

JAPAN SECURITIES FINANCE CO., LTD.

Consolidated Financial Results for Fiscal 2013

Name : JAPAN SECURITIES FINANCE CO., LTD.

Listing : 1st Section, Tokyo Stock Exchange

Stock code number : 8511

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(Millions of yen, rounded down to nearest million)

1. Consolidated Financial Results for Fiscal 2013 (April 1,2013 – March 31,2014)

(1) Consolidated Results of Operations

(% change from previous year)

	Operating Revenues		Operating Income		Recurring Income		Net Income	
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)
Fiscal 2013	19,566	10.7	2,568	43.7	3,119	22.0	6,211	249.4
Fiscal 2012	17,675	△12.6	1,787	△41.2	2,557	7.1	1,777	128.1

Reference: Comprehensive Income: Fiscal 2013: ¥6,978million (63.9%) Fiscal 2012: ¥4,257million (128.6%)

	Net Income per Share		Return on Equity	Recurring Income / Total Assets	Operating Income / Operating Revenues
	EPS (Yen)	(Yen) (fully diluted)	ROE (%)	ROA (%)	(%)
Fiscal 2013	60.35	—	4.9	0.1	13.1
Fiscal 2012	19.11	—	1.5	0.1	10.1

Reference: Equity in earnings/losses of affiliates: ¥179million (Fiscal 2012: ¥486million)

(2) Consolidated Financial Position

	Total assets	Net Assets	Equity Ratio	Net Assets per Share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2013	3,914,388	135,227	3.5	1,260.43
Fiscal 2012	3,433,456	118,590	3.5	1,274.68

Reference: Shareholders Equity: ¥135,227million (Fiscal 2012: ¥118,590million)

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2013	△27,055	△1,078	△1,610	93,069
Fiscal 2012	106,689	△1,230	△1,310	114,258

2. Dividends

	Dividends per Share			Total Cash Dividends (Full-year) (Millions of Yen)	Dividends Payout Ratio (Consolidated) (%)	Dividends on Equity (Consolidated) DOE (%)
	Interim (Yen)	Year-End (Yen)	Annual (Yen)			
Fiscal 2012	7.00	7.00	14.00	1,302	73.3	1.1
Fiscal 2013	7.00	7.00	14.00	1,502	23.2	1.1
Fiscal 2014 (Forecast)	7.00	7.00	14.00		57.8	

3. Consolidated Estimated Figures for fiscal 2014(April 1,2014 – March 31,2015)

(% change from previous year)

	Operating Income		Recurring Income		Net Income		Net Income per Share
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	EPS (Yen)
Full-year	2,600	1.2	3,200	2.6	2,600	△58.1	24.23

4. Others

- (1) Changes in the scope of important consolidation for subsidiaries (yes/no):No
 (2) Changes in accounting policies and changes or restatement of accounting estimates

- ①Changes in accounting policies caused by revision of accounting standards: Yes
 ②Changes in accounting policies other than ①: Yes
 ③Changes in accounting estimates: No
 ④Restatement: No

- (3) Number of Issued Shares(common stock)

- ①Number of issued shares (Including treasury stock)
 as of Mar.31, 2014 : 107,307,763 as of Mar.31, 2013 : 93,700,000
 ②Number of Treasury stocks
 as of Mar.31, 2014 : 20,761 as of Mar.31, 2013 : 663,905
 ③Average number of shares
 Fiscal 2013 : 102,915,579 Fiscal 2012 : 93,036,663

Consolidated Balance Sheets

【Assets】	<i>Fiscal 2013 Mar.31,2014</i>	<i>Fiscal 2012 Mar.31,2013</i>
	(millions of yen)	(millions of yen)
I Current Assets	2,708,883	2,896,971
Cash	93,069	124,255
Short-term Investments	408,571	945,971
Short-term Loans Receivable	897,825	732,475
Deferred Tax Assets	525	211
Collateral Money for Securities Borrowed	1,303,154	1,092,112
Other Current Assets	6,105	3,166
Allowance for Doubtful Receivables	△ 369	△ 1,221
II Non-current Assets	1,205,505	536,485
Investments, etc.	1,200,438	529,987
Allowance for Doubtful Receivables	△ 2,975	△ 907
Total Assets	3,914,388	3,433,456

[Note]

From second quarter in Fiscal 2013, we changed our accounting policy regarding balance sheets. We changed not to record "securities accounts", such as "securities lent", "securities in custody", "securities in deposit", "collateral securities deposited", "securities borrowed" and "securities lent opposite account". These accounts had been recorded on both assets side and liabilities side.

Financial results of last fiscal year are adjusted retroactively. This change of accounting policy does not affect on our income statements and our net assets.

- Reason to change

We have studied to standardize accounting methods between Osaka Securities Finance and us since the merger with Osaka Securities Finance. Through this consideration, from the view of comparability, we reached conclusion that it is more appropriate not to record these securities accounts.

【Liabilities and Net Assets】	<i>Fiscal 2013 Mar.31,2014</i>	<i>Fiscal 2012 Mar.31,2013</i>
	(millions of yen)	(millions of yen)
I Current Liabilities	3,767,416	3,307,258
Call Money	1,596,600	1,446,600
Short-term Borrowings	509,510	613,710
Commercial Paper	429,000	231,500
Collateral Money for Securities Lent	1,185,725	983,076
II Non-current Liabilities	11,744	7,606
Long-term Borrowings	3,000	—
Liabilities for Retirement and Severance Benefits	55	2,340
Other Non-Current Liabilities	8,688	5,266
Total Liabilities	3,779,160	3,314,865
Total Net Assets	135,227	118,590
Total Liabilities and Net Assets	3,914,388	3,433,456

Consolidated Statement of Operations

	<i>Fiscal 2013</i> <i>Apr. 1, 2013-</i> <i>Mar. 31, 2014</i>	<i>Fiscal 2012</i> <i>Apr. 1, 2012-</i> <i>Mar. 31, 2013</i>
	(millions of yen)	(millions of yen)
Operating Revenues	19,566	17,675
Interest on Loans	5,784	2,990
Interest on Collateral Money for Securities Borrowed	2,031	1,871
Fees on Lending Securities	5,314	4,589
Other Operating Revenues	6,436	8,224
Operating Expenses	8,747	8,193
Interest on Borrowing & Commercial Paper	3,938	3,816
Fees on Borrowing Securities	3,940	3,426
Other Operating Expenses	868	951
Operating Profit	10,818	9,482
General and Administrative Expenses	8,249	7,694
Operating Income	2,568	1,787
Non-operating Revenues	550	770
Non-operating Expenses	0	0
Recurring Income	3,119	2,557
Extraordinary Profit	4,411	165
Gain on Negative Goodwill	4,405	—
Extraordinary Loss	809	152
Net Income before Income Taxes	6,271	2,570
Current Income Taxes	254	593
Deffered Income Taxes	255	199
Net Income	6,211	1,777

Consolidated Average Outstanding Balance of Loans

	Fiscal 2013 Apr.1,2013- Mar.31,2014		Fiscal 2012 Apr.1,2012- Mar.31,2013		Increase(Decrease)	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	490.6	65.5	214.1	55.7	276.4	129.1
Bond Financing & General Loans	157.2	21.0	55.8	14.5	101.3	181.4
Loans for Negotiable Margin Transactions	36.2	4.8	18.4	4.8	17.7	96.1
Trust Bank Loans	77.6	10.4	101.0	26.3	△ 23.4	△ 23.2
Other Loans	23.0	3.1	13.2	3.5	9.8	74.8
Total	748.5	100.0	384.3	100.0	364.2	94.8
Securities Lent for Margin Transactions	176.4	—	183.0	—	△ 6.5	△ 3.6

Business Information for Consolidated Operating Revenues

	Fiscal 2013 Apr.1,2013- Mar.31,2014		Fiscal 2012 Apr.1,2012- Mar.31,2013		Increase(Decrease)	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	16,363	83.6	14,093	79.7	2,269	16.1
Loans for Margin Transactions	9,240	47.2	6,625	37.5	2,614	39.5
(Interest on Loans)	4,012	20.5	1,760	10.0	2,251	127.9
(Interest on Collateral Money of Securities Borrowed)	436	2.2	652	3.7	△ 215	△ 33.0
(Fees on Lending Securities)	4,132	21.1	3,746	21.2	385	10.3
Bond Financing and General Loans	1,959	10.0	810	4.6	1,149	141.8
Securities Lending	2,217	11.3	1,862	10.5	354	19.0
(Stocks)	425	2.2	289	1.6	136	47.0
(Bonds)	1,791	9.1	1,573	8.9	218	13.9
Other Business	2,946	15.1	4,794	27.1	△ 1,848	△ 38.6
Trust Banking Business	2,322	11.9	2,762	15.6	△ 439	△ 15.9
(Interest on Loans)	317	1.6	590	3.3	△ 272	△ 46.1
(Trust Charges)	485	2.5	338	1.9	146	43.3
(Others)	1,519	7.8	1,833	10.4	△ 314	△ 17.1
Real Estate Management Business	880	4.5	819	4.7	60	7.4
Total	19,566	100.0	17,675	100.0	1,890	10.7