

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Second Quarter ended September 30, 2013

Name : Japan Securities Finance Co.,Ltd.

Listing : First Section, Tokyo Stock Exchange

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(Millions of yen, rounded down to nearest million)

1.Consolidated Financial Results for the Second Quarter of Fiscal 2013(April 1,2013-September 30,2013)

(1)Consolidated Results of Operations

(% change from year-on-year for those items)

	Operating Revenues		Operating Income		Recurring Income		Net Income	
	(millions of Yen)	(% change)	(millions of Yen)	(% change)	(millions of Yen)	(% change)	(millions of Yen)	(% change)
Second Quarter of Fiscal 2013	9,303	7.2	968	11.7	1,226	17.3	4,986	573.3
Second Quarter of Fiscal 2012	8,682	△24.3	867	△68.6	1,045	△62.6	740	△67.2
Fiscal 2012	17,675	△12.6	1,787	△41.2	2,557	7.1	1,777	128.1

Reference:Comprehensive Income: Fiscal2013 2Q:¥4,298million(495.0%) Fiscal2012 2Q: ¥722million(△67.5%)

	Net Income per Share	Net Income per Share
	EPS (Yen)	(Yen) (fully diluted)
Second Quarter of Fiscal 2013	50.59	—
Second Quarter of Fiscal 2012	7.96	—
Fiscal 2012	19.11	—

(2)Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(Millions of Yen)	(Millions of Yen)	(%)
A s o f Sep.30, 2013	3,997,769	133,584	3.3
A s o f Sep.30, 2012	3,864,254	115,706	3.0
Fiscal 2012	3,433,456	118,590	3.5

Reference: Shareholders Equity: ¥133,584million (Fiscal2012: ¥118,590million)

Equity Ratio = Equity capital / Liabilities & Net assets × 100

2. Dividends

	Dividends per Share		
	Interim (Yen)	Year-End (Yen)	Annual (Yen)
Fiscal 2012	7.00	7.00	14.00
Fiscal 2013	7.00		
Fiscal 2013 (Forecast)		7.00	14.00

Note : Amendment of Forecast None

3. Consolidated Estimated Figures for fiscal 2013(April 1,2013—March 31,2014)

(% change from year-on-year for those items)

	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	1,900		2,400		5,400		52.47

4. Others

- (1) Changes in the scope of important consolidation for subsidiaries (yes/no):No
- (2) Adoption of specified accounting methods for quarterly consolidated financial statements : No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
 - ①Changes in accounting policies caused by revision of accounting standards: No
 - ②Changes in accounting policies other than ①: Yes
 - ③Changes in accounting estimates: No
 - ④Restatement: No
- (4) Number of Issued Shares(common stock)
 - ①Number of issued shares (Including treasury stock)
as of Sep.30, 2013 : 107,307,763 as of Mar.31, 2013 : 93,700,000
 - ②Number of Treasury stocks
as of Sep.30, 2013 : 17,383 as of Mar.31, 2013 : 663,905
 - ③Average number of shares
For six months ended Sep.30, 2013 : 98,566,538
For six months ended Sep.30, 2012 : 93,036,940

Consolidated Balance Sheets

【Assets】	Second Quarter Sep.30,2012	Second Quarter Sep.30,2013	Fiscal 2012 Mar.31,2013
	(millions of yen)	(millions of yen)	(millions of yen)
I Current Assets	2,948,396	2,782,906	2,896,971
Cash	67,762	40,831	124,255
Call Loans	—	10,000	—
Short-term Investments	1,511,818	592,230	945,971
Short-term Loans Receivable	398,482	816,816	732,475
Deferred Tax Assets	378	407	211
Collateral Money for Securities Borrowed	967,917	1,320,046	1,092,112
Other Current Assets	2,778	3,012	3,166
Allowance for Doubtful Receivables	△ 741	△ 438	△ 1,221
II Non-current Assets	915,857	1,214,863	536,485
Investments, etc.	909,415	1,210,220	529,987
Allowance for Doubtful Receivables	△ 997	△ 3,450	△ 907
Total Assets	3,864,254	3,997,769	3,433,456

[Note]

From this second quarter, 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 second quarter in last fiscal year and 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】	Second Quarter Sep.30,2012	Second Quarter Sep.30,2013	Fiscal 2012 Mar.31,2013
	(millions of yen)	(millions of yen)	(millions of yen)
I Current Liabilities	3,736,680	3,853,823	3,307,258
Call Money	1,418,200	1,456,800	1,446,600
Short-term Borrowings	1,383,810	618,910	613,710
Commercial Paper	49,000	287,000	231,500
Collateral Money for Securities Lent	859,394	1,408,222	983,076
Other Current Liabilities	26,275	82,891	32,372
II Non-current Liabilities	11,866	10,362	7,606
Long-term Borrowings	6,500	3,000	—
Liabilities for Retirement and Severance Benefits	2,336	2,598	2,340
Other Non-Current Liabilities	3,030	4,764	5,266
Total Liabilities	3,748,547	3,864,185	3,314,865
Total Net Assets	115,706	133,584	118,590
Total Liabilities and Net Assets	3,864,254	3,997,769	3,433,456

Consolidated Statement of Income

	Second Quarter Apr.1,2012- Sep.30,2012	Second Quarter Apr.1,2013- Sep.30,2013	Fiscal 2012 Apr.1,2012- Mar.31,2013
	(millions of yen)	(millions of yen)	(millions of yen)
Operating Revenues	8,682	9,303	17,675
Interest on Loans	1,485	2,744	2,990
Interest on Collateral Money for Securities Borrowed	888	981	1,871
Fees on Lending Securities	2,335	2,356	4,589
Other Operating Revenues	3,973	3,221	8,224
Operating Expenses	4,190	4,150	8,193
Interest on Borrowing & Commercial Paper	2,080	2,001	3,816
Fees on Borrowing Securities	1,796	1,696	3,426
Other Operating Expenses	313	453	951
Operating Profit	4,492	5,153	9,482
General and Administrative Expenses	3,624	4,184	7,694
Operating Income	867	968	1,787
Non-operating Revenues	208	259	770
Non-operating Expenses	30	2	0
Recurring Income	1,045	1,226	2,557
Extraordinary Profit	136	4,409	165
Gain on Negative Goodwill	—	4,409	—
Extraordinary Loss	126	62	152
Net Income before Income Taxes	1,055	5,573	2,570
Current Income Taxes	239	139	593
Deferred Income Taxes	75	447	199
Net Income	740	4,986	1,777

Consolidated Average Outstanding Balance of Loans

	Second Quarter Apr.1,2012 - Sep.30,2012		Second Quarter Apr.1,2013 - Sep.30,2013		Fiscal 2012 Apr.1,2012 - Mar.31,2013	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	205.7	54.1	472.9	65.9	214.1	55.7
Bond Financing & General Loans	58.3	15.4	139.0	19.4	55.8	14.5
Loans for Negotiable Margin Transactions	18.2	4.8	35.1	4.9	18.4	4.8
Trust Bank Loans	103.0	27.1	86.4	12.0	101.0	26.3
Other Loans	12.8	3.4	19.2	2.7	13.2	3.5
Total	379.9	100.0	717.7	100.0	384.3	100.0
Securities Lent for Margin Transactions	159.0	—	168.9	—	183.0	—

Business Information for Consolidated Operating Revenues

	Second Quarter Apr.1,2012 - Sep.30,2012		Second Quarter Apr.1,2013 - Sep.30,2013		Fiscal 2012 Apr.1,2012 - Mar.31,2013	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	7,211	83.1	7,792	83.7	14,093	79.7
Loans for Margin Transactions	3,157	36.4	4,196	45.1	6,625	37.5
(Interest on Loans)	838	9.7	1,946	20.9	1,760	10.0
(Interest on Collateral Money of Securities Borrowed)	257	3.0	177	1.9	652	3.7
(Fees on Lending Securities)	1,907	22.0	1,748	18.8	3,746	21.2
Bond Financing and General Loans	386	4.5	848	9.1	810	4.6
Securities Lending	991	11.4	1,149	12.3	1,862	10.5
(Stocks)	119	1.4	167	1.8	289	1.6
(Bonds)	871	10.0	982	10.5	1,573	8.9
Other Business	2,675	30.8	1,597	17.2	4,794	27.1
Trust Banking Business	1,063	12.2	1,075	11.6	2,762	15.6
(Interest on Loans)	311	3.6	184	2.0	590	3.3
(Trust Charges)	157	1.8	229	2.5	338	1.9
(Others)	593	6.8	661	7.1	1,833	10.4
Real Estate Management Business	407	4.7	436	4.7	819	4.7
Total	8,682	100.0	9,303	100.0	17,675	100.0