

EARNINGS REPORT FOR FIRST THREE QUARTERS OF FISCAL2012

(April 1 to December 31, 2012)

(consolidated on the basis of Japanese accounting standards)

Released on January 30, 2013

(English translation for reference purposes only)

Name of Company: Ichiyoshi Securities Co., Ltd. (Stock code: 8624)

Listed on: Tokyo Stock Exchange (1st Section) & Osaka Securities Exchange (1st Section)

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Date of filing First Three Quarters Report: February 13, 2013 (scheduled)

Materials for supplementary explanation of quarterly business result: None.

Business result-reporting meeting: None.

1. Outline of Consolidated Business Result for First Three Quarters of Fiscal 2012 (from April 1 to December 31, 2012)

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

--- Nine months ended ---

	Dec. 31, 2012	Dec. 31, 2011

	(% year-to-year change in brackets)	
Operating revenue	11,452 (+ 11.0)	10,315 (+ 12.1)
Net operating revenue	11,412 (+ 11.2)	10,265 (+ 12.1)
Operating income	755 (--)	- 483 (--)
Current income	781 (--)	- 491 (--)
Net income	656 (--)	- 519 (--)
Earnings per share	15.13yen	- 11.84yen
Diluted earnings per share (adjusted for shares potentially issuable)	15.13yen	--

Note: Comprehensive income for the first three quarters of fiscal 2012: 627 million yen (--%)*

Comprehensive income for the first three quarters of fiscal 2011: - 542 million (--%)*

(* = Bracket indicates a percentage change from the year-earlier period)

(2) Consolidated financial condition

	As of Dec. 31 2012	As of March 31 2012
Total assets (in millions of yen)	32,197	34,091
Net worth (in millions of yen)	22,916	23,486
Equity ratio	70.9%	68.7%

Note: Shareholders' equity as of December 31, 2012: 22,835 million yen.

Shareholders' equity as March 31, 2012: 23,409 million yen.

2. Dividend

	--- Fiscal year ended ---	
	March 31, 2013	March 31, 2012
Per-share dividend: (See notes below)		
1 st quarter	---	---
2 nd quarter	10.00 yen	10.00 yen
3 rd quarter	---	---
Final	---	10.00 yen
Annual total	---	20.00 yen

Notes: (i) Ichiyoshi Securities Co., Ltd. (the "Company") 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 the Company's practice to give a dividend (and earnings) forecast.

3. Outlook for Consolidated Business Result for Fiscal 2012 (from April 1, 2012 to March 31, 2013)

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 business quarter. Instead, the Company intends to release preliminary earnings figures after the end of each business quarter as and when such figures become available.

4. 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 accounting estimates and re-presentations of modifications:

(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: Yes.

(iv) Re-presentations of modifications: None.

(Effective from the first quarter of fiscal 2012, the Company has made a change in depreciation method on tangible assets. That change belongs to “Cases where it is difficult to distinguish between changes in accounting policies and changes in accounting estimates.” For further information, please refer to “**(3) Changes in accounting policies and accounting estimates and re-representation of modifications**” under “**II. Other Summary Information (Points to Note)**” contained elsewhere hereunder.)

(4) Number of issued shares (common stock):

(i) Number of issued shares as of December 31, 2012: 44,431,386 shares (including treasury shares)

Number of issued shares as of March 31, 2012: 44,431,386 shares (including treasury shares)

(ii) Number of treasury shares as of December 31, 2012: 1,445,424 shares.

Number of treasury shares as of March 31, 2012: 575,144 shares.

(iii) Average number of issued shares during the first three quarters of fiscal 2012: 43,400,447 shares.

Average number of issued shares during the first three quarters of fiscal 2011: 43,884,255 shares.

Additional points to note:

1. This quarterly earnings report is released without being reviewed as required by the Financial Instruments and Exchange Law. The quarterly earnings figures reported herein are being reviewed at the time of this release.
2. For the same reason that the Company does not provide earnings forecast prior to the end of each business quarter as stated in “**3. Outlook for Consolidated Business Result for Fiscal 2012 (from April 1, 2012 to March 31, 2013)**” on page 2, the Company does not provide a dividend forecast.

I. Qualitative Information and Financial Statements for First Three quarters of Fiscal 2012

1. Qualitative Information on Consolidated Business Result

During the first three quarters of fiscal 2012, global stock markets underwent substantial corrections towards June amid fears of Greek exit from the euro zone and the emergence of capital shortage problems of Spanish banks while the global economy showed signs of further weakening. Thereafter, as crisis-dealing measures by the European policy-makers took effect, global stock markets started to stabilize and got further boosts from the decision in September by the European Central Bank to purchase outstanding government bonds issued by south European nations without limitation (through the so-called “Outright Monetary Transactions”), the US Federal Reserve Board’s resolution on QE3 in September and the Bank of Japan’s decision in September to increase its asset purchases. Towards the end of 2012, however, the fiscal cliff of the US (the conundrum the US faced at the end of 2012 with respect to the expiration of the Bush tax cuts and the mandatory reduction of federal expenditures taking effect from the beginning of 2013) became a wild card in global stock markets.

In Japan, while the yen strengthened on haven-currency buying, the stock market weakened with the Nikkei Stock Average recording 8,295yen, a year-low, in June. Thereafter, the stock market underwent ups and downs in a narrow range amid uncertainty over the global economy and concerns over the effect of a strong yen on corporate earnings. As the November 14 became regarded as the de-facto declaration day for the dissolution of the Diet, however, the market mood started to change thereafter. The new government of Mr. Shinzo Abe, formed after his winning the December 16 election, put up policies for rectifying an unduly-high yen and exiting from deflation through bold monetary-easing measures. Positively responding to such policies, both domestic and foreign investors started to actively participate in the Japanese market and continued their purchases of Japanese stocks, pushing up the Nikkei Stock Average to 10,395yen, a year-high, on the last trading day of the year. With respect to emerging-stock markets in Japan, the Nikkei JADAQ Stock Average favorably reacted to expected positive measures by the new government of Mr. Abe, registering 1,413yen, a year-high, on the last trading day of the year. TSE Mothers Index recorded a year-high of 407.47on December 17 and ended the year at 404.37.

The average daily turnover on the Tokyo Stock Exchange for the first three quarters of fiscal 2012 was 1,203.9 billion yen, down 5.3% from the comparable period of fiscal 2011, and that on the OSE JASDAQ Market was 19.4 billion yen, or about the same level with the first three quarters of fiscal 2012.

Against such background, the Company designated 9 investment trust funds, including “BAM World Bond and Currency Fund” (which invests in high-rated sovereign bonds), as basic assets of customers and placed them at the center of its promotional activities. In addition, the Company

exerted its efforts on the distribution of “LM Australia Monthly-Payout Fund” (which invests in Australian bonds), “Mitsui Sumitomo Global REIT Open” (which invests in REITs across the world) and “Pictet Global Income Stock Fund” (which invests in public utilities across the world). Through the Company’s distribution efforts, the amount of its fund sales recovered from their slower pace in an earlier period to healthier pace through the second and third quarters.

Consequently, net operating revenue for the first three quarters of fiscal 2012 registered 11,412 million yen, and operating cost and expenses recorded 10,657 million yen. Resultantly, current income recorded 781 million yen.

Customers’ assets in the Company’s custody as at December 31, 2012 stood at 1,276.4 billion yen, up 0.2% from March 31, 2012.

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

1. Commissions

Total commissions for the first three quarters of fiscal 2012 amounted to 10,427 million yen, up 11.6% from the year-earlier period.

(1) Brokerage commissions

Total brokerage commissions on stocks increased 14.6% to 2,984 million yen. Brokerage commissions on small and mid-size stocks (stocks listed on Second Sections of Tokyo Stock Exchange and Osaka Securities Exchange, OSE JASDAQ Market and TSE Mothers) accounted for 14.5% of total brokerage commissions on stocks, down from 19.5% for the comparable period of fiscal 2011.

(2) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company managed 15 initial public offerings (“IPOs”), as compared to 9 IPOs in the year-earlier period. In the secondary market, the Company participated in 5 deals on a management and underwriting basis, as against 9 deal participations (of which 2 were lead-managed by the Company) in the year-earlier period. As a result, commissions from underwriting and solicitation to specified investors amounted 139 million yen, down 65.5%.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 862 (of which 29 were lead-managed) as of December 31, 2012.

(3) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds, such as the ones which pay out income monthly, rose 38.0% to 4,230 million yen, total commissions from distribution and solicitation to specified investors recorded 4,245 million yen, up 37.9%.

(4) Commissions from other sources

While the outstanding balance of investment trust funds at the end of the term under review rose to 642.3 billion yen, the Company’s receipt of trailer fees declined 8.5% to 2,694 million yen as the average outstanding balance of investment trust funds during the term

decreased. With the addition of investment advisory fees from Ichiyoshi Asset Management Co., Ltd., commissions from sales of variable-annuity insurance policies, fees from research-unbundling and fees from IPO-assistances, total commissions from other sources amounted to 3,029 million yen, down 6.7%.

2. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 37 million yen, down 66.3% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 101 million yen, down 6.7%. As a result, total net gains on trading amounted to 139 million yen, down 36.7%.

3. Interest and dividend income

Interest and dividend income declined 3.1% to 108 million yen chiefly due to a decrease in average outstanding balances of advances for margin transactions. Interest expenses decreased 20.3% to 40 million yen. As a result, net interest and dividend income recorded 68 million yen, up 11.0%.

4. Operating cost and expenses

As a result of reviewing cost across the board, operating cost and expenses decreased 0.9% to 10,657 million yen.

As a result of these activities, current income for the first three quarters of fiscal 2012 recorded 781 million yen.

During the period under review, the Company recorded an extraordinary income of 8 million yen (down 74.2% from the year-earlier period) mainly in the form of the same-amount reversal from reserve for financial instruments transaction liabilities and an extraordinary loss of 38 million yen (up 80.0% from the year-earlier period) mainly due to the impairment loss on fixed assets of 30 million yen. Consequently, income before income taxes for the first three quarters of fiscal 2012 registered 751 million yen, and net income (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 88 million yen, tax adjustments of 3 million yen and minority interests of 1 million yen) recorded 656 million yen.

2. Qualitative Information on Consolidated Financial Condition

Conditions of Assets, Liabilities and Net Worth

a) Current assets

Current assets amounted to 24,937 million yen as of December 31, 2012, a decline of 1,532 million yen (down 5.8%) from March 31, 2012, as cash and deposits increased by 3,431million

yen, subscription payments for investment trust funds decreased by 3,060 million yen, margin transaction assets declined by 1,185 million yen and segregated cash and statutory deposits declined by 702 million yen.

(b) Fixed assets

Fixed assets stood at 7,259 million yen as of December 31, 2012, a decline of 362 million yen (down 4.8%) from March 31, 2012, mainly as a result of depreciation of fixed assets and decline in the market value of investment securities.

As a result, total assets registered 32,197 million yen as of December 31, 2012, a decrease of 1,894 million yen (down 5.6%) from March 31, 2012.

(c) Current liabilities

Current liabilities stood at 8,405 million yen as of December 31, 2012, a decline of 1,326 million yen (down 13.6%) from March 31, 2012. The decrease resulted chiefly from a decline of 1,272 million yen in margin transaction liabilities.

(d) Long-term liabilities

Long-term liabilities recorded 779 million yen as of December 31, 2012, a rise of 9 million yen (up 1.2%) from March 31, 2012.

(e) Statutory reserves

Statutory reserves registered 96 million yen as of December 31, 2012, a decrease of 7 million (down 7.3%) yen from March 31, 2012.

(f) Net worth

Net worth amounted to 22,916 million yen as of December 31, 2012, a decrease of 569 million yen (down 2.4%) from March 31, 2012. The decrease mainly resulted from payment of dividends in the amount of 868 million yen and acquisition of treasury shares in the amount of 330 million yen while the Company registered net income of 656 million yen. The dividend payment and the net income had the effect of reducing retained earnings by 212 million yen.

As a result, equity ratio as of December 31, 2012 registered 70.9%, and capital adequacy ratio as of the same date, as defined by the securities regulator, registered 452.7%.

3. Qualitative Information relating to Consolidated Business Forecast

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 business quarter. Instead, the Company intends to release preliminary earnings figures around the middle of the month following the end of the applicable quarter.

II. Other Summary Information (Points to Note)

- (1) Changes in material subsidiaries for the first three quarters of fiscal 2012: None.
- (2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and accounting estimates and re-presentation of modifications:
(Changes in cases where it is difficult to distinguish between changes in accounting policies and changes in accounting estimates.)
Effective from the first quarter of fiscal 2012, the Company and its consolidated subsidiaries have made a change in depreciation method on tangible fixed assets acquired on and after April 1, 2012, pursuant to an amendment to the Corporate Tax Law, which permits such change. This change has no material effect on income.
- (4) Additional information:
(Adoption of consolidated tax return system)
Effective from the first quarter of fiscal 2012, the Company has adopted consolidated tax return system.

. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of December 31 2012	As of March 31 2012
Current assets		
Cash and bank deposits	13,492	10,060
Segregated cash and statutory deposits	2,641	3,344
Trading assets	358	377
Securities	358	376
Derivatives	-	1
Contracted trades	10	12
Margin transaction assets	6,564	7,749
Advances for margin purchases	5,886	7,163
Cash deposits as collateral for securities borrowed	677	586
Advance payments for customers on trades	3	8
Advance payments for subscription	967	4,027
Short-term loans	15	8
Accrued income	693	727
Deferred tax assets	16	19
Other current assets	175	136
Allowances for doubtful accounts	-3	-3
	24,937	26,469
Fixed assets		
Tangible fixed assets	4,032	4,224
Buildings	1,436	1,543
Fixtures and equipment	646	728
Land	1,941	1,941
Lease assets, net	8	11
Intangible fixed assets	299	409
Goodwill	89	112
Computer software	208	295
Telephone subscription rights, etc.	1	1
Investments, etc.	2,928	2,987
Investment securities	1,597	1,653
Long-term loans	62	54
Cash deposits as guarantee for long-term credits	1,261	1,266
Deferred tax assets	5	6
Other investments	8	12
Allowances for doubtful accounts	-7	-6
	7,259	7,622
Total assets	32,197	34,091

	As of December 31 2012	As of March 31 2012
Current liabilities		
Trading liabilities	1	-
Derivatives	1	-
Margin transaction liabilities	3,111	4,384
Borrowings for margin transactions	1,980	3,420
Cash received for loaned securities	1,131	963
Cash payable to customers	3,413	3,432
Deposits from customers (for committed trades)	559	503
Short-term borrowings	210	210
Lease obligations	3	3
Income taxes payable	99	81
Accrued bonuses to employees	216	332
Reserve for Point-Service Campaign	89	172
Other current liabilities	700	611
	8,405	9,731
Long-term liabilities		
Long-term borrowings	429	459
Lease obligations	5	8
Deferred tax liabilities	3	1
Revaluation-related deferred tax liabilities	35	35
Accrued retirement benefits for employees	276	232
Other long-term liabilities	28	33
	779	770
Statutory reserves		
Reserve for financial instruments transaction liabilities	96	103
	96	103
Total liabilities	9,280	10,605
Net worth		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,319	8,319
Retained earnings	2,421	2,634
Treasury stock	-611	-280
Total Shareholders' equity	24,708	25,250
Othe Comprehensive Income		
Other securities valuation difference	-16	14
Land revaluation difference	-1,855	-1,855
Total Othe Comprehensive Income	-1,872	-1,841
Subscription rights to shares	46	43
Minority interests	34	32
Total net worth	22,916	23,486
Total of liabilities and net worth	32,197	34,091

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

Quarterly Consolidated Income Statements

(in millions of yen)

	Nine months ended	
	Dec. 31, 2012	Dec. 31, 2011
Operating revenue		
Commissions	10,427	9,347
Gains or loss on trading	139	219
Interest and dividend income	108	111
Other operating income	777	636
Total Operating revenue	11,452	10,315
Interest expenses	40	50
Net operating revenue	11,412	10,265
Operating cost and expenses		
Transaction-related expenses	949	1,004
Personnel expenses	5,774	5,812
Property-related expenses	1,270	1,262
Clerical expenses	1,763	1,651
Depreciation	342	447
Public charges	110	111
Transfer to allowances for doubtful accounts	-	0
Others	446	458
Total Operating cost and expenses	10,657	10,749
Operating income	755	-483
Non-operating income		
Dividends from investment securities	36	28
Others	24	28
Total Operating income	60	57
Non-operating expenses		
Loss on investments in partnership	27	23
Loss on other sales	1	0
Equity in losses of affiliates	3	34
Others	1	6
Total Non-operating expenses	34	64
Current income	781	-491
Extraordinary income		
Gains on sales of investment securities	-	31
Gains on sales of golf membership	-	0
Gains on reversal of subscription rights to shares	0	-
Reversal of allowances for doubtful accounts	-	1
Reversal of reserve for financial instruments transaction liabilities	7	0
Total Extraordinary income	8	32
Extraordinary expenses		
Loss on write-off of fixed assets	7	1
Loss on sales of investment securities	-	1
Loss on valuation of investment securities	-	2
Loss on cancellation of system contracts	-	4
Settlement expenses	-	12
Impairment loss	30	-
Total Extraordinary expenses	38	21
Income before income taxes	751	-479
Income, inhabitant and enterprise taxes	88	35
Income taxes adjustments	3	3
Total Income Taxes	92	39
Income before minority interests	658	-519
Minority interests	1	0
Net income	656	-519

Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

	Nine months ended	
	Dec. 31, 2012	Dec. 31, 2011
Income before minority interests	658	-519
Other comprehensive income		
Valuation difference on available-for-sale securities	-30	-31
Land revaluation difference	-	4
Share of other comprehensive income of associates accounted for using equity method	-0	3
Total other comprehensive income	-30	-23
Comprehensive income	627	-542
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	625	-543
Comprehensive income attributable to minority interests	1	0

(3) Notes Concerning Premises for Continuing Business Enterprise

None for the first three quarters of fiscal 2012.

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

None for the first three quarters of fiscal 2012.

IV. Supplementary Information

Breakdown of Consolidated Business Result for First Three Quarters of Fiscal 2012

1. Commissions

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

	---Nine months ended---		(A) over (B)	Fiscal 2011 ended
	Dec. 31, 2012	Dec. 31, 2011		March 31, 2012
	(A)	(B)	%	
Brokerage commissions	3,013	2,619	+ 15.0	3,917
(Stocks)	(2,984)	(2,603)	(+ 14.6)	(3,898)
(Bonds)	(4)	(0)	(+ 395.0)	(0)
Commissions from				
underwriting & solicitation				
to specified investors	139	404	- 65.5	414
(Stocks)	(139)	(404)	(-65.6)	(414)
(Bonds)	(0)	(--)	(--)	(--)
Commissions from				
distribution & solicitation				
to specified investors	4,245	3,079	+ 37.9	4,372
(Beneficiary certificates)	(4,230)	(3,066)	(+ 38.0)	(4,356)
Commissions from				
Other sources	3,029	3,245	(- 6.7)	4,243
(Beneficiary certificates)	(2,694)	(2,945)	(- 8.5)	(3,831)
Total	10,427	9,347	+ 11.6	12,498

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

	---Nine months ended---		(A) over (B)	Fiscal 2011 ended
	Dec. 31, 2012	Dec. 31, 2011		March 31, 2012
	(A)	(B)	(%)	
Stocks	3,141	3,028	+ 3.7	4,341
Bonds	19	17	+ 15.4	20
Beneficiary certificates	6,949	6,026	+ 15.3	8,206
Others	317	276	+ 15.0	379
Total	10,427	9,347	+ 11.6	12,498

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

	---Nine months ended---		(A) over (B)	Fiscal 2011 ended
	Dec. 31, 2012	Dec. 31, 2011		March 31, 2012
	(A)	(B)	(%)	
Stocks, etc.	37	110	- 66.3	226
Bonds, foreign exchange, etc.	101	109	- 6.7	191
(Bonds, etc.)	(83)	(141)	(- 40.6)	(205)
(Foreign exchange, etc.)	(18)	(- 31)	(--)	(- 14)
Total	139	219	- 36.7	417

3 . Quarterly Consolidated Income Statements for Recent Seven Quarters

(in millions of yen)

	1st Q (4-6/'11)	2nd Q (7-9/'11)	3rd Q (10-12/'11)	4th Q (1-3/'12)	1st Q (4-6/'12)	2nd Q (7-9/'12)	3rd Q (10-12/'12)
Operating revenue	3,575	3,680	3,059	4,092	3,251	3,867	4,334
Commissions	3,233	3,374	2,740	3,600	2,919	3,559	3,949
Gains or loss on trading	73	70	75	197	29	28	81
Interest and dividend income	39	39	32	34	36	39	31
Other operating revenue	229	196	210	259	265	240	271
Interest expenses	14	18	17	16	11	14	14
Net operating revenue	3,560	3,662	3,042	4,075	3,239	3,853	4,320
Operating cost and expenses	3,693	3,511	3,544	3,708	3,593	3,420	3,643
Transaction-related expenses	364	298	342	394	362	274	311
Personnel expenses	1,966	1,936	1,909	1,967	1,924	1,889	1,961
Property-related expenses	431	409	421	410	409	407	454
Clerical expenses	572	535	543	601	586	560	616
Depreciation	147	149	151	147	114	110	118
Public charges	35	39	36	37	32	37	40
Reversal of allowances for doubtful accounts	0	-0	0	0	0	-0	-
Others	175	142	140	148	163	141	141
Operating income	-132	150	-502	367	-354	432	677
Non-operating income	24	14	17	23	34	4	20
Non-operating expenses	6	38	20	36	5	27	1
Current income	-113	126	-504	354	-324	409	696
Extraordinary income	1	31	-	9	8	-	0
Extraordinary expenses	6	11	3	66	2	6	30
Income before income taxes	-118	146	-507	298	-319	403	666
Income, inhabitant and enterprise taxes	9	11	14	18	11	20	56
Income taxes adjustments	3	-1	1	-17	6	-3	0
Income before minority interests	-131	136	-524	296	-337	386	609
Minority interests	0	0	-0	-0	0	1	0
Net income	-131	135	-523	297	-337	385	609

(END)