retirement benefits paid	(492)	(4,782)
Increase due to business combination	6,195	60,189
Retirement benefit obligation at March 31, 2014	¥17,037	\$165,536

The changes in plan assets during the years ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Plan assets at April 1, 2013	¥ 8,388	\$ 81,502
Expected return on plan assets	172	1,675
Actuarial gain	450	4,372
Contributions by the Company	682	6,626
Retirement benefits paid	(314)	(3,057)
Increase due to business combination	2,416	23,470
Plan assets at March 31, 2014	¥11,794	\$114,588

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded retirement benefit obligation	¥ 16,040	\$ 155,846
Plan assets at fair value	(11,794)	(114,588)
	4,246	41,258
Unfunded retirement benefit obligation	997	9,690
Net liability for retirement benefits in the balance sheet	5,243	50,948
Liability for retirement benefits	5,243	50,948
Net liability for retirement benefits in the balance sheet	¥ 5,243	\$ 50,948

The components of retirement benefit expense for the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service cost	¥ 610	\$ 5,931
Interest cost	241	2,344
Expected return on plan assets	(172)	(1,675)
Amortization of actuarial loss	85	822
Amortization of prior service cost	252	2,449
Retirement benefit expense	¥1,016	\$ 9,871



Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Unrecognized prior service cost	¥236	\$2,294
Unrecognized actuarial loss	637	6,190
Total	¥873	\$8,484

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 are as follows:

	2014
General account	53%
Bonds	28%
Stocks	17%
Other	2%
Total	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2014
Discount rates	1.2%–1.7%
Expected rates of return on plan assets	1.5%–3.2%

### 3. Defined benefit plans (The simplified method)

The changes in liability for retirement benefits during the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Liability for retirement benefits at April 1, 2013	¥ 507	\$ 4,923
Retirement benefits expense	183	1,780
Retirement benefits paid	(87)	(848)
Contributions by the Company	(21)	(202)
Increase due to business combination	1,345	13,066
Liability for retirement benefits at March 31, 2014	¥1,927	\$18,719

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded retirement benefit obligation	¥ 958	\$ 9,308
Plan assets at fair value	(277)	(2,694)
	681	6,614
Unfunded retirement benefit obligation	1,246	12,105
Net liability for retirement benefits in the balance sheet	1,927	18,719
Liability for retirement benefits	1,927	18,719
Net liability for retirement benefits in the balance sheet	¥1,927	\$18,719

Retirement benefit expense for the year ended March 31, 2014 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit expense	¥183	\$1,780

4. Contributions to the defined contribution pension plan by the Company and its consolidated subsidiaries during the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Contributions to the defined contribution pension plan	¥111	\$1,074

5. The following summarizes the most recent funded status of the multi-employer welfare pension fund as of March 31, 2014.

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Amount of plan assets	¥ 65,835	\$ 639,673
Benefit obligations under pension funding programs	(81,139)	(788,369)
Difference	¥(15,304)	\$(148,696)

The difference at March 31, 2014 above consisted of prior service cost under pension funding programs of ¥11,955 million (\$116,157 thousand).

For the year ended March 31, 2014 corresponding to the year ended March 31, 2013, the ratio of the Company's contributions to the multi-employer welfare pension fund against total contributions was 5.92%.

For the year ended March 31, 2013

#### 1. Overview of retirement benefit plans implemented by the Company

The Company has implemented an employee pension fund plan (multi-employer welfare pension fund) and a defined benefit corporate pension plan under its defined benefit plan system, and a defined contribution pension plan under its defined contribution plan system.

Some of the Company's consolidated subsidiaries in Japan have a lump-sum payment plan and a defined benefit corporate pension plan under their defined benefit plan system.

2. The following summarizes the funded status of, and amounts recognized in the consolidated balance sheet at March 31, 2013 for the Company's and the consolidated domestic subsidiaries' defined benefit plans:

	Millions of yen
	2013
Projected benefit obligation	¥(10,236)
Fair value of plan assets	8,388
Unfunded benefit obligation	(1,848)
Unrecognized actuarial loss	278
Unrecognized prior service cost	630
Net recognized retirement benefit obligation	¥ (940)
Accrued benefit obligation for employees	¥ (940)

The following summarizes the components of the net periodic pension cost for employees for the year ended March 31, 2013:

	Millions of yen
	2013
Service cost	¥ 494
Interest cost	191
Expected return on plan assets	(127)
Amortization of actuarial loss	167
Amortization of prior service cost	(113)
Contribution to the fund	164
Contribution paid to the defined contribution pension plan	113
Net periodic pension cost	889
Total	¥ 889

The assumptions used in determining the pension benefit obligation are shown below.

	2013
Discount rate	1.7~2.0%
Expected rate of return on plan assets	1.5~3.2%
Period for the recognition of actuarial gain or loss	5 or 10 years
Period for the recognition of prior service cost	5 years

The following summarizes the most recent funded status of the multi-employer welfare pension fund as of March 31, 2013.

	Millions of yen
	2013
Amount of plan assets	¥ 65,155
Benefit obligations under pension funding programs	(77,804)
Difference	¥(12,649)

The difference at March 31, 2013 above consisted of prior service cost under pension funding programs of ¥12,316 million and a general reserve of ¥333 million.

For the year ended March 31, 2013 corresponding to the year ended March 31, 2012, the ratio of the Company's contributions against total contributions to the plan was 6.92%.

## 15. Lease Transactions

(Lessors' accounting)

Finance leases that do not transfer ownership to the lessee are capitalized as lease investment assets. Information relating to finance leases of the Companies at March 31, 2014 and 2013 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Future lease receivables	¥1,216,269	¥1,106,517	\$11,817,615
Estimated residual value	42,507	36,750	413,011
Future interest income	(70,787)	(67,235)	(687,788)
	¥1,187,989	¥1,076,032	\$11,542,838

The aggregate annual maturity of finance lease receivables that transfer ownership to the lessees, subsequent to March 31, 2014 and 2013, is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due within one year	¥ 93,014	¥ 70,556	\$ 903,751
Due after one to two years	67,285	51,168	653,757
Due after two to three years	47,976	34,022	466,151
Due after three to four years	41,586	20,779	404,063
Due after four to five years	28,299	21,897	274,963
Due after five years	15,132	8,609	147,025
	¥293,292	¥207,031	\$2,849,710

The aggregate annual maturity of finance lease receivables that do not transfer ownership to the lessees, subsequent to March 31, 2014 and 2013, is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due within one year	¥ 395,277	¥ 379,272	\$ 3,840,626
Due after one to two years	305,195	275,417	2,965,359
Due after two to three years	222,055	202,145	2,157,549
Due after three to four years	147,563	128,704	1,433,764
Due after four to five years	84,558	68,032	821,588
Due after five years	61,621	52,947	598,729
	¥1,216,269	¥1,106,517	\$11,817,615

As for the lease accounting treatment for finance lease transactions that do not transfer ownership to the lessees starting before April 1, 2008, the amounts of "Leased assets" (net of accumulated depreciation) at March 31, 2008 were recorded as the beginning balance of "Lease investment assets," and the amounts of rental revenues were recorded by the straight-line method based on the scheduled lease terms. As a result, "Income before income taxes and minority interests" increased by ¥2,374 million (\$23,070 thousand) and ¥4,782 million for the years ended March 31, 2014 and 2013, respectively compared with the amount calculated on the assumption that the finance lease transactions that do not transfer ownership to the lessee starting before April 1, 2008 would have been accounted for using the interest method retroactively from each commencement date.

The future minimum lease income subsequent to March 31, 2014 and 2013 under non-cancellable operating leases is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due within one year	¥ 76,699	¥ 28,941	\$ 745,226
Due after one year	155,785	81,059	1,513,657
	¥232,484	¥110,000	\$2,258,883

## 16. Commitments and Contingent Liabilities

The Companies' contingent liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
As a guarantor of indebtedness of:			
Loans and others	¥76,952	¥63,022	\$747,689
Asset purchases	3,035	2,850	29,491
Employees housing loans	176	184	1,707
	¥80,163	¥66,056	\$778,887

The Companies, as lenders, have loan commitment agreements as of March 31, 2014 and 2013 amounting to ¥51,363 million (\$499,059 thousand) and ¥50,538 million, respectively. The loans provided under these credit facilities as of March 31, 2014 and 2013 amounted to ¥6,750 million (\$65,588 thousand) and ¥15,196 million, respectively. Many of the facilities may expire without being utilized and the loans provided are subject to periodic reviews of the borrowers' credit standing. The unused portion of these facilities may not be fully utilized.



## 17. Estimated Fair Value of Financial Instruments

The following table presents the carrying value and estimated fair value of financial instruments at March 31, 2014 and 2013. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen		
	As of March 31, 2014		
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
(1) Cash on hand and in banks	¥ 79,840	¥ 79,840	—
(2) Accounts receivable-installment sales	225,937		
Deferred profit on installment sales	(12,217)		
	213,720		
Allowance for doubtful accounts <sup>(1)</sup>	(348)		
	213,372	214,670	1,298
(3) Accounts receivable-lease receivables and investment assets	1,461,054		
Estimated residual value <sup>(2)</sup>	(42,507)		
	1,418,547		
Allowance for doubtful accounts <sup>(1)</sup>	(1,681)		
	1,416,866	1,450,524	33,658
(4) Accounts receivable-loans	474,156		
Allowance for doubtful accounts <sup>(1)</sup>	(1,358)		
	472,798	480,169	7,371
(5) Operational investment securities	33,517	33,517	—
(6) Short-term investment securities and investments in securities	50,313	50,313	—
(7) Claims provable in bankruptcy or rehabilitation	4,305		
Allowance for doubtful accounts <sup>(1)</sup>	(2,929)		
	1,376	1,376	—
Total assets	¥2,268,082	¥2,310,409	¥42,327
<b>Liabilities</b>			
(1) Notes and accounts payable-trade	222,505	222,505	—
(2) Short-term loans from banks	415,220	415,220	—
(3) Commercial paper	739,300	739,300	—
(4) Payables under securitized lease receivables	63,399	63,399	—
(5) Bonds payable	178,522	177,828	694
(6) Long-term loans, principally from banks	812,595	807,994	4,601
(7) Long-term payables under securitized lease receivables	2,638	2,676	(38)
(8) Lease obligations	16,548	16,170	378
Total liabilities	¥2,450,727	¥2,445,092	¥ 5,635
<b>Derivatives</b>			
Hedge accounting not applied	(4,107)	(4,107)	—
Hedge accounting applied	30	(1,580)	(1,610)
Total derivatives	¥ (4,077)	¥ (5,687)	¥ (1,610)

	Millions of yen		
	As of March 31, 2013		
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
(1) Cash on hand and in banks	¥ 56,250	¥ 56,250	—
(2) Accounts receivable-installment sales	212,042		
Deferred profit on installment sales	(10,483)		
	201,559		
Allowance for doubtful accounts <sup>(1)</sup>	(628)		
	200,931	202,440	1,509
(3) Accounts receivable-lease receivables and investment assets	1,271,716		
Estimated residual value <sup>(2)</sup>	(36,750)		
	1,234,966		
Allowance for doubtful accounts <sup>(1)</sup>	(2,294)		
	1,232,672	1,267,280	34,608
(4) Accounts receivable-loans	450,041		
Allowance for doubtful accounts <sup>(1)</sup>	(1,877)		
	448,164	459,821	11,657
(5) Operational investment securities	26,238	26,238	—
(6) Short-term investment securities and investments in securities	42,835	42,835	—
(7) Claims provable in bankruptcy or rehabilitation	5,358		
Allowance for doubtful accounts <sup>(1)</sup>	(2,373)		
	2,985	2,985	—
Total assets	¥2,010,075	¥2,057,849	¥47,774
<b>Liabilities</b>			
(1) Notes and accounts payable-trade	161,560	161,560	—
(2) Short-term loans from banks	340,667	340,667	—
(3) Commercial paper	648,900	648,900	—
(4) Payables under securitized lease receivables	54,700	54,700	—
(5) Bonds payable	124,728	123,985	743
(6) Long-term loans, principally from banks	770,224	769,061	1,163
(7) Lease obligations	15,961	15,621	340
Total liabilities	¥2,116,740	¥2,114,494	¥ 2,246
<b>Derivatives</b>			
Hedge accounting not applied	(2,572)	(2,572)	—
Hedge accounting applied	(76)	(1,627)	(1,551)
Total derivatives	¥ (2,648)	¥ (4,199)	¥ (1,551)

Thousands of U.S. dollars			
As of March 31, 2014			
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
(1) Cash on hand and in banks	\$ 775,749	\$ 775,749	—
(2) Accounts receivable-installment sales	2,195,270		
Deferred profit on installment sales	(118,707)		
	2,076,563		
Allowance for doubtful accounts <sup>(1)</sup>	(3,383)		
	2,073,180	2,085,791	12,611
(3) Accounts receivable-lease receivables and investment assets	14,196,014		
Estimated residual value <sup>(2)</sup>	(413,010)		
	13,783,004		
Allowance for doubtful accounts <sup>(1)</sup>	(16,337)		
	13,766,667	14,093,699	327,032
(4) Accounts receivable-loans	4,607,032		
Allowance for doubtful accounts <sup>(1)</sup>	(13,197)		
	4,593,835	4,665,455	71,620
(5) Operational investment securities	325,665	325,665	—
(6) Short-term investment securities and investments in securities	488,860	488,860	—
(7) Claims provable in bankruptcy or rehabilitation	41,833		
Allowance for doubtful accounts <sup>(1)</sup>	(28,459)		
	13,374	13,374	—
Total assets	\$22,037,330	\$22,448,593	\$411,263
<b>Liabilities</b>			
(1) Notes and accounts payable-trade	2,161,926	2,161,926	—
(2) Short-term loans from banks	4,034,399	4,034,399	—
(3) Commercial paper	7,183,249	7,183,249	—
(4) Payables under securitized lease receivables	615,999	615,999	—
(5) Bonds payable	1,734,570	1,727,824	6,746
(6) Long-term loans, principally from banks	7,895,400	7,850,697	44,703
(7) Long-term payables under securitized lease receivables	25,630	26,002	(372)
(8) Lease obligations	160,787	157,114	3,673
Total liabilities	\$23,811,960	\$23,757,210	\$ 54,750
<b>Derivatives</b>			
Hedge accounting not applied	(39,909)	(39,909)	—
Hedge accounting applied	295	(15,351)	(15,646)
Total derivatives	\$ (39,614)	\$ (55,260)	\$ (15,646)

<sup>(1)</sup> General and specific allowances are deducted from the amounts of accounts receivable-installment sales, accounts receivable-lease receivables and investment assets, accounts receivable-loans and claims provable in bankruptcy or rehabilitation, respectively.

<sup>(2)</sup> Estimated residual values included in the account of lease receivables and investment assets are deducted.

**(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions.**

**Assets**

- (1) Cash on hand and in banks  
 Since these items are settled in a short period of time, the carrying value approximates fair value.
- (2) Accounts receivable-installment sales, (3) Lease receivables and investment assets and (4) Loans  
 Based on the classification by internal rating and contract terms, the fair value is estimated by the present value of the total of principal and interest discounted by the interest rate to be applied if similar contracts were entered into.
- (5) Operational investment securities and (6) Short-term investment securities and Investments in securities  
 The fair values of the above securities are based on either market price or the prices provided by the counterparty financial institutions.  
 For information on securities by holding purpose, please refer to Note 6.
- (7) Claims provable in bankruptcy or rehabilitation  
 The fair value of above are assumed to approximate their carrying value with the deduction of relevant allowances because their carrying values are measured based on the fair value of the collateral and guarantees.

**Liabilities**

- (1) Notes and accounts payable-trade, (2) Short-term loans from banks, (3) Commercial paper and (4) Payables under securitized lease receivables  
 Since these items are settled in a short period of time, the carrying value approximates fair value.
- (5) Bonds payable, (6) Long-term loans, principally from banks and (7) Long-term payables under securitized lease receivables  
 The fair value is based on the present value of the total of principal and interest discounted by an interest rate to be applied if similar new bonds or loan agreements were entered into.
- (8) Lease obligations  
 Based on the classification by internal rating and contract terms, the fair value is estimated by the present value of the total of principal and interest discounted by the interest rate to be applied if similar contract were entered into.

**Derivatives**

Assets and liabilities arising from derivative are shown at net value in the above table and with the amount in parentheses representing net liability position. Please refer to Note 9 Derivatives regarding the details of derivative transactions.

**(Note 2) Financial instruments for which it is extremely difficult to determine the fair value**

Millions of yen			Thousands of U.S. dollars
	2014	2013	2014
Unlisted shares	¥16,215	¥ 29,801	\$157,547
Bonds	300	300	2,915
Trust beneficiary rights	6,264	8,321	60,861
Preferred equity investment securities	4,018	4,089	39,038
Investments in limited partnerships, etc.	68,990	66,188	670,331
Total	¥95,787	¥108,699	\$930,692

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

**(Note 3) Redemption schedule for receivables and marketable securities with maturities subsequent to March 31, 2014 and 2013**

Millions of yen						
As of March 31, 2014						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash on hand and in banks	¥ 79,840	¥ —	¥ —	¥ —	¥ —	¥ —
Accounts receivable–installment sales	78,195	59,160	40,757	24,933	12,877	10,015
Accounts receivable–loans	189,411	84,144	87,488	31,320	34,161	47,632
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	3,067	347	212	12	1,056	2,023
(2) Other	5,713	0	756	3,339	2,308	32,780
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	—	—	—	—	—	50
Total	¥356,226	¥143,651	¥129,213	¥59,604	¥50,402	¥92,500



Millions of yen						
As of March 31, 2013						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash on hand and in banks	¥ 56,250	¥ —	¥ —	¥ —	¥ —	¥ —
Accounts receivable–installment sales	79,081	50,693	37,326	23,869	12,269	8,804
Accounts receivable–loans	215,581	57,531	56,558	56,712	19,107	44,552
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	7,009	3,054	335	—	—	19
(2) Other	10,968	85	103	1,648	2,949	31,530
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	18,000	—	—	—	—	—
Total	¥386,889	¥111,363	¥94,322	¥82,229	¥34,325	¥84,905

Thousands of U.S. dollars						
As of March 31, 2014						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash on hand and in banks	\$ 775,749	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts receivable–installment sales	759,764	574,815	396,003	242,261	125,113	97,314
Accounts receivable–loans	1,840,368	817,565	850,064	304,311	331,921	462,803
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	29,801	3,368	2,060	117	10,260	19,655
(2) Other	55,511	2	7,343	32,437	22,427	318,504
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	—	—	—	—	—	486
Total	\$3,461,193	\$1,395,750	\$1,255,470	\$579,126	\$489,721	\$898,762

The redemption schedule for long-term debt and lease receivables and investment assets are disclosed in Note 8 and Note 15, respectively.

## 18. Business Combination

### 1. Outline of the business combination

#### (1) Name and business of the acquired company

Name	Nippon Car Solutions Co., Ltd.
Business	Leasing business and installment sales

#### (2) Date of the business combination

October 1, 2013

#### (3) Legal form of the business combination

The absorption-type merger in which Nippon Car Solutions Co., Ltd. (“NCS”) is the surviving company and Tokyo Auto Leasing Co., Ltd. (“TALC”) is the dissolving company.

#### (4) Integrated company name

Nippon Car Solutions Co., Ltd.

#### (5) Ratio of voting rights acquired

Voting right ratio before acquisition	50.0%
Voting right ratio after acquisition	59.5%

### 2. Period for which the operating results of the acquired company are included in the Company's consolidated financial statements

October 1, 2013 – March 31, 2014

### 3. Acquisition cost and its breakdown

	Millions of yen	Thousands of U.S. dollars
Fair value of NCS shares held by the Company immediately before the date of business combination	¥16,251	\$157,901
Fair value of TALC common shares issued on the date of business combination	3,088	30,001
Expenses directly related to the acquisition (advisory expense etc.)	61	597
Total	¥19,400	\$188,499

### 4. Exchange ratio by type of share, calculation method and number of shares issued

#### (1) Exchange ratio

1 share of common stock of Tokyo Auto Leasing Co., Ltd. in exchange for 5.8642 of a share of common stock of Nippon Car Solutions Co., Ltd.

#### (2) Exchange ratio calculation method

After NCS and TALC negotiated and discussed on the basis of each reports submitted by the each financial advisors of them to conduct a valuation analysis of the share exchange ratio, the share exchange ratio was measured between NCS and TALC.

#### (3) Number of share issued

2,345,680 shares

### 5. The amount of difference between the total cost of each transaction and the acquisition cost of the acquired company was as follows:

	Millions of yen	Thousands of U.S. dollars
Loss on step acquisitions	¥241	\$2,346

### 6. Amount of goodwill, reason for recognition, amortization period and method

#### (1) Amount of goodwill

	Millions of yen	Thousands of U.S. dollars
Amount of goodwill	¥4,819	\$46,830

#### (2) Reason for recognition

Goodwill is recognized for the difference between acquisition cost and the Company's share on the acquired company.

#### (3) Amortization period and method

Goodwill is amortized by the straight-line method over a period of 10 years.

### 7. Primary assets and liabilities assumed as of the acquisition date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥118,073	\$1,147,233
Fixed assets	110,736	1,075,939
Total assets	¥228,809	\$2,223,172
Current liabilities	¥129,725	\$1,260,448
Long-term liabilities	74,579	724,625
Total liabilities	¥204,304	\$1,985,073

### 8. Estimated impact on the consolidated statement of income if the business combination had been completed at the beginning of fiscal year

	Millions of yen	Thousands of U.S. dollars
Revenues	¥61,268	\$595,298
Operating income	4,432	43,058
Income before income taxes and minority interests	3,479	33,802
Net income	¥ (2)	\$ (19)
	Yen	U.S. dollars
Net income per share	¥(0.02)	\$ (0.00)

#### (Method of estimation)

The each difference of revenues and income data between the calculation assuming the business combination was completed on April 1, 2013 and the figures on the consolidated statement of income of the acquiring company is treated as estimated amount of the impact. The difference includes amortization goodwill from April 1, 2013 to the effective date of the business combination. These figures have not been audited.

19. Dividends

(1) Dividends paid to shareholders  
For the year ended March 31, 2014

(Date of approval) Resolution approved by	Type of shares	Amount	Amount per share	Shareholders' cut-off date	Effective date
		Millions of yen Thousands of U.S. dollars	Yen U.S. dollars		
(June 20, 2013) Annual general meeting of the shareholders	Common stock	<b>¥2,550</b> <b>\$24,778</b>	<b>¥24.0</b> <b>\$0.23</b>	<b>March 31, 2013</b>	<b>June 21, 2013</b>
(November 5, 2013) Meeting of the Board of Directors	Common stock	<b>¥2,757</b> <b>\$26,787</b>	<b>¥26.0</b> <b>\$0.25</b>	<b>September 30, 2013</b>	<b>December 10, 2013</b>

For the year ended March 31, 2013

(Date of approval) Resolution approved by	Type of shares	Amount	Amount per share	Shareholders' cut-off date	Effective date
		Millions of yen	Yen		
(June 21, 2012) Annual general meeting of the shareholders	Common stock	¥2,337	¥22.0	March 31, 2012	June 22, 2012
(November 5, 2012) Meeting of the Board of Directors	Common stock	¥2,550	¥24.0	September 30, 2012	December 10, 2012

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the next fiscal year

(Date of approval) Resolution approved by	Type of shares	Amount	Amount per share	Shareholders' cut-off date	Effective date
		Millions of yen Thousands of U.S. dollars	Yen U.S. dollars		
(June 19, 2014) Annual general meeting of the shareholders	Common stock (Retained earnings)	<b>¥2,751</b> <b>\$26,729</b>	<b>¥26.0</b> <b>\$0.25</b>	<b>March 31, 2014</b>	<b>June 20, 2014</b>

20. Legal Reserve and Additional Paid-in Capital

In accordance with the Law, the Company provides a legal reserve which is included in retained earnings. The Law provides that an amount equal to 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The Law provides that neither additional paid-in capital nor the legal reserve is available for the payment of dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that, if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. Under the Law, however, such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

21. Stock Based Compensation

The Company has stock option plan for certain directors and executive officers. Under the plan, the right to purchase the common shares of the Company is granted at an exercise price of ¥1 per share. The contractual term of the stock option is 30 years. The stock option holders may exercise their stock acquisition right during the ten days period starting the day one year after leaving their position as either director, corporate auditor, or executive officer of the Company.

The stock options outstanding as of March 31, 2014 and 2013, were as follows:

	2013 stock option	2014 stock option
Persons granted	7 directors 22 executive officers	<b>7 directors</b> <b>20 executive officers</b>
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 113,700	<b>Common stock 59,300</b>
Date of grant	October 15, 2012	<b>September 24, 2013</b>
The fair value per stock at the grant date	¥1,306 (\$13.90)	<b>¥3,038 (\$29.52)</b>

The total stock-based compensation costs recognized for the years ended March 31, 2014 and 2013 were ¥180 million (\$1,750 thousand) and ¥148 million.

The fair value of 2014 stock option is estimated using the Black-Scholes option pricing model with the assumptions noted in the following table.

	2014 stock option
Expected volatility	<b>30.6%</b>
Expected holding period	<b>3.6 years</b>
Expected dividend	<b>¥52 per share</b>
Risk free interest rate	<b>0.19%</b>

The volatilities of stock price are based on the historical volatility of the Company's stock for the period equal to the option's estimated remaining outstanding period from the grant date. The estimated remaining outstanding period is based on average term period and average age as of retirement. The estimated dividends are based on the actual per share dividends of ¥52 (\$0.51) made in the preceding year for the year ended March 31, 2014. The risk free interest rate is based on the yield of government bonds having a remaining life equal to the option's estimated remaining outstanding period. The stock option activities for the fiscal years ended March 31, 2014 and 2013 were as follows:

Stock option activity	Number of shares	
	2013 stock option	2014 stock option
Share subscription rights which are not yet vested		
Outstanding as of March 31, 2013	—	—
Granted	—	<b>59,300</b>
Forfeited	—	—
Vested	—	<b>59,300</b>
Outstanding as of March 31, 2014	—	<b>0</b>
Share subscription rights which have already been vested		
Outstanding as of March 31, 2013	113,700	—
Vested	—	<b>59,300</b>
Exercised	12,100	—
Forfeited	—	—
Outstanding as of March 31, 2014	101,600	<b>59,300</b>
Exercise price (yen)	1	<b>1</b>
Weighted average exercise price (yen)	2,655	—
Weighted average fair value per stock at the grant date (yen)	1,306	<b>3,038</b>
Exercise price (U.S. dollars)	0	<b>0</b>
Weighted average exercise price (U.S. dollars)	25.80	—
Weighted average fair value per stock at the grant date (U.S. dollars)	12.69	<b>29.50</b>

22. Segment Information

1. Overview of reportable segments

The Company's reportable segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company is mainly engaged in leasing business and installment sales business as well as financing service business relating to the main businesses. Therefore, the "Leasing and Installment Sales Business," the "Financing Business" and the "Other Businesses" constitute the Company's reportable segments.

The "Leasing and Installment Sales Business" consists of leasing and installment sales of IT-related equipment and office equipment, industrial machinery, commercial and service equipment, etc. (including sales of assets thereof pertaining to maturity and/or cancellation before maturity of leasing transactions). The "Financing Business" consists of money-lending business and investment business such as capital investments in operational investment securities and silent partnerships. The "Other Businesses" consist of commission transactions, solar power sales business, and other businesses.

2. Calculation method for amounts for revenues, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for reportable business segments is the same as stated under "Summary of Significant Accounting Policies" in Note 2.



3. Information on revenues, profit or loss, assets, liabilities and other items by reportable segment

	Millions of yen			
	Year ended March 31, 2014			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	¥ 794,252	¥ 19,938	¥14,369	¥ 828,559
Inter-segment revenue	—	—	678	678
Total sales	794,252	19,938	15,047	829,237
Segment profit	¥ 43,550	¥ 11,457	¥ 3,605	¥ 58,612
Segment assets	¥2,094,525	¥612,768	¥17,251	¥2,724,544
Other items				
Depreciation	¥ 49,860	—	¥ 188	¥ 50,048
Increase in property and equipment and intangible assets	¥ 111,539	—	¥ 6,958	¥ 118,497

	Millions of yen			
	Year ended March 31, 2013			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	¥ 666,535	¥ 16,935	¥7,658	¥ 691,128
Inter-segment revenue	—	—	809	809
Total sales	666,535	16,935	8,467	691,937
Segment profit	¥ 37,649	¥ 9,222	¥2,127	¥ 48,998
Segment assets	¥1,767,085	¥573,296	¥7,061	¥2,347,442
Other items				
Depreciation	¥ 27,774	—	—	¥ 27,774
Increase in property and equipment and intangible assets	¥ 102,140	—	—	¥ 102,140

	Thousands of U.S. dollars			
	Year ended March 31, 2014			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	\$ 7,717,182	\$ 193,726	\$139,607	\$ 8,050,515
Inter-segment revenue	—	—	6,585	6,585
Total sales	7,717,182	193,726	146,192	8,057,100
Segment profit	\$ 423,152	\$ 111,320	\$ 35,022	\$ 569,494
Segment assets	\$20,351,000	\$5,953,830	\$167,615	\$26,472,445
Other items				
Depreciation	\$ 484,454	—	\$ 1,826	\$ 486,280
Increase in property and equipment and intangible assets	\$ 1,083,746	—	\$ 67,609	\$ 1,151,355

4. Difference between the total of reporting segment and the amounts on the consolidated financial statements and details for difference (The matter for the reconciliation of the difference)

Revenues	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Reportable segment total	¥829,237	¥691,937	\$8,057,100
Inter-segment eliminations	(678)	(809)	(6,585)
Revenues on consolidated statement of income	¥828,559	¥691,128	\$8,050,515

Profit	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Reportable segment total	¥58,612	¥48,998	\$569,494
Inter-segment eliminations	(678)	(809)	(6,585)
General and administrative expenses not attributable to reporting segment	(6,517)	(6,215)	(63,328)
Operating income on consolidated statement of income	¥51,417	¥41,974	\$499,581

Assets	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Reportable segment total	¥2,724,544	¥2,347,442	\$26,472,445
Assets not attributable to reporting segment	160,229	118,375	1,556,831
Total assets on consolidated balance sheet	¥2,884,773	¥2,465,817	\$28,029,276

	Millions of yen							
	Reportable segment total		Other		Adjustments		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Other items								
Depreciation	¥ 50,048	¥ 27,774	¥—	¥—	¥3,106	¥2,519	¥ 53,154	¥ 30,293
Increase in property and equipment and intangible assets	118,497	102,140	—	—	2,865	1,650	121,362	103,790

	Thousands of U.S. dollars			
	Reportable segment total	Other	Adjustments	Consolidated
	2014			
Other items				
Depreciation	\$ 486,280	\$—	\$30,175	\$ 516,455
Increase in property and equipment and intangible assets	1,151,355	—	27,829	1,179,184

Information by products and services

	Millions of yen					
	March 31, 2014					
	Finance lease	Operating lease	Installment sales	Finance	Other	Total
Revenue from customers	¥580,668	¥126,816	¥86,768	¥19,938	¥14,369	¥828,559

	Millions of yen					
	March 31, 2013					
	Finance lease	Operating lease	Installment sales	Finance	Other	Total
Revenue from customers	¥518,200	¥66,437	¥81,898	¥16,935	¥7,658	¥691,128

	Thousands of U.S. dollars					
	March 31, 2014					
	Finance lease	Operating lease	Installment sales	Finance	Other	Total
Revenue from customers	\$5,641,933	\$1,232,183	\$843,066	\$193,726	\$139,607	\$8,050,515

**Geographical information**

## (a) Sales

Information by geographic segment is not disclosed since sales to third parties located in Japan for the years ended March 31, 2014 and 2013 represented more than 90% of the consolidated sales for the respective years.

## (b) Property and equipment

Information by geographic segment is not disclosed since the amount of property and equipment located in Japan for the years ended March 31, 2014 and 2013 represented more than 90% of the consolidated property and equipment for the respective years.

**Information by main customer**

Information by main customer for the years ended March 31, 2014 and 2013 is not disclosed due to no third party customer to which sales volume consisted 10% or more of the consolidated sales.

**23. Amounts Per Share**

	Yen		U.S. dollars
	2014	2013	2014
Net assets	<b>¥2,386.02</b>	¥2,092.46	<b>\$23.18</b>
Net income:			
Basic	<b>¥ 311.64</b>	¥ 272.32	<b>\$ 3.03</b>
Diluted	<b>¥ 311.25</b>	¥ 272.18	<b>\$ 3.02</b>

Under Statement No. 2, the “Accounting Standard for Earnings Per Share” issued by the Accounting Standards Board of Japan, basic net income per share is computed by dividing the net income available for distribution to shareholders of common stock by the weighted-average number of shares of common stock outstanding during the period. The weighted-average number of shares of common stock used in the computation for the years ended March 31, 2014 and 2013 was 106,056 and 106,254 thousand shares, respectively.

Net assets per share are computed based on net assets available for distribution to the shareholders of common stock (i.e., net assets excluding minority interests) and the number of shares of common stock outstanding at each balance sheet date.

**24. Subsequent Events**

The Company issued the seventh and the eighth unsecured bond (with inter-bond pari passu clause) on April 18, 2014. The details are as follows:

	The seventh	The eighth
Total amount issued	¥30,000 million (\$291,489 thousand)	¥10,000 million (\$97,163 thousand)
Issuance price	¥100 (\$0.97) per ¥100 (\$0.97) of face value	
Interest rate	0.206% per annum	0.329% per annum
Redemption price	¥100 (\$0.97) per ¥100 (\$0.97) of face value	
Redemption date	April 18, 2017	April 18, 2019
Payment date	April 18, 2014	
Collateral	This bond is without any collateral or guaranty and there are no assets reserved for this debenture.	
Application of the fund	For the purchase of leased property	



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**Independent Auditor's Report**

The Board of Directors  
Century Tokyo Leasing Corporation

We have audited the accompanying consolidated financial statements of Century Tokyo Leasing Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Century Tokyo Leasing Corporation and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

*Ernst & Young ShinNihon LLC*

June 18, 2014

Tokyo, Japan



MAIN SUBSIDIARIES AND AFFILIATES

(as of August 31, 2014)

Consolidated Subsidiaries (Domestic)

<b>Nippon Car Solutions Co., Ltd.</b> Seavans North Bldg., 1-2-1 Shibaura, Minato-ku, Tokyo 105-0023 Telephone: +81-3-6436-1190 Date Founded: February 1987 Paid-in Capital: ¥1,181 million Voting Shares: 60% Main Business Operations: Automobile leasing
<b>Orico Auto Leasing Co., Ltd.</b> Nittochi Okachimachi Bldg., 2-27-5 Taito, Taito-ku, Tokyo 110-0016 Telephone: +81-3-6865-5515 Date Founded: March 2008 Paid-in Capital: ¥240 million Voting Shares: 50% Main Business Operations: Automobile leasing
<b>Nippon Rent-A-Car Service, Inc.</b> NR Bldg., 5-5 Kamiyama-cho, Shibuya-ku, Tokyo 150-8515 Telephone: +81-3-3468-7111 Date Founded: March 1969 Paid-in Capital: ¥720 million Voting Shares: 58% Main Business Operations: Automobile rental and leasing
<b>Fujitsu Leasing Co., Ltd.</b> FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022 Telephone: +81-3-5843-6301 Date Founded: March 1978 Paid-in Capital: ¥1,000 million Voting Shares: 80% Main Business Operations: IT-related equipment leasing
<b>IHI Finance Support Corporation</b> Yaesu First Financial Bldg., 1-3-7 Yaesu, Chuo-ku, Tokyo 103-0028 Telephone: +81-3-3275-3721 Date Founded: December 1991 Paid-in Capital: ¥200 million Voting Shares: 67% Main Business Operations: Finance and general leasing
<b>S.D.L Co., Ltd.</b> Shimbashi Kikuei Bldg., 5-13-1 Shimbashi, Minato-ku, Tokyo 105-0004 Telephone: +81-3-3289-2028 Date Founded: January 1991 Paid-in Capital: ¥100 million Voting Shares: 90% Main Business Operations: Automobile leasing, general leasing and rental business
<b>TCI Finance Corporation</b> FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022 Telephone: +81-3-5209-6025 Date Founded: July 2011 Paid-in Capital: ¥100 million Voting Shares: 60% Main Business Operations: Finance business for ITOCHU Group

<b>ITEC Leasing Co., Ltd.</b> Kyodo Bldg., #7, 1-4-1 Jinnan, Shibuya-ku, Tokyo 150-0041 Telephone: +81-3-5456-4760 Date Founded: September 1984 Paid-in Capital: ¥20 million Voting Shares: 85% Main Business Operations: Broadcasting equipment leasing
<b>TC Property Solutions Corporation</b> Uchikanda 282 Bldg., 2-15-9, Uchikanda, Chiyoda-ku, Tokyo 101-0047 Telephone: +81-3-5298-6275 Date Founded: October 2011 Paid-in Capital: ¥100 million Voting Shares: 100% Main Business Operations: Property management business
<b>TRY, Inc.</b> 3-10-23 Tatsumi, Kouto-ku, Tokyo 135-0053 Telephone: +81-3-5569-1731 Date Founded: May 2004 Paid-in Capital: ¥21 million Voting Shares: 100% Main Business Operations: Refurbishment (reuse and recycling) of PCs
<b>TC Agency Corporation</b> Nittochi Okachimachi Bldg., 2-27-5 Taito, Taito-ku, Tokyo 110-0016 Telephone: +81-3-5818-8370 Date Founded: January 1987 Paid-in Capital: ¥10 million Voting Shares: 100% Main Business Operations: Casualty insurance
<b>TC Business Service Corporation</b> Nittochi Okachimachi Bldg., 2-27-5 Taito, Taito-ku, Tokyo 110-0016 Telephone: +81-3-5818-8076 Date Founded: June 2004 Paid-in Capital: ¥20 million Voting Shares: 100% Main Business Operations: Business processing services for the Group
<b>TC Business Experts Corporation</b> Nittochi Okachimachi Bldg., 2-27-5 Taito, Taito-ku, Tokyo 110-0016 Telephone: +81-3-5818-8501 Date Founded: April 2010 Paid-in Capital: ¥10 million Voting Shares: 100% Main Business Operations: Business inspection services for the Group

Consolidated Subsidiaries (Overseas)

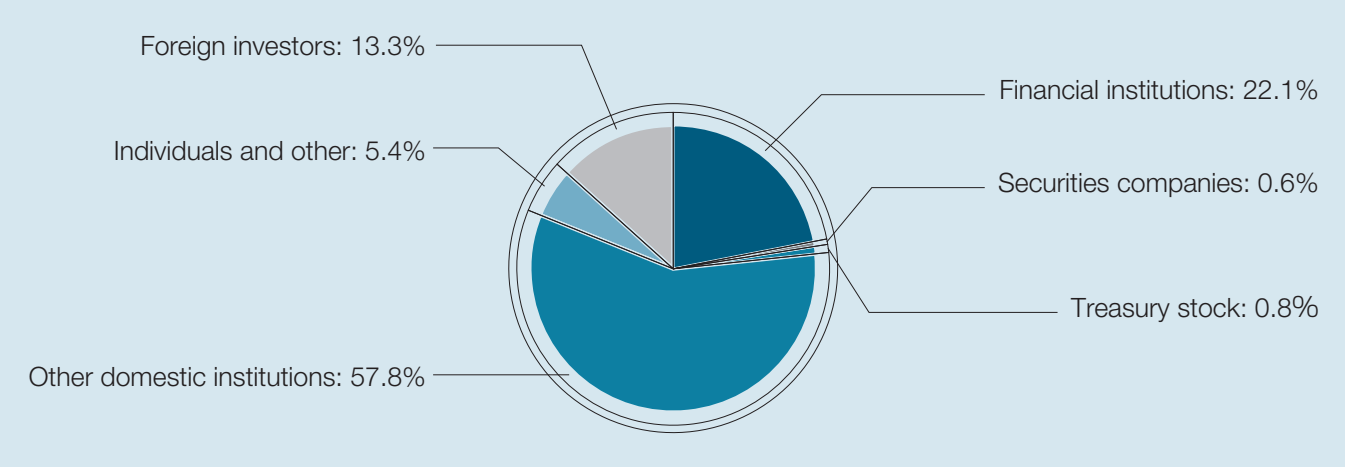
<b>Century Tokyo Leasing China Corporation</b> Unit B1, B2, B3, 28F V-Capital Bldg., No. 333 Xianxia Road, Changning District, Shanghai, P.R.C. 200336 Telephone: +86-21-6237-0066 Date Founded: July 2006 Paid-in Capital: US\$47,500 thousand Voting Shares: 80% Main Business Operations: General leasing
<b>Century Tokyo Factoring China Corporation</b> Unit A11, 28F V-Capital Bldg., No. 333 Xianxia Road, Changning District, Shanghai, P.R.C. 200336 Telephone: +86-21-3131-7099 Date Founded: June 2013 Paid-in Capital: RMB150 million Voting Shares: 100% Main Business Operations: Factoring services
<b>Century Tokyo Leasing (Singapore) Pte. Ltd.</b> 8 Cross Street, #09-04/05 PWC Bldg., Singapore 048424 Telephone: +65-6532-3436 Date Founded: May 1979 Paid-in Capital: S\$19,340 thousand Voting Shares: 100% Main Business Operations: General leasing
<b>Century Tokyo Capital (Malaysia) Sdn. Bhd.</b> Suite 22.02, Level 22, Menara Citibank, No. 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia Telephone: +60-3-2162-9633 Date Founded: June 2007 Paid-in Capital: RM26,523 thousand Voting Shares: 100% Main Business Operations: General leasing
<b>PT. Century Tokyo Leasing Indonesia</b> Wisma Keiai 11th Floor, Jl. Jend. Sudirman Kav. 3 Jakarta 10220, Indonesia Telephone: +62-21-572-3411 Date Founded: February 2011 Paid-in Capital: Rp300,000 million Voting Shares: 85% Main Business Operations: General leasing
<b>PT. TCT Indonesia</b> Wisma Keiai 11th Floor, Jl. Jend. Sudirman Kav. 3 Jakarta 10220, Indonesia Telephone: +62-21-572-4279 Date Founded: April 2012 Paid-in Capital: US\$600 thousand Voting Shares: 100% Main Business Operations: General trading company
<b>TISCO Tokyo Leasing Co., Ltd.</b> 19th Floor, TISCO Tower, 48/44 North Sathorn Road, Silom, Bangrak, Bangkok, 10500, Thailand Telephone: +66-2-638-0900 Date Founded: April 1993 Paid-in Capital: THB60,000 thousand Voting Shares: 49% Main Business Operations: General leasing

<b>Tokyo Leasing (Hong Kong) Ltd.</b> Room 301, 3rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong Date Founded: October 1972 Paid-in Capital: HK\$13 million Voting Shares: 100% Main Business Operations: General leasing
<b>Century Tokyo Leasing (USA) Inc.</b> Suite 310, 2500 Westchester Avenue, Purchase, NY 10577, U.S.A. Telephone: +1-914-697-9030 Date Founded: December 1985 Paid-in Capital: US\$26,513 thousand Voting Shares: 100% Main Business Operations: General leasing
<b>TC Aviation Capital Ireland Limited</b> 53 Merrion Square Dublin 2 Ireland Date Founded: October 2013 Paid-in Capital: €80 thousand Voting Shares: 100% Main Business Operations: Aircraft financing business
<b>Tokyo Leasing (UK) Plc</b> 2nd Floor, Capital Court, 30 Windsor Street, Uxbridge, Middlesex UB8 1AB, U.K. Telephone: +44-20-8429-1963 Date Founded: May 1983 Paid-in Capital: GBP6,655 thousand Voting Shares: 100% Main Business Operations: General leasing
<b>President Tokyo Corporation</b> 12th Floor, No. 8 Dongxing Rd., Songshan District, Taipei City 10570, Taiwan, R.O.C. Telephone: +886-2-2747-8188 Date Founded: November 1997 Paid-in Capital: NT\$588 million Voting Shares: 49% Main Business Operations: Automobile leasing and general leasing
<b>Tong-Sheng Finance Leasing Co., Ltd.</b> Room 1602, Bldg., 1, Harmony Xingzuo Business Plaza, No. 269, Wangdun Road, Industrial Park, Suzhou, Jiangsu Province, P.R.C. Telephone: +86-512-8686-7128 Date Founded: April 2014 Paid-in Capital: US\$10,000 thousand Voting Shares: 49% Main Business Operations: Automobile and equipment leasing
<b>GA Telesis, LLC</b> 1850 NW 49th Street, Fort Lauderdale, Florida 33309, U.S.A. Telephone: +1-954-676-3111 Date Founded: April 2002 Voting Shares: 20% Main Business Operations: Provider of products, services and solutions to the commercial aerospace industry

**Transfer Agent:** Mizuho Trust & Banking Co., Ltd.  
**Stock Listing:** Tokyo Stock Exchange, First Section  
**Securities Code:** 8439  
**Trading Lot Size:** 100 shares

**Number of Common Stock Authorized:** 400,000,000 shares  
**Number of Common Stock Issued:** 106,624,620 shares  
**Number of Shareholders:** 10,980

Breakdown of Shareholders



Major Shareholders

Shareholders	Number of shares held (thousands)	Percentage of shares outstanding (%)
ITOCHU Corporation	26,656	25.0
Nippon Tochi-Tatemono Co., Ltd.	11,831	11.1
KSO Co., Ltd.	9,963	9.3
Mizuho Bank, Ltd.	4,688	4.4
Nissin Tatemono Co., Ltd.	3,537	3.3
Japan Trustee Services Bank, Ltd. (Trust accounts)	3,496	3.3
Seiwa Sogo Tatemono Co., Ltd.	2,972	2.8
Nippon Life Insurance Company	2,228	2.1
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account)	1,900	1.8
The Master Trust Bank of Japan, Ltd. (Trust accounts)	1,791	1.7

**Bond Ratings** (As of February 14, 2014)  
Century Tokyo Leasing Corporation's ratings assigned by Japan Credit Rating Agency, Ltd. and Rating and Investment Information, Inc.

Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)
Long-term	(Long-Term Issuer Rating) Rating: A+ Outlook: Stable	(Issuer Rating) Rating: A Outlook: Stable
	(Preliminary Rating for Bonds Registered for Issuance)* Rating: A+ Expected Issue Amount: ¥200 billion Issue Period: Two Years Beginning February 14, 2014	(Preliminary Rating for Bonds Registered for Issuance)* Rating: A Expected Issue Amount: ¥200 billion Issue Period: Two Years Beginning February 14, 2014
	(Euro Medium-Term Note Program) Rating: A+ Maximum Outstanding Amount: Equivalent of US\$2 billion	(Euro Medium-Term Note Program) Rating: A Maximum Outstanding Amount: Equivalent of US\$2 billion
Short-term	(Commercial Paper) Rating: J-1 Maximum Outstanding Amount: ¥650 billion	(Commercial Paper) Rating: a-1 Maximum Outstanding Amount: ¥650 billion

\*Each bond will be rated by each rating company upon issuance.

**Company Name**  
Century Tokyo Leasing Corporation (Abbreviation: TC-Lease)

**Head Office**  
FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan

**Founded**  
July 1, 1969

**Paid-in Capital**  
¥34,231 million

**Company Representative**  
Chairman & Co-CEO Toshihito Tamba  
President & CEO Shunichi Asada

**Number of Employees**  
3,309 (1,020 on a non-consolidated basis) (as of March 31, 2014)

**Closing of Accounts**  
March 31

**Major Banks**  
Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Norinchukin Bank; Mitsubishi UFJ Trust and Banking Corporation; Mizuho Trust & Banking Co., Ltd.

**Independent Auditor**  
Ernst & Young ShinNihon LLC

**Network**  
Domestic;  
Head Office, Sapporo, Sendai, Saitama, Tachikawa, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Fukuoka  
Overseas;  
China (Shanghai [2], Beijing, Dalian, Qingdao, Suzhou [2], Wuhan, Chengdu, Guangzhou, Hong Kong), Taiwan (Taipei, Taichung, Tainan, Kaohsiung), Thailand, Malaysia, Singapore, Indonesia [2], India, U.S.A. [2], U.K., Ireland

**For Further Information:**  
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Telephone: +81-3-5209-6710



## Century Tokyo Leasing Corporation

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