

EARNINGS REPORT FOR FIRST QUARTER OF FISCAL 2014

(April 1 to June 30, 2014)

(consolidated on the basis of Japanese accounting standards)

Released on July 31, 2014

(English translation for reference purposes only)

Name of Company: **Ichiyoshi Securities Co., Ltd.**

Listed on: Tokyo Stock Exchange (1st Section) (Stock code: 8624)

Corporate representative: Mr. Yasuaki Yamasaki, President & Representative Executive Officer

Inquiry to: Mr. Masao Sugiura, Operating Officer in charge of Finance and Planning

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Date of filing First Quarter Report: August 13, 2014 (scheduled)

Preparation of supplementary documents for quarterly earnings: None.

Quarterly earnings-reporting meeting: None.

1. Outline of Consolidated Business Result for First Quarter of Fiscal 2014 (from April 1 to June 30, 2014)

(1) Highlights of consolidated business result (in millions of yen with fractions less than a million yen discarded, except for per-share figures)

	--- First quarter ended ---	
	June 30, 2014	June 30, 2013
	(% year-to-year change in brackets)	
Operating revenue	5,082 (- 33.6)	7,655(+ 135.5)
Net operating revenue	5,073 (- 33.6)	7,640(+ 135.9)
Operating income	958 (- 72.3)	3,456 (--)
Current income	992 (- 71.5)	3,487 (--)
Net income	907 (78.2)	4,151 (--)
Earnings per share	20.84yen	95.27yen
Diluted earnings per share (adjusted for shares potentially issuable)	20.68yen	94.46yen

Note: Comprehensive income for first quarter of fiscal 2014: 621 million yen. (- 83.4%)

Comprehensive income for first quarter of fiscal 2013: 3,742 million yen.(-- %)

(2) Consolidated financial condition

	As of June 30 2014	As of March 31 2014
Total assets (in millions of yen)	48,361	48,723
Net worth (in millions of yen)	31,764	32,263
Equity ratio	65.4%	66.0%

Note: Shareholders' equity as of June 30, 2014: 31,627 million yen.

Shareholders' equity as of March 31, 2014: 32,157 million yen.

2. Dividend

--- Fiscal year ended ---
March 31, 2015 March 31, 2014

Per-share dividend: (See notes below)

1 st quarter	---	---
2 nd quarter	---	45.00yen
3 rd quarter	---	---
Final	---	27.00yen
Annual total	---	72.00yen

Notes: (i) Ichiyoshi declares dividends payable to shareholders of record as of September 30 (semiannual dividends) and March 31 (final dividends) of each fiscal year, but not to shareholders as of June 30 and December 31 of each fiscal year.

(ii) It is not Ichiyoshi's practice to give an earnings or dividend forecast well before a business term ends.

3. Outlook for Consolidated Business Result for Fiscal 2014 (from April 1, 2014 to March 31, 2015)

Since the forecast of earnings in financial-instruments trading, the main-line business of Ichiyoshi Securities Co. Ltd. (the "Company") and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary earnings figures after the end of each quarter as and when such figures become available.

Points to note:

- (1) Changes in material subsidiaries (including a change in scope of consolidation): None.
- (2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and estimates and re-presentation of revisions:
 - (i) Changes in accounting policies resulting from revisions to accounting standards: Yes.
 - (ii) Changes other than those in (i): None.
 - (iii) Changes in accounting estimates: None.
 - (iv) Re-presentation of revisions: None.(For further details, please refer to "(3) Changes in accounting policies and estimates and representation of modifications" in "II. Matters Concerning Summary Information" elsewhere hereinafter.)
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of June 30, 2014: 44,431,386 shares (including treasury shares)
Number of shares issued as of March 31, 2014: 44,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of June 30, 2014: 906,479 shares.
Number of treasury shares as of March 31, 2014: 910,070 shares.
 - (iii) Average number of shares outstanding during the first quarter of fiscal 2014:
43,523,247shares.

Average number of shares outstanding during the first quarter of fiscal 2013:

43,576,145 shares.

Additional points to note:

1. Quarterly earnings figures included in this report are released without being reviewed by certified public accountants as required by the Financial Instruments and Exchange Law. Those figures are being so reviewed at the time of this release..
2. For the same reason that the Company does not provide an earnings forecast prior to the end of each quarter as stated in “**3. Outlook for Consolidated Business Result for Fiscal 2014 (from April 1, 2014 to March 31, 2015)**” on page 2, the Company does not provide a dividend forecast.

I. Qualitative Information on Business Result for First Quarter of Fiscal 2014

(1) Information on Business Result

During the first quarter of fiscal 2014, stock prices showed an upward trend on global major markets against the background of economic revival in the U.S. and Europe. While the Federal Reserve Board of the U.S. proceeded with the tapering of its quantitative easing, it indicated its intention of continuing its current easy-money stance, resultantly moderating the outflow of capital from developing countries and fostering stock price increases in the U.S.

In the meantime, the Japanese stock market started off weakly in April on reduced expectations for additional monetary easing by the Bank of Japan and on concerns over the feared demand decline in reaction to the last-minute demand increase before the hike in the consumption tax. As it was widely recognized, however, that the effect of the consumption tax hike was to be limited, and as the government announced its plan of reducing effective corporate tax rates, revising investment policies of Government Pension Investment Fund and reforming iron-clad controls and regulations on employment, agriculture and medical care, investors began to take positive attitudes, causing stock prices to rebound. Recording its bottom price of 14,006yen on May 19, the Nikkei Stock Average on the Tokyo Stock Exchange (the “TSE”) bounced back and finished the term at 15,162yen.

On the foreign currency market, the yen registered 104yen per 1 U.S. dollar at one point but ended the term at 101yen.

The Japanese emerging-stock markets underwent corrections towards May but, after having cleared correctional periods, staged an upward movement. The Nikkei JASDAQ Stock Average recorded 13 consecutive business-day hikes from May 22 for the first time in 2 years and 4 months, and ended the term at 2,155yen. The TSE Mothers Index finished the term at 901.

The average daily turnover on the Tokyo Stock Exchange (which includes the merged Osaka Securities Exchange) for the first quarter of fiscal 2014 was 2,310.5 billion yen, down 37.9% from the comparable period of fiscal 2013, and that on the JASDAQ Stock Market was 103.6 billion yen, down 30.1%.

Against such background, the stock brokerage volume of the Company slid to 457.7 billion yen, down 38.8% from the year-earlier quarter. The Company continued to pursue its corporate clients’ business, actively participating in management and underwriting syndicates. In such pursuit, the Company managed to obtain one lead-management mandate.

With regard to investment trust funds, the Company attained favorable results in distribution

of “LM Australia Monthly Distribution Fund,” “Pictet Emerging Nation Income Stock Fund” (monthly-paying fund), “HSBC Newleaders Sovereign Open”(monthly-paying fund) in particular.

As a result of these activities, net operating revenue for the first quarter of fiscal 2014 amounted to 5,073 million yen, down 33.6% from the first quarter of fiscal 2013. Operating cost and expenses amounted to 4,115 million yen, down 1.6%. Hence, current income registered 958 million yen, down 72.3% from the first quarter of fiscal 2013.

Customers’ assets in the Company’s custody as at June 30, 2014 stood at 1,732.3 billion yen, up 5% from March 31, 2014.

Set forth below are revenue sources, cost and expenses, cash flow and financial condition.

i. Commissions

Total commissions for the first quarter of fiscal 2014 amounted to 4,657 million yen, down 34.9% from the year-earlier period.

(a) Brokerage commissions

Total brokerage commissions on stocks decreased 60.6% to 1,335 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Sections of Tokyo Stock Exchange, TSE Mothers and JASDAQ) accounted for 30.5% of total brokerage commissions on stocks, up from 20.5% for the comparable period of fiscal 2013.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 7 initial public offerings on a management and underwriting basis (one of which was lead-managed by the Company) as against 3 participations in the year-earlier period. In the secondary follow-on financings, there was no participation by the Company during the first quarter as against 2 participations (one of which was lead-managed by the Company) during the year-earlier period.

As a result total commissions from underwriting and solicitation to specified investors recorded 276 million yen, up 15.8%.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 912 (of which 33 were lead-managed) as of June 30, 2014.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 1,668 million yen, down 26.7% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 1,699 million yen, down 25.6%.

(d) Commissions from other sources

As the outstanding balance of investment trust funds as at the end of the period (June 30, 2014) grew 3.7% to 788.1 billion yen, the trailer fees rose 3.7% to 1,133 million yen. With the addition of commissions from insurance policy sales, IPO assistance fees and investment advisory fees from Ichiyoshi Asset Management Co., Ltd., total commissions from other sources amounted to 1,313 million yen, up 9.4%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 11 million yen, down 82.8% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 26 million yen, down 40.6%. As a result, total net gains on trading amounted to 37 million yen, down 66.4%.

iii. Interest and dividend income

Interest and dividend income declined to 57 million yen, down 1.5% chiefly due to a drop in advances for margin purchases. Interest expenses slid 39.2% to 8 million yen. As a result, net

interest and dividend income recorded 48 million yen, up 11.1%.

Resultantly, net operating revenue for the first quarter of fiscal 2014 stood at 5,073 million yen, down 33.6% from the year-earlier period.

iv. Operating cost and expenses

As personnel-related expenses declined in conjunction with the reduction of brokerage turnover, operating cost and expenses dropped 1.6% to 4,115 million yen.

Resultantly, operating income for the first quarter of fiscal 2014 recorded 958 million yen, down 72.3% from the year-earlier period.

v. Non-operating income and expenses

The Company recorded non-operating income of 34 million yen mostly in the form of dividends on investment securities. Thus, Non-operating income was 34 million yen, up 10.7% from the year-earlier period.

Resultantly, current income for the first quarter of fiscal 2014 amounted to 992 million yen, down 71.5% from the year-earlier period.

vi Extraordinary income and loss

The Company registered extraordinary income of 468 million yen in the form of gains on sales of investment securities, and extraordinary loss of 9 million yen, chiefly in the form of transfer to reserve for financial instruments transaction liabilities.

Resultantly, income before taxes and tax adjustments for the first quarter of fiscal 2014 registered 1,451 million yen, and net income (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 206 million yen and after deduction of corporate adjustments in the amount of 336 million yen) recorded 907 million yen, down 78.2% from the year-earlier period.

(2) Information on Financial Condition

i. Condition of Assets, Liabilities and Net Worth

(a) Current assets

Current assets amounted to 40,299 million yen as of June 30, 2014, a rise of 239 million yen (up 0.6%) from March 31, 2014, as cash and deposits swelled by 2,489 million yen while margin transaction assets decreased by 1,763 million yen.

(b) Fixed assets

Fixed assets stood at 8,061 million yen as of June 30, 2014, a decline of 601 million yen (down 6.9%) from March 31, 2014, mainly as the Company sold investment securities in the amount of 514 million yen.

As a result, total assets registered 48,361 million yen as of June 30, 2014, a reduction of 361 million yen (down 0.7%) from March 31, 2014.

(c) Current liabilities

Current liabilities stood at 15,396 million yen as of June 30, 2014, a rise of 362 million yen (up

2.4%) from March 31, 2014. The rise resulted as cash payable to customers grew by 2,904 million yen while income taxes payable and borrowings secured by securities decreased by 2,034 million yen and 559 million yen, respectively.

(d) Long-term liabilities

Long-term liabilities recorded 1,048 million yen as of June 30, 2014, a decline of 235 million yen (down 18.3%) from March 31, 2014. The decline resulted from a decrease of 172 million yen in deferred tax liabilities and a decline of 52 million yen in net defined benefit liability.

(e) Statutory reserves

Statutory reserves registered 151 million yen as of June 30, 2014, an increase of 9 million yen (up 6.4%) from March 31, 2014.

(f) Net worth

Net worth amounted to 31,764 million yen as of June 30, 2014, a decrease of 498 million yen (down 1.5%) from March 31, 2014. The increase resulted from recording of net income of 907 million yen for the first quarter while the Company paid dividends in the amount of 1,175 million yen and recorded a reduction of 295 million yen in valuation difference on available-for-sale securities.

As a result, equity ratio as of June 30, 2014 recorded 65.4%, and capital adequacy ratio as of the same date, as defined by the securities regulator, registered 574.7%.

(3) Qualitative Information on Outlook of Consolidated Business Result

Since the forecast of earnings in financial-instruments trading, the main-line business of the Company and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary earnings figures around the middle of the month immediately following the end of each quarter.

II. Matters Concerning Summary Information (Points to Note)

(1) Changes in material subsidiaries: None.

(2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.

(3) Changes in accounting policies and estimates and re-presentation of revisions:

The Company started to apply "Accounting Standard for Retirement Benefit" (Corporate Accounting Standard No.26, dated May 17, 2012, hereinafter called as "ASRB") as it refers to Item35 and "Application Guideline for Accounting Standard for Retirement Benefit" (Application Guideline No. 25 for Corporate Accounting Standard for Retirement Benefit, dated May 17, 2012,) as it refers to Item 67 effective from the first quarter of fiscal 2014. Accordingly, the Company revised calculation methods for retirement benefit liability and service cost. As a result of such revision, the Company changed the period attribution for retirement benefit estimated value from straight-line attribution to benefit formula method and changed the determination method for discount rate from the one based on average remaining service period to the single weighted average rate of discount based on estimated benefit payment periods and amount of benefits applicable to each estimated benefit payment period.

According to transitional treatment stipulated in Item 37 of ASRB, the Company added to retained earnings the amount of financial impact arising from changes in calculation methods for retirement benefit liability and service cost at the beginning of the first quarter.

Resultantly, net defined benefit liability at the beginning of the first quarter decreased by 36 million yen, and retained earnings at the beginning of the first quarter increased by 23 million yen. The effect of the above-mentioned changes on current income and income before taxes and tax adjustments for the first quarter was immaterial.

. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of June 30 2014	As of March 31 2014
Current assets		
Cash and bank deposits	16,339	13,849
Segregated cash and statutory deposits	4,779	4,569
Trading assets	371	999
Securities	371	999
Derivatives	0	—
Contracted trades	6	—
Margin transaction assets	13,084	14,847
Advances for margin purchases	12,743	14,824
Cash deposits as collateral for securities borrowed	341	23
Advance payments for customers on trades	2	3
Advance payments for subscription	4,400	3,986
Short-term loans	11	9
Accrued income	948	1,110
Deferred tax assets	265	616
Other current assets	97	74
Allowances for doubtful accounts	-6	-7
	40,299	40,060
Fixed assets		
Tangible fixed assets	4,085	4,129
Buildings	1,351	1,370
Fixtures and equipment	735	760
Land	1,986	1,986
Lease assets, net	11	12
Intangible fixed assets	497	536
Goodwill	78	88
Computer software	417	446
Telephone subscription rights, etc.	1	1
Investments, etc.	3,478	3,997
Investment securities	2,458	2,973
Long-term loans	51	54
Cash deposits as guarantee for long-term credits	959	958
Deferred tax assets	2	5
Other investments	16	16
Allowances for doubtful accounts	-10	-10
	8,061	8,662
Total assets	48,361	48,723

	As of June 30 2014	As of March 31 2014
Current liabilities		
Trading liabilities	-	1
Derivatives	-	1
Contracted trades	-	26
Margin transaction liabilities	3,059	2,227
Borrowings for margin transactions	2,282	2,095
Cash received for loaned securities	776	132
Borrowings against securities as collateral	-	559
Borrowings on Gensaki transaction	-	559
Cash payable to customers	9,357	6,452
Deposits from customers (for committed trades)	1,311	1,404
Short-term borrowings	210	210
Lease obligations	3	4
Income taxes payable	237	2,271
Accrued bonuses to employees	260	677
Other current liabilities	956	1,197
	15,396	15,033
Long-term liabilities		
Long-term borrowings	370	380
Lease obligations	7	8
Deferred tax liabilities	352	525
Revaluation-related deferred tax liabilities	35	35
Net defined benefit liability	253	305
Other long-term liabilities	28	28
	1,048	1,283
Statutory reserves		
Reserve for financial instruments transaction liabilities	151	142
	151	142
Total liabilities	16,596	16,459
Net worth		
Shareholders' equity		
Common stock	14,577	14,577
Capital surplus	8,701	8,701
Retained earnings	10,262	10,507
Treasury stock	-718	-721
Total Shareholders' equity	32,822	33,064
Other Comprehensive Income		
Valuation difference on available-for-sale securities	639	935
Land revaluation difference	-1,854	-1,854
Remeasurements of defined benefit plans	20	12
Total Other comprehensive income	-1,194	-907
Subscription rights to shares	96	67
Minority interests	40	39
Total net worth	31,764	32,263
Total of liabilities and net worth	48,361	48,723

**(2) Quarterly Consolidated Income Statements
and Quarterly Consolidated Comprehensive Income Statements**

Quarterly Consolidated Income Statements

(in millions of yen)

	Three months ended	
	June 30,2014	June 30,2013
Operating revenue		
Commissions	4,657	7,156
Gains or loss on trading	37	112
Interest and dividend income	57	58
Other operating income	329	328
Total Operating revenue	5,082	7,655
Interest expenses	8	14
Net operating revenue	5,073	7,640
Operating cost and expenses		
Transaction-related expenses	432	401
Personnel expenses	2,209	2,393
Property-related expenses	441	379
Clerical expenses	714	686
Depreciation	102	83
Public charges	42	59
Transfer to allowances for doubtful accounts	0	1
Others	172	178
Total Operating cost and expenses	4,115	4,183
Operating income	958	3,456
Non-operating income		
Dividends from investment securities	29	26
Others	5	4
Total Non-operating income	34	30
Non-operating expenses		
Others	0	0
Total Non-operating expenses	0	0
Current income	992	3,487
Extraordinary income		
Gains on sales of investment securities	468	1,031
Reversal of reserve for financial instruments transaction liabilities	-	0
Total Extraordinary income	468	1,031
Extraordinary expenses		
Transfer to reserve for securities transaction liabilities	9	-
Loss on write-off of fixed assets	0	0
Valuation loss on investment securities	0	-
Total Extraordinary expenses	9	0
Income before income taxes	1,451	4,518
Income, inhabitant and enterprise taxes	206	359
Income taxes adjustments	336	7
Total Income Taxes	542	367
Income before minority interests	908	4,151
Minority interests	1	-0
Net income	907	4,151

Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

	Three months ended	
	June 30,2014	June 30,2013
Income before minority interests	908	4,151
Other Comprehensive income		
Valuation difference on available-for-sale securities	-295	-409
Remeasurements of defined benefit plans, net of tax	8	-
Total Other comprehensive income	-287	-409
Comprehensive income	621	3,742
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	619	3,742
Comprehensive income attributable to minority interests	1	-0

(3) Notes Concerning Premises for Continuing Business Enterprise

None for the first quarter of fiscal 2014

(4) Notes in the Event of Material Changes in Shareholders' Equity

None for the first quarter of fiscal 2014

IV. Supplementary Information

Breakdown of Consolidated Business Result for First Quarter of Fiscal 2014

1. Commissions

(1) Commissions by sources: (in millions of yen)

	---First quarter ended---		(A) over (B)	Fiscal 2013 ended
	June 30, 2014	June 30, 2013		March 31, 2014
	(A)	(B)	(%)	
Brokerage commissions	1,368	3,434	- 60.2	9,407
(Stocks)	(1,335)	(3,391)	(- 60.6)	(9,249)
(Bonds)	(--)	(0)	(--)	(1)
Commissions from underwriting & solicitation				
to specified investors	276	238	15.8	1,108
(Stocks)	(276)	(238)	(15.8)	(1,108)
(Bonds)	(--)	(--)	(--)	(--)
Commissions from distribution & solicitation				
to specified investors	1,699	2,282	- 25.6	7,879
(Beneficiary certificates)	(1,668)	(2,276)	(- 26.7)	(7,841)
Commissions from Other sources	1,313	1,201	9.4	4,954
(Beneficiary certificates)	(1,133)	(1,093)	(3.7)	(4,336)
Total	4,657	7,156	- 34.9	23,349

(2) Commissions by instruments: (in millions of yen)

	---First quarter ended---		(A) over (B)	Fiscal 2013 ended
	June 30, 2014	June 30, 2013		March 31, 2014
	(A)	(B)	(%)	
Stocks	1,619	3,640	- 55.5	10,400
Bonds	30	6	352.2	39
Beneficiary certificates	2,834	3,411	- 16.9	12,333
Others	172	97	76.2	576
Total	4,657	7,156	- 34.9	23,349

2. Gains or loss on trading: (in millions of yen)

	---First quarter ended---		(A) over (B)	Fiscal 2013 ended
	June 30, 2014	June 30, 2013		March 31, 2014
	(A)	(B)	(%)	
Stocks, etc.	11	68	- 82.8	200
Bonds, foreign exchange, etc.	26	43	- 40.6	145
(Bonds, etc.)	(24)	(34)	(- 27.5)	(115)
(Foreign exchange, etc.)	(1)	(9)	(- 86.0)	(29)
Total	37	112	- 66.4	345

3 . Quarterly Consolidated Income Statements for Recent Five Quarters

(in millions of yen)

	1st Q (4-6/'13)	2nd Q (7-9/'13)	3rd Q (10-12/'13)	4th Q (1-3/'14)	1st Q (4-6/'14)
Operating revenue	7,655	5,566	6,341	5,678	5,082
Commissions	7,156	5,149	5,874	5,169	4,657
Gains or loss on trading	112	57	100	75	37
Interest and dividend income	58	64	62	63	57
Other operating revenue	328	295	303	370	329
Interest expenses	14	11	12	11	8
Net operating revenue	7,640	5,555	6,328	5,666	5,073
Operating cost and expenses	4,183	3,967	4,114	4,099	4,115
Transaction-related expenses	401	375	470	425	432
Personnel expenses	2,393	2,294	2,297	2,226	2,209
Property-related expenses	379	372	372	378	441
Clerical expenses	686	644	684	749	714
Depreciation	83	88	92	103	102
Public charges	59	47	50	45	42
Reversal of allowances for doubtful accounts	1	-0	-1	0	0
Others	178	144	148	169	172
Operating income	3,456	1,588	2,214	1,567	958
Non-operating income	30	28	30	104	34
Non-operating expenses	0	7	0	35	0
Current income	3,487	1,609	2,243	1,637	992
Extraordinary income	1,031	—	5	52	468
Extraordinary expenses	0	0	33	9	9
Income before income taxes	4,518	1,609	2,215	1,680	1,451
Income, inhabitant and enterprise taxes	359	511	723	764	206
Income taxes adjustments	7	-5	13	-622	336
Income before minority interests	4,151	1,103	1,478	1,538	908
Minority interests in income	-0	0	0	2	1
Net income	4,151	1,103	1,477	1,535	907

(END)