

# **Business Result for Fiscal Year to March 31, 2017**

(Consolidated under Japanese GAAP)

Released on April 28, 2017

(English translation for reference purposes only)

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

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

Corporate representative: Mr. Minoru Kobayashi, President & Representative Executive  
Officer

Date of annual shareholders' meeting: June 24, 2017 (scheduled)

Payment date for final dividends: May 31, 2017 (scheduled)

Filing date of annual securities report: June 27, 2017 (scheduled)

Supplemental information on business result: Provided.

Business result-reporting meeting: Planned for institutional investors and analysts.

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## **1. Consolidated Business Result for Fiscal Year Ended March 31, 2017**

**(1) Highlights of consolidated business result** (in millions of yen with figures less than a million yen rounded down, except per-share figures)

(% indicated year-to-year changes)

	Operating revenue (%)	Net operating revenue (%)	Operating Income (%)	Current income (%)	Net income Attributable to owners of parent (%)
Fiscal year ended Mar. 31, 2017	20,714 (- 5.2)	19,338 (- 5.0)	2,994 (- 19.0)	3,077 (- 19.3)	2,183 (- 15.4)
Fiscal year ended Mar. 31, 2016	21,846 (+ 7.0)	20,346 (+ 6.7)	3,695 (+ 4.4)	3,813 (+ 2.7)	2,580 (- 23.9)

Notes: Comprehensive income for fiscal year ended March 31, 2017: 2,814 million yen (+ 21.3%)

Comprehensive income for fiscal year ended March 31, 2016: 2,319 million yen (- 22.0%)

	Earnings per share	Earnings per share adjusted for shares potentially issuable	Return on equity	Operating income as % of operating revenue
Fiscal year ended Mar. 31, 2017	50.89yen	50.83yen	6.6%	14.5%
Fiscal year ended Mar. 31, 2016	58.88yen	58.77yen	7.7%	16.9%

Notes: Investment gains or loss by an equity method:

March, 31 2017.: None.

March, 31 2016.: None.

**(2) Consolidated financial condition** (in millions of yen with figures less than a million yen rounded down, except for per-share figures)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2017	53,706	33,099	61.1%	769.18yen
As of Mar. 31, 2016	46,593	33,560	71.5%	763.66yen

Notes: Shareholders' equity as of March 31, 2017: 32,802 million yen

Shareholders' equity as of March 31, 2016: 33,313 million yen

**(3) Consolidated cash flow** (in millions of yen with figures less than a million yen rounded down)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
Fiscal year ended Mar. 31, 2017	4,356	83	-2,689	17,426
Fiscal year ended Mar. 31, 2016	3,980	307	-2,549	15,675

## 2. Dividends

	Dividend per share for 1 <sup>st</sup> quarter	Dividend per share for 2 <sup>nd</sup> quarter	Dividend per share for 3 <sup>rd</sup> quarter	Dividend per share for end of fiscal year	Annual total of dividend per share
Fiscal year ended Mar. 31, 2016	---	27.00yen	---	26.00yen	53.00yen
Fiscal year ended Mar. 31, 2017	---	15.00yen	---	16.00yen	31.00yen

	Aggregate amount of dividends paid (in millions of yen*)	Payout ratio on a consolidated basis	Rate of dividends as % of net assets on a consolidated basis
Fiscal year ended Mar. 31, 2016	2,311 million yen	90.0%	7.0%
Fiscal year ended Mar. 31, 2017	1,325 million yen	60.9%	4.0%

\*= Figures less than a million yen are rounded down.

Note: Ichiyoshi Securities Co., Ltd. (the "Company") does not provide earnings forecast nor dividend forecast.

### **3. Outlook for Consolidated Business Result for Fiscal Year ending March 31, 2018 ( from April 1, 2017 to March 31, 2018 )**

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 changes in securities market conditions, the Company does not provide such forecast prior to the end of each quarterly and annual business term. Instead, the Company releases preliminary earnings figures after the end of each business term as and when such figures become available.

#### **Points to note:**

(1) Changes in material subsidiaries (resulting in a change in scope of consolidation):  
None.

(2) Changes in accounting policies and estimates and re-presentation 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: None.

(iv) Re-presentations of modifications: None.

(For further information, please refer to “(5) Notes to Consolidated Financial Statements” under “V. Consolidated Financial Statements” contained elsewhere hereunder.)

(3) Number of issued shares (common stock)

(a) Number of issued shares at the end of each fiscal year (including treasury shares):

44,431,386 shares at March 31, 2017.

44,431,386 shares at March 31, 2016.

(b) Number of treasury shares at the end of each fiscal year:

1,786,050 shares at March 31, 2017.

807,868 shares at March 31, 2016.

(c) Average number of shares outstanding during each fiscal year:

42,902,287 shares for the fiscal year ended March 31, 2017.

43,820,360 shares for the fiscal year ended March 31, 2016.

## [Referential information]

### 1. Outline of Non-consolidated Business Result (parent company basis)

(1) Business result for fiscal year ended March 31, 2017 (in millions of yen with fractions less than a million yen discarded, except for per-share figures)

(% indicates year-to-year changes)

	Operating revenue (%)	Net operating revenue (%)	Operating income (%)	Current income (%)	Net income (%)
Fiscal year ended Mar. 31, 2017	18,497 (- 5.6)	18,438 (- 5.6)	2,496 (- 22.2)	2,578 (- 22.4)	1,848 (- 18.7)
Fiscal year ended Mar. 31, 2016	19,596 (6.1)	19,534 (6.1)	3,209 (0.9)	3,324 (- 0.7)	2,273 (- 26.0)

	Earnings per share	Earnings per share adjusted for shares potentially issuable	Return on equity
Fiscal year ended Mar. 31, 2017	43.09yen	43.04yen	5.8%
Fiscal year ended Mar. 31, 2016	51.88yen	51.79yen	7.0%

### (2) Financial condition

	Total assets	Net assets	Equity ratio	Net assets per share	Capital adequacy ratio
Fiscal year ended Mar. 31, 2017	51,620	31,623	60.8%	736.11yen	591.9%
Fiscal year ended Mar. 31, 2016	44,889	32,407	71.8%	738.33yen	593.5%

Notes: Shareholders' equity at the end of each fiscal year:

31,391 million yen as of March 31, 2017.

32,208 million yen as of March 31, 2016.

### 2. Outlook for non-consolidated business result for fiscal year ending March 31, 2018(from April 1, 2017 to March 31, 2018)

Since the forecast of earnings in financial-instruments trading is hard to make due to changes in securities market conditions, the Company does not provide such forecast prior to the end of each quarterly and annual business term. Instead, the Company releases preliminary earnings figures after the end of each business term as and when such figures become available.

**Additional points to note:**

1. The financial figures contained herein are released without being audited by certified public accountants as required by the Financial Instruments and Exchange Law. Those figures are being audited by certified public accountants 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 quarterly and annual business term as stated in “3. Outlook for Consolidated Business Result for Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)” on page 3, the Company does not provide a dividend forecast.

## **I. Analysis on Business Result and Financial Condition**

### **1. Analysis on Consolidated Business Result**

During the fiscal year ended March 31, 2017, there was initially a slight feeling of economic stagnation in the air due to negative factors such as the potential effects of the stronger yen and the slowdown of emerging economies on business earnings and sluggish consumption. As the scheduled hike in the consumption tax was delayed again in June and large-scale economic measures were formulated in August, however, the mood turned around. As the end of the fiscal year drew near, there was seen an increase in production activities boosted by recoveries in exports on the back of the weaker yen. Accompanying improvements on business earnings led to a steady trend of equipment investments. Further, sustained and improved conditions in employment and income translated into a pickup in consumption. Thus, the economy progressed on a moderate recovery pattern towards the end of the fiscal year.

In the meantime, the Japanese stock market initially underwent unstable movements on concerns over the effects of the higher yen on business earnings and monetary policies both in Japan and the U.S. and on speculation over the U.S. presidential election. With the UK voting for the Brexit working as an additional blow, the Nikkei Stock Average on the Tokyo Stock Exchange (the “TSE”) recorded a year low of 14,864yen on June 24, 2016. On July 29, the Bank of Japan (the “BoJ”) decided to increase its annual holding balance of ETFs to 6 trillion yen, thereby helping the Nikkei Stock Average to move steadily higher. On September 21, the BoJ introduced a new framework of quantitative and qualitative easing measures coupled with short- and long- term interest rates adjustment device. In the U.S., Donald Trump won the presidential election in November, pushing the dollar value and stock prices higher in expectation of his expansive economic policies. With foreign investing sources increasingly reviewing Japanese stocks favorably in anticipation of higher earnings from export-related businesses in particular supported by the weaker yen, the Nikkei Stock Average ended the calendar year of 2016 at 19,114yen, the fifth consecutive year-end rise. As the year turned, in March, leading stock price indices in the U.S. recorded historical highs. In Japan, the Nikkei Stock Average also registered 19,668yen on March 2, the highest since the beginning of 2016, after undergoing correctional periods on the back of the weaker tendency of the yen. Afterwards, as questions arose over the feasibility of the Trumpnomics, concerns mounted over protectionism and the yen strengthened, however, the Nikkei Stock Average ended the fiscal year term at 18,909yen.

In the foreign exchange market, the yen remained on a stronger trend from the beginning of the fiscal year, and it temporarily recorded 99yen per 1 U.S. dollar on June 24, 2016, with the UK voting for the Brexit working as an additional blow. As Donald

Trump won the presidential election in November, however, the yen turned weaker in tandem with an expected rise in U.S. long-term interest rates, recording 118.66yen per 1 U.S. dollar on December 15, the weakest yen in about ten months and half. Afterwards, however, as expectations for a hike in the U.S. interest rates diminished, causing a contraction of interest rate differentials between Japan and the U.S. the yen strengthened slightly, ending the fiscal year term at 111yen per 1 U.S. dollar.

With respect to the Japanese emerging-stock market, the Nikkei JASDAQ Average continued its steady tone from the beginning of the fiscal year on the back of good demand-supply relationship. On June 24, 2016, however, it recorded a year low of 2,322yen, with the UK voting for the Brexit working as an additional blow. Since then, it traced an upward trend, recording 3,075yen, the highest in 25 years and 8 months, on March 10, 2017. It went on to stay on a high plateau, ending the fiscal year term at 3,045yen.

The average daily turnover on the TSE during the fiscal year was 2,739.9 billion yen, down 11.1% from the previous fiscal year. The average daily turnover on the JASDAQ market fell 32.7% to 47.2 billion yen.

In such circumstances, the Company placed in its core proposal to customers asset-backed stocks with stress on stability and dividends under negative-interest environments, taking advantage of the Company's strength in research on small-and medium-cap growth stocks. Striving to meet with customers' needs, the Company took various measures focused on the expansion of customers' assets in custody. The stock brokerage volume of the Company for the fiscal year ended March 31, 2107 fell to 2,170.4 billion yen, down 3.6% from the previous fiscal year.

With regard to investment trust funds, "Dream Collection," a fund wrap account vehicle, showed a favorable performance as a core asset in customers' medium- to long-term asset management. Its outstanding balance as of March 31, 2017 registered more than 55 billion yen.

"Ichiyoshi Small- and Medium-Cap Growth Stock Fund," launched in June 2016, fully taking advantage of synergy between Ichiyoshi Research Institute Inc. and Ichiyoshi Asset Management Co. Ltd. also showed a favorable growth with the outstanding balance as of March 31, 2017 recording more than 47 billion yen, which was Japan's largest outstanding balance among publicly-offered investment trust funds specialized in small-and mid-cap stocks.

Furthermore, the Company launched in February 2017 a new investment trust fund "Ichiyoshi Japan High Dividend Stock & J REIT Fund," which has been increasing its balance in a favorable pattern.

For additional reference, the Company redeemed in December 2016 the three funds with high investment results: namely, "East Japan Recovery-Assistance Stock Fund," "Japan High Dividend Stock Fund 2016-09" and "Japan High Dividend Stock Fund

2016-10.”

Investment portfolio assets at Ichiyoshi Asset Management Co., Ltd. grew substantially to 179.1 billion yen as at March 31, 2017, up 66.4% from the end of the previous fiscal year.

Consequently, net operating revenue for the fiscal year ended March 31, 2017, amounted to 19,338 million yen, down 5.0% from the previous fiscal year. Operating cost and expenses recorded 16,344 million yen, down 1.8%. Hence, operating income registered 2,994 million yen, down 19.0%.

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

### **(3) Commissions**

Total commissions for the fiscal year ended March 31, 2017 amounted to 18,857 million yen, down 4.2% from the previous fiscal year ended March 31, 2016.

#### **(i) Brokerage commissions**

Total brokerage commissions on stocks slid 6.1% to 6,812 million yen. Those on small- and mid-cap stocks (consisting of stocks listed on the Second Section of the Tokyo Stock Exchange, TSE Mothers and JASDAQ Market) amounted to 1,750 million yen, accounting for 25.7% of total brokerage commissions, up from 18.5% for the previous fiscal year.

#### **(ii) Commissions from underwriting and solicitation to specified investors**

In the primary market, the Company participated in the management and underwriting of 31 initial public offerings (IPOs), as against 39 IPOs (of which the Company lead-managed 3) in the previous fiscal year. In the secondary market (for follow-on financing), the Company participated in 9 deals on a management and underwriting basis (of which the Company lead-managed 2), as against 10 deals (of which the Company lead-managed 5) in the previous fiscal year. As a result, total commissions from underwriting of stocks and bonds and solicitation to specified investors recorded 361 million yen, down 71.8% from the previous fiscal year.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,013 (of which 45 were lead-managed) as of March 31, 2017, thus exceeding the 1,000 mark for the first time.

#### **(iii) Commissions from distribution and solicitation to specified investors**

Commissions from distribution and solicitation to specified investors rose 23.8% to 5,642 million yen as commissions from distribution of investment trust funds swelled 23.3 % to 5,556 million yen.

#### **(iv) Commissions from other sources**

The trailer fees on investment trust funds fell 15.2% to 4,174 million yen while trustee fees for fund management by Ichiyoshi Asset Management Co., Ltd. grew



45.7% to 545 million yen. With the addition of fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 5,782 million yen, down 6.8%.

**(2) Gains or Loss on Trading**

Trading on stocks, etc. recorded gains of 83 million yen, up 146.8%, and trading on bonds, foreign exchange, etc. registered gains of 126 million yen, down 56.7%. Consequently, total gains on trading amounted to 209 million yen, down 35.5%.

**(3) Interest and Dividend Income**

Interest and dividend income declined 24.6% to 237 million yen as advances for margin transactions decreased, and interest expenses fell 6.7% to 66 million yen. Resultantly, net interest dividend income amounted to 171 million yen, down 29.8%.

Hence, net operating revenue for the fiscal year ended March 31, 2017 recorded 19,338 million yen, down 5.0%.

**(4) Operating Cost and Expenses**

Operating cost and expenses fell 1.8% to 16,344 million yen as transactions-related expenses declined.

**(5) Non-operating Income and Expenses**

The Company registered non-operating income of 108 million yen, including a dividend income of 22 million yen from investment securities and an investment income of 43 million yen from investment partnerships. After offsetting a non-operating loss, net non-operating income for the fiscal year ended March 31, 2017 registered 83 million yen, down 29.2%.

Hence, current income for the fiscal year ended March 31, 2017 amounted to 3,077 million yen, down 19.3% from the previous fiscal year.

**(6) Extraordinary Income and Loss**

The Company recorded a net extraordinary loss of 22 million yen as the Company suffered a loss of 63 million yen on sales of fixed assets

Consequently, income before taxes and tax adjustments for the fiscal year ended March 31, 2017 recorded 3,054 million yen, down 22.5%, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 836 million yen, and corporate tax adjustments of 17 million

yen, and after deduction of non-controlling interests of 17 million yen) registered 2,183 million yen, down 15.4% from the previous fiscal year.

Assets under custody stood at 1,747.9 billion yen as of March 31, 2017, 1.5% decrease from the previous fiscal year end. Positive factors for this figure were, increase in purchase of equities, investment trust funds, fund wrap account products and others through drawing new money, and appreciation in both domestic and foreign markets. Negative factors for this, on the other hand, were disposals of equities and investment trust funds aiming at realization of gains on these, and redemptions of investment trust funds.

## **2. General Review of Financial Condition**

### **(i) Current assets**

Current assets amounted to 47,533 million yen as of March 31, 2017, an increase of 7,641 million yen (up 19.2%) from March 31, 2016, as segregated cash and statutory deposits rose by 467 million yen, cash and deposits swelled by 1,938 million yen and margin transaction assets grew by 467 million yen.

### **(ii) Fixed assets**

Fixed assets stood at 6,173 million yen as of March 31, 2017, a decline of 528 million yen (down 7.9%), chiefly as the value of land and that of buildings fell by 384 million yen and 219 million yen, respectively.

As a result, total assets registered 53,706 million yen as of March 31, 2017, an increase of 7,112 million yen (up 15.3%) from March 31, 2016.

### **(iii) Current liabilities**

Current liabilities stood at 20,081 million yen as of March 31, 2017, an increase of 7,637 million yen (up 61.4%) from March 31, 2016. The increase resulted from a growth of 5,814 million yen in cash payable to customers and a rise of 1,918 million yen in margin transaction liabilities.

### **(iv) Long-term liabilities**

Long-term liabilities recorded 344 million yen as of March 31, 2017, a reduction of 61 million yen (down 15.2%) from March 31, 2016, as long-term borrowings declined by 39 million yen and deferred tax liabilities for land revaluation fell by 22 million yen.

### **(v) Statutory reserves**

Statutory reserves registered 180 million yen as of March 31, 2017.

### **(vi) Net worth**

Net worth amounted to 33,099 million yen as of March 31, 2017, a fall of 461 million yen (down 1.4%) from March 31, 2016. The fall resulted as the Company recorded net

income (attributable to owners of parent) of 2,183 million yen for the fiscal year while the Company paid dividends in the amount of 1,777 million yen and acquired treasury shares at the cost of 880 million yen.

### **3. Cash Flow**

Cash flow from operating activities for the fiscal year ended March 31, 2017 recorded a positive figure of 4,356 million yen, a rise of 375 million yen from the previous fiscal year, as income before taxes and tax adjustments for the fiscal year recorded 3,054million yen while deposits and guarantee deposits received increased by 5,956 million yen and segregated cash and trust for customers grew by 4,970 million yen. Cash flow from investing activities registered a positive figure of 83 million yen, a fall of 223 million yen, due to proceeds from sales of tangible fixed assets. Cash flow from financing activities recorded a negative figure of 2,689 million yen, a fall of 139 million yen, chiefly as a result of dividend payments and acquisition of treasury shares.

Consequently, the amount of cash and cash equivalents as of March 31, 2017, stood at 17,426 million yen, a growth of 1,750 million yen from the end of the previous fiscal year (March 31, 2016).

### **4. Basic Policy on Earnings Distribution and Dividends**

One of the Company's core management policies is to make an appropriate earnings distribution to its shareholders. The Company places its stress on a continuous stream of dividend payment linked to business result. In deciding on an amount of dividend payment, payout ratio is a basic measure. Additionally, DOE (namely, ratio of dividends to shareholders' equity) measure is taken into account for a continuous stream of dividend payment.

Specifically, the Company has currently adopted the payout ratio of approximately 50% and the DOE of approximately 2%, the both measures being calculated semiannually on a consolidated basis and the larger result of calculation between the two measures being chosen.

Under this dividend policy, an interim dividend per share paid out of the Company's retained earnings to shareholders of record as of September 30, 2016 was 15yen, and a final dividend per share payable to shareholders of record as of March 31, 2017 is to be 16yen, thus an annual total dividend per share being 31yen.

## **II. State of Ichiyoshi Group**

The Ichiyoshi group, consisting of Ichiyoshi Securities Co., Ltd. (the "Company") and its three consolidated subsidiaries, is principally engaged in investment and financial services chiefly associated with financial instruments.

The Company is directly engaged in buying and selling of, and dealing in, securities (such buying and selling of, and dealing in, securities are called hereinafter as “securities transactions”), acting as agent or broker for securities transactions, underwriting and distributing publicly-offered or privately-placed securities and carrying out other securities-related businesses. Thus, the Company provides wide-ranging services matching varying needs of its customers relating to securities and investments.

In conjunction with the above-mentioned activities by the Company, the three consolidated subsidiaries perform their respective functions: Ichiyoshi Research Institute Inc. undertakes research and data/information collection relating to small- and mid-cap growth companies and provides investment advices and agency services; Ichiyoshi Asset Management Co.,Ltd.provides management of investment trusts discretionary-investment and asset-management advices and services for institutional investors and investment trusts; and Ichiyoshi Business Service Co., Ltd.undertakes peripheral services for the Ichiyoshi group,provides real estate renting / broking / management services and agencies, deals in office supplies and goods and acts as agent for financial-instruments trading.

#### **List of 4 Companies in the Ichiyoshi Group**

Parent company: **Ichiyoshi Securities Co., Ltd.** - financial-instruments trading business

Consolidated subsidiaries:

**Ichiyoshi Research Institute Inc.** – information services, investment advisories and agencies  
(90.0% owned, of which 12.5% is indirectly owned)

**Ichiyoshi Asset Management Co., Ltd.** – investment trust management, investment advisories and agencies  
(97.0% owned, of which 2.0% is indirectly owned)

**Ichiyoshi Business Service Co., Ltd.** – property renting/ broking/management, sales of office supplies and financial-instruments trading agency.  
(100.0% owned)

### **III. Management Policy**

#### **1. Basic Policy**

The Company’s management philosophy focuses on “Remaining a Firm of Customers’ Trust and Choice.” Under this philosophy, the Company aims to become a “Name-brand Boutique House” in the finance and securities industry with the motto of “Becoming a Securities Company Like No Other in Japan.” In its efforts for management policy

realization, the Company intends to heighten the fairness and transparency of management along its credo (corporate philosophy) and to promote flexible and relevant decision-making, thereby maximizing earnings and corporate value while bolstering its corporate governance. Taking advantage of the company-with-committees system and its executive officer system, the Company aims to raise the promptitude and effectiveness of business executions and toughen its surveillance over business executions.

The Company's credo (corporate philosophy):

Management philosophy: To remain a company of customers' trust and choice

Management objective: Name-brand boutique house in finance and securities industry

Action guidelines: Gratitude, Integrity, Courage, Responsiveness, Continuity and Long-Term Good Relation.

## **2. Triangular Pyramid Management**

The Company is promoting "Triangular Pyramid Management" --- with the research division forming the base of the pyramid, and the retail, wholesale and support/products divisions forming their respective facets of the pyramid, and the pyramid itself is firmly supported by the back-office division. This management style is intended to maximize the capability of each division/subsidiary and enhance the co-working synergy of all the divisions/subsidiaries. This synergistic process will also raise the quality of the Company's products, information and customer services, thereby further satisfying the Company's retail customers' needs for asset-building and corporate customers' requirements.

## **3. New Medium-Term Management Policy & 8 Basic Strategies**

The Company aims to be a securities firm of first choice for each individual customer by building a "Name-brand Boutique House" in finance and securities on the basis of the Company's credo. Regarding customers' assets in custody as a barometer of "customers' trust" and "fundamental strength of Ichiyoshi," the Company will strive for a sustainable growth by expanding customers' assets as an overriding management objective and source of revenue.

In order to further strengthen the foundation of the boutique house so far built through the preceding management plans, the Company formulated the New Medium-Term Management Plan with its target date set for the end of March 2020. Setting the expansion of customers' assets, the implementation of compliance and corporate governance as core items of the medium-term plan, the Company is determined to realize the plan.

The following are numerical targets in the New Medium-Term Management Plan as compared to their interim progresses as of March 31, 2017:

Items	Targets	Interim progress
	(Final date: Mar. 31, 2020)	(As of Mar. 31, 2017)
Customers' assets in custody	3.5 trillion yen	1.7479 trillion yen
Return on equity	More than 15%	6.6%
No. of lead-managed companies(cumulative)	70	45

## [8 Basic Strategies for Growth]

### (1) Execution of "Ichiyoshi Credo"

Management philosophy, management objective and action guidelines for everlasting corporate growth.

### (2)Expansion of Business Base

Expansion of customers' assets in custody

"Customer strategy," "Product strategy," "Diversification of customer channel"

### (3)Continuous Improvement on Revenue-Cost Structure

Revenue-cost structure insusceptible to market fluctuations

"Stable Income through expansion of outstanding balance of investment funds and wrap-accounts," "Covering of cost by income through other than stocks"

### (4)Increased Profitability on Existing Business Areas

Increased profitability on specialization in small-and medium-cap stocks

"Investment funds on small- and medium-cap stocks," Institutional business,"

"Investment banking," "Tie-ups with local financial institutions," "Expansion of investment portfolios at Ichiyoshi Asset Management Co., Ltd."

### (5)Comprehensive Power of Ichiyoshi

Strengthening of "Triangle Management"

"Enhancement of customer services backed up by the Head Office and headquarters,"

"Promotion of synergistic effects with consolidated subsidiaries"

### (6)Practical observance of compliance

Compliance is a source and power of competitiveness.

"Absoluteness of Compliance," "Stress on compliance from client perspective"

### (7)Cultivation of human resources

Growth lies in personnel.

"Nurturing of young-age advisers," "Nurturing and managerial promotion of female personnel," "Appropriate use of senior employees"

### (8)Setting up of "worker-friendly and worthwhile office"

"Office with freely-communicable and worker-friendly atmosphere," "Improvement on working method and system," "Review of welfare and working environment"

#### 4. Challenges to Be Tackled

As the governmental promotion of capital flow “From Savings to Investments” and then that of “From Savings to Asset-building” are being advocated against the backdrop of continuing virtually negative interest rates, securities companies in Japan will be urged more than ever to develop customer-based businesses. The Company has long provided customers with products and services prioritizing the relationship of trust with customers and based on our view of “Compliance is a Source of Competitiveness.” Thus, the Company believes that the current circumstances are ripe for its further advances and is prepared to ride on the trend towards business evolution.

The Company has continued to propose its fund wrap “Dream Collection” as a “Core Fund Assets” for customers’ medium-to long-term investment, while recommending “Ichiyoshi Small- and Medium-Cap Growth Stock Fund” as an “Active Fund Assets,” thereby meeting each customer’s needs for portfolio diversification based on the nature of his funds and enhancing customer satisfaction. With respect to stocks, the Company has also recommended investment diversifications between “Core Stock Assets” for medium-to long-term stable holdings and “Active Stock Assets” for a medium-to long-term growth focused on growth-potential companies picked based on the Ichiyoshi group’s strength of research on small-and medium-cap stocks.

Driving forward with these proposals, the Company is determined to expand customers’ assets in custody.

The Company has for some time considered as one of important management tasks the improvement on labor condition and working environment, personnel system and cultivation of human resources. Thus, the Company has adopted “Setting-up of worker-friendly and worthwhile office” as one of the “8 Basic Strategies.” The Company will take specific measures to materialize it.

Taking advantage of the Company’s three distinctive features, namely, (1) research capability of Ichiyoshi Research Institute, Inc., (2) corporate governance capability and (3) compliance capability (leading to customer satisfaction), the Company is determined to realize the New Medium-Term Management Plan on the basis of the 8 Basic Strategies, placing the expansion of customers’ assets in the center of its efforts.

Thinking that the enhancement of branch network is essential for the expansion of customers’ assets in custody, the Company opened in April 2016 a planet plaza office in Narimasu, Tokyo, further strengthening the branch network in the Tokyo Metropolitan area. The Company also opened in April 2017 a pre-opening office in Hiroshima in western Chugoku district. The Company will continue to enhance its branch network taking into account potential flows of funds in Japan.

Investment funds, focused on small- and medium-cap stocks, managed by Ichiyoshi Asset Management Co., Ltd. on the back of the Ichiyoshi group’s research capability

are being accepted by a widening network of regional financial institutions because of their favorable performance record. Thus, the Company will proceed further with tie-ups with regional financial institutions for wider distribution of funds to ever-expanding layers of customers. Furthermore, Ichiyoshi Business Service Co., Ltd. is reactivating its agency activities for financial-instrument transactions through its newly-opened “Sakura Life-Pension Support Office” in Narimasu (opened on April 3, 2017). The office is specialized in consulting on retired life of customers in occupationally-categorized markets.

The corporate division at the Company will endeavor to increase the number of lead-managements for IPOs and POs, and the administrative and planning division will make efforts for the building and streamlining of a strong back-up system to support the front office division.

Officers and employees at the Company and its subsidiaries, all united, will exert themselves to further enhance the synergistic effects within the Ichiyoshi group.

#### **. Basic Policy on Accounting Standards**

The Company and its group companies prepare financial statements in compliance with generally-accepted accounting standards in Japan. The Company has no plan to consider applying IFRS (International Financial Reporting Standards).



## . Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2016	As of March 31 2017
<b>Assets</b>		
Current assets		
Cash and deposits	16,311	18,249
Cash segregated as deposits	4,962	9,933
Trading products	464	317
Trading securities and other	464	317
Trade date accrual	-	1
Margin transaction assets	13,408	13,875
Loans on margin transactions	13,171	13,302
Cash collateral pledged for securities borrowing on margin transactions	236	573
Advances paid	15	22
Cash paid for offering	3,020	3,400
Short-term loans receivable	22	10
Accrued income	1,264	1,299
Deferred tax assets	330	317
Other current assets	95	109
Allowance for doubtful accounts	△2	△2
<b>Total current assets</b>	<b>39,892</b>	<b>47,533</b>
Non-current assets		
Property, plant and equipment	3,938	3,291
Buildings, net	1,236	1,016
Equipment	666	612
Land	2,030	1,646
Leased assets, net	5	16
Intangible assets	563	617
Goodwill	18	8
Software	543	434
Software in progress	-	172
Other	0	1
Investments and other assets	2,199	2,263
Investment securities	1,197	1,249
Long-term loans receivable	28	16
Long-term guarantee deposits	916	914
Net defined benefit asset	38	66
Deferred tax assets	3	2
Other	26	24
Allowance for doubtful accounts	△10	△10
<b>Total non-current assets</b>	<b>6,701</b>	<b>6,173</b>
<b>Total assets</b>	<b>46,593</b>	<b>53,706</b>
<b>Liabilities</b>		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	37	-
Margin transaction liabilities	3,006	4,925
Borrowings on margin transactions	2,445	3,802
Cash received for securities lending on margin transactions	561	1,123
Deposits received	5,794	11,609
Guarantee deposits received	1,103	1,245
Accounts for non-received securities and others	0	0
Short-term loans payable	210	210
Lease obligations	2	4
Income taxes payable	570	333
Provision for bonuses	707	694
Other current liabilities	1,010	1,057
<b>Total current liabilities</b>	<b>12,444</b>	<b>20,081</b>
Non-current liabilities		
Long-term loans payable	302	263
Lease obligations	2	11
Deferred tax liabilities	41	34
Deferred tax liabilities for land revaluation	30	7
Other noncurrent liabilities	30	27
<b>Total non-current liabilities</b>	<b>406</b>	<b>344</b>
Reserves under special laws		
Reserve for financial products transaction liabilities	182	180
<b>Total reserves under special laws</b>	<b>182</b>	<b>180</b>
<b>Total liabilities</b>	<b>13,033</b>	<b>20,607</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,696	8,687
Retained earnings	12,391	12,135
Treasury shares	△747	△1,608
<b>Total shareholders' equity</b>	<b>34,917</b>	<b>33,792</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	35
Revaluation reserve for land	△1,849	△1,187
Remeasurements of defined benefit plans	191	162
<b>Total accumulated other comprehensive income</b>	<b>△1,604</b>	<b>△990</b>
Subscription rights to shares	198	231
Non-controlling interests	47	65
<b>Total net assets</b>	<b>33,560</b>	<b>33,099</b>
<b>Total liabilities and net assets</b>	<b>46,593</b>	<b>53,706</b>

## 2. Consolidated Income Statements

(in millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Operating revenue		
Commission received	19,682	18,857
Commission to consignees	7,633	7,070
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1,284	361
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,558	5,642
Other fees received	6,205	5,782
Net trading income	325	209
Financial revenue	314	237
Other operating revenue	1,523	1,409
Total operating revenue	21,846	20,714
Financial expenses	70	66
Other operating expenses	1,429	1,309
Net operating revenue	20,346	19,338
Selling, general and administrative expenses		
Trading related expenses	1,922	1,600
Personnel expenses	9,494	9,254
Real estate expenses	1,863	1,816
Office cost	2,150	2,394
Depreciation	422	406
Taxes and dues	218	300
Provision of allowance for doubtful accounts	0	-
Other	579	571
Selling, general and administrative expenses	16,651	16,344
Operating profit	3,695	2,994
Non-operating income		
Dividends from investment securities	26	22
Gain on investments in partnership	87	43
Insurance and dividend income	1	20
Other	24	21
Total non-operating income	139	108
Non-operating expenses		
Loss on investments in partnership	22	4
Miscellaneous loss	-	18
Other	0	1
Total non-operating expenses	22	24
Ordinary profit	3,813	3,077
Extraordinary income		
Gain on sales of investment securities	156	27
Gain on sales of non-current assets	-	38
Gain on reversal of subscription rights to shares	3	3
Reversal of reserve for financial products transaction liabilities	1	1
Total extraordinary income	161	71
Extraordinary losses		
Loss on retirement of non-current assets	22	5
Loss on sales of non-current assets	-	63
Loss on sales of investment securities	9	0
Loss on valuation of golf club membership	-	13
Cancellation cost of system use	-	10
Bad debts written off	-	1
Impairment loss	4	-
Total extraordinary losses	35	94
Profit before income taxes	3,939	3,054
Income taxes - current	1,267	836
Income taxes - deferred	81	17
Total income taxes	1,349	853
Profit	2,589	2,200
Profit attributable to non-controlling interests	9	17
Profit attributable to owners of parent	2,580	2,183

## Consolidated Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,589	2,200
Other comprehensive income		
Valuation difference on available-for-sale securities	△122	△19
Revaluation reserve for land	1	662
Remeasurements of defined benefit plans, net of tax	△149	△28
Total other comprehensive income	△270	614
Comprehensive income	2,319	2,814
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,309	2,797
Comprehensive income attributable to non-controlling interests	9	17

### 3 . Consolidated Statement of changes in equity

for the fiscal year ended March 31, 2016

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,577	8,710	11,825	281	34,832
Changes of items during period					
Dividends of surplus			2,014		2,014
Profit attributable to owners of parent			2,580		2,580
Purchase of treasury shares				499	499
Disposal of treasury shares		13		33	19
Reversal of revaluation reserve for land					-
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	13	565	466	85
Balance at end of current period	14,577	8,696	12,391	747	34,917

	Total accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	176	1,851	340	1,333
Changes of items during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Reversal of revaluation reserve for land				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes of items other than shareholders' equity	122	1	149	270
Total changes of items during period	122	1	149	270
Balance at end of current period	54	1,849	191	1,604

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	141	50	33,690
Changes of items during period			
Dividends of surplus			2,014
Profit attributable to owners of parent			2,580
Purchase of treasury shares			499
Disposal of treasury shares			19
Reversal of revaluation reserve for land			-
Change in ownership interest of parent due to transactions with non-controlling interests			0
Net changes of items other than shareholders' equity	57	3	215
Total changes of items during period	57	3	130
Balance at end of current period	198	47	33,560

for the fiscal year ended March 31, 2017

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,577	8,696	12,391	747	34,917
Changes of items during period					
Dividends of surplus			1,777		1,777
Profit attributable to owners of parent			2,183		2,183
Purchase of treasury shares				880	880
Disposal of treasury shares		8		19	10
Reversal of revaluation reserve for land			662		662
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	8	256	860	1,125
Balance at end of current period	14,577	8,687	12,135	1,608	33,792

	Total accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	54	1,849	191	1,604
Changes of items during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Reversal of revaluation reserve for land				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes of items other than shareholders' equity	19	662	28	614
Total changes of items during period	19	662	28	614
Balance at end of current period	35	1,187	162	990

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	198	47	33,560
Changes of items during period			
Dividends of surplus			1,777
Profit attributable to owners of parent			2,183
Purchase of treasury shares			880
Disposal of treasury shares			10
Reversal of revaluation reserve for land			662
Change in ownership interest of parent due to transactions with non-controlling interests			-
Net changes of items other than shareholders' equity	33	17	664
Total changes of items during period	33	17	461
Balance at end of current period	231	65	33,099

#### 4. Consolidated Cash Flow Statements

(in millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,939	3,054
Depreciation	422	406
Amortization of goodwill	29	9
Increase (decrease) in provision for bonuses	54	△12
Decrease (increase) in net defined benefit asset	166	△27
Increase (decrease) in allowance for doubtful accounts	△0	△0
Interest and dividend income	△38	△48
Interest expenses	11	8
Impairment loss	4	-
Loss (gain) on sales of investment securities	△147	△27
Bad debts expenses	-	1
Loss (gain) on sales of non-current assets	-	24
Loss on retirement of non-current assets	22	5
Loss on valuation of golf club memberships	-	13
Cancellation cost of system use	-	10
Gain on reversal of subscription rights to shares	△3	△3
Increase (decrease) in reserve for financial products transaction liabilities	△1	△1
Decrease (increase) in cash segregated as deposits for customers	△660	△4,970
Increase (decrease) in deposits and guarantee deposits received	△1,076	5,956
Decrease (increase) in short-term loans receivable	△11	12
Decrease (increase) in trading products - assets (liabilities)	△0	△42
Decrease/increase in assets/liabilities for margin transaction	2,789	1,450
Decrease (increase) in cash paid for subscription	△138	△379
Other, net	△82	32
Subtotal	5,278	5,472
Interest and dividend income received	38	48
Interest expenses paid	△11	△8
Income taxes paid	△1,324	△1,156
Net cash provided by (used in) operating activities	3,980	4,356
Cash flows from investing activities		
Purchase of property, plant and equipment	△46	△73
Proceeds from sales of property, plant and equipment	-	465
Purchase of intangible assets	△242	△266
Purchase of investment securities	-	△220
Proceeds from sales of investment securities	611	181
Payments of long-term loans receivable	△10	△4
Collection of long-term loans receivable	17	14
Other, net	△23	△12
Net cash provided by (used in) investing activities	307	83
Cash flows from financing activities		
Repayments of long-term loans payable	△39	△39
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△12	-
Repayments of lease obligations	△3	△3
Proceeds from exercise of share options	16	9
Purchase of treasury shares	△499	△880
Cash dividends paid	△2,010	△1,774
Net cash provided by (used in) financing activities	△2,549	△2,689
Effect of exchange rate change on cash and cash equivalents	△27	△0
Net increase (decrease) in cash and cash equivalents	1,712	1,750
Cash and cash equivalents at beginning of period	13,963	15,675
Cash and cash equivalents at end of period	15,675	17,426

## 5. Notes to Consolidated Financial Statements

(There is no note to premises for continuing business.)

### (Material Matters Essential for Preparation of Consolidated Financial Statements)

1. Matters concerning scope of consolidation:

Consolidated subsidiaries: 3 companies

Namely:

- (i) Ichiyoshi Research Institute Inc.
- (ii) Ichiyoshi Asset Management Co., Ltd.
- (iii) Ichiyoshi Business Service Co., Ltd.

2. Matters concerning application of an equity method: None

3. Matters concerning fiscal-year account-settlement days of consolidated subsidiaries

The fiscal-year account-settlement days of all consolidated subsidiaries coincide with the consolidated fiscal-year account-settlement day (March 31).

### (Changes in accounting policies and estimates and re-presentation of modifications)

(Changes in accounting policy)

The Company started to apply “Practical Handling of Changes to Depreciation Methods under Tax System Amendment of Year 2016” (Practical Application Report No. 32, dated June 17, 2016) effective from the fiscal year ended March 31, 2017. Thus, the Company changed depreciation method from declining-balance method to straight-line method on facilities and structures attached to buildings acquired on and after April 1, 2016.

This change had an immaterial effect on operating income, current income and income before taxes and tax adjustments for the fiscal year ended March 31, 2017.

### (Additional information)

The Company started to apply “Application Guidelines on Collectability of Deferred Tax Assets” (Corporate Accounting Standard Application Guidelines No. 26, dated March 28, 2016) effective from the fiscal year ended March 31, 2017.

### (Segment Information)

1. Segment information

(For the fiscal year ended March 31, 2017)

Since the Company and its group companies are engaged in one single segment of business defined as “investment and financial services”, the description of segment information is omitted.

## 2. Related information

(For the fiscal year ended March 31, 2017)

### (1) Information by product and service:

Since investment and financial services defined as one single segment accounted for more than 90% of operating revenue on the consolidated income statement, the description of information by product and service is omitted.

### (2) Information by area:

#### (a) Operating revenue:

Since operating revenue derived from domestic customers accounted for more than 90% of operating revenue on the consolidated income statement, the description of operating revenue by area is omitted.

#### (b) Tangible fixed assets:

Since there is no tangible fixed asset outside Japan, the description of tangible fixed assets by area is omitted.

#### (c) Information by main customers:

Since there is no customer who accounts for more than 10% of operating revenue, the description of main customers is omitted.

### (3) Information on impairment loss on tangible fixed asset by described segment:

For the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017):

Since the Company and its group companies are engaged in one single segment of business defined as “investment and financial services,” the description of impairment loss on tangible asset by segment is omitted.

### (4) Information on depreciated amount or undepreciated balance of goodwill by described segment:

For the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017):

Since the Company and its group companies are engaged in one single segment of business defined as “investment and financial services,” the description of depreciated amount or undepreciated balance of goodwill by segment is omitted.

### (5) Information on gains from negative goodwill by described segment:

For the fiscal year ended March 31, 2017 (From April 1, 2016, to March 31, 2017):

Since the Company and its group companies are engaged in one single segment of business defined as “investment and financial services,” the description of gains from negative goodwill by segment is omitted.



**[Per-share Data on a consolidated basis]**

	--- Fiscal year ended ---	
	March 31, 2016	March 31, 2017
Per-share net worth	763.66yen	769.18yen
Per-share net income	58.88yen	50.89yen
Per-share net income on a diluted basis (adjusted for shares potentially issuable)	58.77yen	50.83yen

Notes: (1) Basis for computation of per-share net income on non-diluted and diluted basis:

	--- Fiscal year ended ---	
	March 31, 2016	March 31, 2017
Per-share net income:		
Net income attributable to owners of parent	2,580 million yen	2,183 million yen
Amount not attributable to common shareholders	--	--
Net income related to common shares		
Attributable to owners of parent	2,580 million yen	2,183 million yen
Average no. of outstanding common shares during the fiscal year	43,820 thousand	42,902 thousand

**Per-share net income on a diluted basis**

(adjusted for potentially issuable shares):

Adjusted amount of net income attributable to owners of parent	--	--
No. of common shares increased during the fiscal year	81 thousand	52 thousand
(of which issued upon exercise of stock options)	(81 thousand)	(52 thousand)

Contents of potentially-issuable shares

having no diluting effect and thus not included in computation of per-share income on a diluted basis

Stock option-base equity warrants:	Stock option-based equity warrants
(1)No. of warrants: 56; No. of shares issuable: 5,600 shares.	(1)No of warrants:56; No. of shares issuable:

(resolved on April 16, 2013)	5,600 shares
(2)No. of warrants: 4,396; No. of shares issuable: 439,600 shares	(resolved on Apr. 16, 2013)
(resolved on Nov. 22, 2013)	(2) No. of warrants:
(3)No. of warrants: 40; No. of shares issuable: 4,000 shares	4,311: No. of shares issuable: 431,100shares
(resolved on Aug. 12, 2014)	(resolved on Nov.22, 2013)
(4)No. of warrants: 346; No. of Share issuable: 346,000shares	(3) No. of warrants:40; No. of shares issuable: 4,000 shares (resolved on on Aug. 12, 2014)
	(4) No. of warrants: 319, No. of shares issuable: 31,900 shares. (resolved On May 12, 2015)
	(5) No. of warrants: 4,806, No. of shares issuable: 480,600 shares (resolved on May 17, 2016)

Note (2): Basis for computation of per-share net worth:

	Fiscal year ended	
	March 31, 2016	March 31, 2017
Net worth	33,560 million yen	33,099 million yen
Deductions from net worth	246 million yen	297million yen
(of which amount due to stock options)	(198 million yen)	(231 million yen)
(of which amount due to non-controlling interest)	(47 million yen)	(65 million yen)
Net worth related to common shares as of the end of fiscal year	33,313 million yen	32,802 million yen
No. of common shares as of the end of fiscal year used for computation of per-share net worth	43,623 thousand	42,645 thousand

(Subsequent Material Events after March 31, 2017) : None

## . Supplemental Information

Supplemental information on consolidated business result for the fiscal year ended March 31, 2017:

### 1. Commissions

(1) Commissions by sources	(in millions of yen)		
	--- Fiscal year ended ---		(B) over (A)
	March 31, 2016	March 31, 2017	
	(A)	(B)	(%)
Brokerage commissions	7,633	7,070	-7.4
(Stocks)	(7,254)	(6,812)	(-6.1)
(Beneficiary certificates)	(378)	(258)	(-31.9)
Commissions from underwriting			
and solicitation to specified investors	1,284	361	-71.8
(Stocks)	(1,283)	(361)	(-71.8)
Commissions from distribution			
and solicitation to specified investors	4,558	5,642	23.8
(Beneficiary certificates)	(4,505)	(5,556)	(23.3)
Commissions from other sources	6,205	5,782	-6.8
(Beneficiary certificates*)	(5,425)	(5,189)	(-4.3)
Total	19,682	18,857	-4.2

#### \*Breakdown of (Beneficiary certificates)

(in millions of yen with fractions less than a million yen rounded down)

	--- Fiscal year ended ---		(B) over (A)
	March 31, 2016		
	(A)	(B)	(%)
Trailer fees relating to distribution	4,920	4,174	-15.2
Trustee fees for fund management	374	545	45.7
Fees from fund wrap accounts	130	469	260.5
Total	5,425	5,189	-4.3

(2) Commissions by products	(in millions of yen)		
	--- Fiscal year ended ---		(B) over (A)
	March 31, 2016	March 31, 2017	
	(A)	(B)	(%)
Stocks	8,575	7,202	-16.0
Bonds	54	85	57.8
Beneficiary certificates	10,309	11,004	6.7
Others	743	564	-24.0
Total	19,682	18,857	-4.2

2. Gains or loss on trading	(in millions of yen)		
	--- Fiscal year ended ---		(B) over (A)
	March 31, 2016	March 31, 2017	
	(A)	(B)	(%)
Stocks, etc.	33	83	146.8
Bonds, foreign exchange, etc.	291	126	-56.7
(Bonds, etc.)	(267)	(106)	(-60.2)
(Foreign exchange, etc.)	(24)	(19)	(-19.2)
Total	325	209	-35.5

### 3 . Quarterly Consolidated Income Statements for Recent Eight Quarters

(in millions of yen)

	1st Q (4-6/'15)	2nd Q (7-9/'15)	3rd Q 10-12/'15)	4th Q (1-3/'16)	1st Q (4-6/'16)	2nd Q (7-9/'16)	3rd Q 10-12/'16)	4th Q (1-3/'17)
Operating revenue	5,811	5,414	5,707	4,913	5,273	4,772	5,053	5,614
Commission received	5,276	4,923	5,112	4,369	4,808	4,354	4,590	5,104
Net trading income	58	54	140	71	34	51	62	61
Financial revenue	79	84	84	67	56	52	65	62
Other operating revenue	396	352	370	405	374	313	335	386
Financial expenses	20	17	17	14	10	13	22	18
Other operating expenses	362	329	355	381	345	290	316	356
Net operating revenue	5,428	5,067	5,333	4,518	4,917	4,467	4,714	5,238
Selling, general and administrative expenses	4,267	4,110	4,178	4,094	4,118	3,985	4,060	4,181
Trading related expenses	416	478	530	497	433	366	379	421
Personnel expenses	2,506	2,359	2,349	2,278	2,292	2,317	2,309	2,335
Real estate expenses	469	463	454	475	464	451	445	454
Office cost	542	499	549	559	584	552	624	633
Depreciation	101	106	107	107	98	99	98	110
Taxes and dues	58	60	56	44	75	67	71	86
Provision of allowance for doubtful accounts	0	0	0	0	—	—	—	—
Other	173	143	131	130	169	131	131	140
Operating profit	1,160	956	1,154	423	798	482	654	1,057
Non-operating income	48	60	15	15	22	13	28	43
Non-operating expenses	0	9	0	12	0	5	1	17
Ordinary profit	1,208	1,007	1,170	427	821	490	681	1,083
Extraordinary income	49	88	4	18	40	2	0	27
Extraordinary losses	—	18	13	4	11	66	0	16
Profit before income taxes	1,257	1,077	1,162	441	850	427	681	1,095
Income taxes - current	309	545	193	219	137	99	66	532
Income taxes - deferred	128	144	234	136	158	139	177	179
Profit	820	677	733	358	554	467	436	742
Profit attributable to non-controlling interests	2	2	2	2	1	1	2	11
Profit attributable to owners of parent	817	674	731	356	552	465	433	731

( END )