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(English translation for reference purposes only)

EARNINGS REPORT FOR FIRST TWO QUARTERS OF FISCAL 2017

(April 1 to September 30, 2017)

(Consolidated under Japanese GAAP)

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

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

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

Inquiry to: Mr. Shoichi Yamazaki, Operating Officer in charge of Finance and Planning

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Date of filing First Two Quarters Report: November 14, 2017 (scheduled)

Preparation of supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: Planned for institutional investors and analysts.

(Figures less than one million yen are rounded down)

1. Outline of Consolidated Business Result for First Two Quarters of Fiscal 2017 (from April 1 to September 30, 2017)

(1) Highlights of consolidated business result (in millions of yen, except per-share figures)
(% indicates a change over the year-earlier period)

	Operating Revenue (%)	Net operating Revenue (%)	Operating Income (%)	Current Income (%)
Six months ended Sep. 30, 2017	12,401 (+23.4)	11,699 (+24.7)	2,991 (+133.4)	3,037 (+131.5)
Six months ended Sep. 30, 2016	10,046 (-10.5)	9,384 (-10.6)	1,281 (-39.5)	1,312 (-40.8)

Notes: Comprehensive income for the first two quarters of fiscal 2017: 2,209 million yen (+42.0%)

Comprehensive income for the first two quarters of fiscal 2016: 1,556 million yen (+7.8%)

	Net income attributable to owners of parent (%)	Net income per share	Net income per share- fully diluted
Six months ended Sep. 30, 2017	2,034 (+99.9)	47.71yen	47.66yen
Six months ended Sep. 30, 2016	1,018 (-31.8)	23.60yen	23.57yen

(2) Consolidated financial condition (in millions of yen)

	Total assets	Net assets	Equity ratio
As of Sep. 30, 2017	66,485	34,627	51.6%
As of Mar. 31, 2017	53,706	33,099	61.1%

Notes: Shareholders' equity as of Sep. 30, 2017: 34,339 million yen

Shareholders' equity as of Mar. 31, 2017: 32,802 million yen

2. Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
Fiscal 2016 ended Mar. 31, 2017		15.00yen		16.00yen	31.00yen
Fiscal 2017 ended Mar. 31, 2018		24.00yen		****	****

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.

(ii) It is not the Company’s practice to give an earnings or dividend forecast. Hence,****.

3. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2017 (from April 1, 2017 to March 31, 2018)

Since the forecast of earnings of 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 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 modifications:
 - (i) Changes in accounting policies resulting from revisions to accounting standards: None.
 - (ii) Changes other than those in (i): None.
 - (iii) Changes in accounting estimates: None.
 - (iv) Re-presentation of revisions: None.
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of September 30, 2017: 44,431,386 shares (including treasury shares)
 Number of shares issued as of March 31, 2017 : 44,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of September 30, 2017: 1,752,881 shares.
 Number of treasury shares as of March 31, 2017 : 1,786,050 shares.
 - (iii) Average number of shares outstanding during the first two quarters of fiscal 2017:
 42,653,345 shares.
 Average number of shares outstanding during the first two quarters of fiscal 2016:
 43,149,662 shares.

Additional points to note:

1. Quarterly earnings figures included in this report are not subject to reviewing by certified public accountants.

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. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2017 (from April 1, 2017 to March 31, 2018)” on page 2, the Company does not provide a dividend forecast.

I. Qualitative Information on Business Result for First Two Quarters of Fiscal 2017

(1) Information on Business Result

During the first two quarters of fiscal 2017, the Japanese economy underwent virtuous cycles with consumer expenditures on a mild recovery path and production and export activities sustaining their rising trend as employment and income continued on an improvement track. While geopolitical risks and uncertainty in U.S. and European political scenes added to opaqueness in the global economy, U.S. and European economies continued on their recovery road as well.

In the meantime, the Japanese stock market started off nervously due to the heightened geopolitical risks surrounding North Korea and the stronger yen against the U.S. dollar with the Nikkei Stock Average on the Tokyo Stock Exchange ("TSE") declining to 18,224yen, a year-low, on April 17. Getting past the Russiagate surrounding the Trump administration thereafter, the Nikkei Stock Average rallied to 20,318yen, the highest since the beginning of the year, on June 20 in anticipation of higher business earnings on the backdrop of the weaker yen versus the U.S. dollar resulting from the FOMC's meeting in June. The Nikkei Stock Average thereafter yo-yoed narrowly above and below the 20,000yen mark for a while. Towards the end of July, Japan moved into earnings-reporting period for the April-June quarter, and a series of companies published strong business results successively. As August came, however, political turmoil in the U.S. and heightened tensions between the U.S. and North Korea dampened sentiments of domestic and overseas investors towards the Japanese stocks, causing corrections in the Nikkei Stock Average, which went down to 19,239yen on September 8. Thereafter, the Nikkei Stock Average rebounded as the yen weakened against the U.S. dollar and in expectation for favorable economic policies resulting from the low-house snap election. In the U.S., the FOMC at its meeting on September 19-20 maintained its rate-raising outlook and decided to start shrinking the Fed balance sheet from October, causing some anxiety over liquidity reduction. That notwithstanding, the leading U.S. stock indexes continued new highs against the background of favorable economic conditions and healthy business earnings, which in turn worked positively for the Japanese stocks. Thus, the Nikkei Stock Average ended the first two quarter period at 20,356yen.

On the foreign currency market, the yen started off fluctuating between 108yen and 114 yen per 1 U.S. dollar reflecting risk-averse currency transactions and interest rate gaps between Japan and the U.S. On September 8, the yen strengthened to the lower range of the 107yen per 1 U.S. dollar level, reflecting the geopolitical risks and heightened concerns over expanded disasters of hurricanes. As risk-averse transactions waned and the FOMC at its meeting on September 19-20 maintained the likelihood of raising a policy interest rate once within the year, however, the yen ended the two-quarter period at 112yen per 1 U.S. dollar.

The Japanese emerging-stock markets moved briskly on the back of good demand-supply relationship, with small-and medium-cap stocks with high growth potential in particular drawing attention. The Nikkei JASDAQ Stock Average ended the period at 3,593yen, the highest in 27 years and 1 month. The TSE Mothers Index recorded 1,214 a year-high, on June 23. The Index fell to 997 on September 6 and ended the period at 1,093.

The average daily turnover on the TSE for the first two quarters of fiscal 2017 was 2,658.9 billion yen, up 9.3% from the comparable period of fiscal 2016, that on the JASDAQ Stock Market was 72.7 billion yen, up 67.7%, and that on TSE Mothers was 114.1 billion yen, down 20.1%.

In such circumstances, the Company carried out various measures to meet customers' needs, such as placing in its proposals to customers asset-backed stocks with stress on stability and dividends under negative-interest environments, taking advantage of the Ichiyoshi group's strength in research on small-and medium-cap growth stocks. The Trading volume of stock

brokerage for the first two quarters of fiscal 2017 amounted to 1,195.2 billion yen, 14.0% increase from the year-earlier period.

With regard to investment trust funds, “Dream Collection,” a fund wrap account vehicle, showed a favorable performance as a conservative investment vehicle for customers’ medium- to long-term asset management. Its outstanding balance as of September 30, 2017, registered more than 72 billion yen. “Ichiyoshi Small- and Medium-Cap Growth Stock Fund,” launched in June 2016, fully taking advantage of synergy among the research ability of Ichiyoshi Research Institute Inc., the management ability of Ichiyoshi Asset Management Co. Ltd. and the sales ability of Ichiyoshi Securities Co., Ltd., also showed a favorable growth with its outstanding balance as of September 30, 2017 recording nearly 96 billion yen and its net asset value registering 14,098yen as of the same date. Further, “Ichiyoshi Japan High Dividend Stock & J REIT Fund,” launched in February 2017, showed a favorable growth with its outstanding balance as of September 30, 2017 recording nearly 14 billion yen. And “Ichiyoshi Invesco World Small- and Medium-Cap Growth Stock Fund,” launched on September 28, 2017, started off with its initial assets of 7.8 billion yen.

The outstanding amount of assets under the management of Ichiyoshi Asset Management continued to increase, reaching 270.8 billion yen as of September 30, 2017, which is 51.2% increase from that of March 31, 2017.

As a result of these activities, net operating revenue for the first two quarters of fiscal 2017 amounted to 11,699 million, up 24.7% from the first two quarters of fiscal 2016. Operating cost and expenses amounted to 8,708 million yen, up 7.5%. Hence, operating income registered 2,991 million yen, up 133.4% from the first two quarters of fiscal 2016.

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

i. Commissions

Total commissions for the first two quarters of fiscal 2017 amounted to 11,472 million yen, up 25.2 % from the year-earlier period.

(a) Brokerage commissions

Total brokerage commissions on stocks rose 40.1% to 4,368 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Section of the TSE, TSE Mothers and JASDAQ) registered 1,170 million yen, up 27.5%, and accounted for 26.8% of total brokerage commissions on stocks.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 13 initial public offerings on a management and underwriting basis (of which 1 was lead-managed by the Company) as against 11 participations in the year-earlier period. In the secondary market (which deals with financing by already-listed stocks and offering of stocks resulting from the transfer of listed sections), the Company participated in 4 deals on a management and underwriting basis as against 4 deals in the year-earlier period (of which 1 was lead-managed by the Company).

As a result, commissions from underwriting and solicitation to specified investors amounted to 252 million yen, up 2.7% from the comparable period of fiscal 2016.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,027 (of which 46 were lead-managed) as of September 30, 2017.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 3,384 million yen, up

18.9% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 3,423 million yen, up 19.0%.

(d)Commissions from other sources

Trailer fees rose 0.2% from the year-earlier period to 2,121 million yen. Management fees on investment trust funds managed by Ichiyoshi Asset Management recorded 524 million yen, up 157.2%. Fees from fund wrap accounts registered 450 million yen, up 149.1%. Adding these fees to fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 3,347 million yen, up 20.3%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 24 million yen, down 1.1% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 44 million yen, down 28.7%. As a result, total net gains on trading amounted to 68 million yen, down 20.9%.

iii. Interest and dividend income

Interest and dividend income rose 27.2% from the year-earlier period to 139 million yen, chiefly due to an increase in advances for margin transactions. Interest expenses swelled 63.0% to 40 million yen. As a result, net interest and dividend income recorded 99 million yen, up 16.8%.

Resultantly, net operating income for the first two quarters of fiscal 2017 amounted to 11,699 million yen, up 24.7% from the year-earlier period.

iv. Operating cost and expenses

Operating cost and expenses grew 7.5% from the year-earlier period to 8,708 million yen chiefly due to an increase in personnel-related expenses.

v. Non-operating income and expenses

The Company recorded non-operating income of 51 million yen, mostly consisting of investment gains on investment partnerships. As a result, net non-operating income amounted to 46 million yen, up 52.8% from the year-earlier period.

Resultantly, current income for the first two quarters of fiscal 2017 amounted to 3,037 million yen, up 131.5% from the year-earlier period.

vi Extraordinary income and loss

The Company registered extraordinary income of 65 million yen, mainly in the form of gains on sales of fixed assets, and extraordinary loss of 77 million yen, mainly consisting of impairment loss on fixed assets. Thus, net extraordinary loss amounted to 11 million yen.

Resultantly, income before taxes and tax adjustments for the first two quarters of fiscal 2017 registered 3,025 million yen, up 136.7% from the year-earlier period, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 1,078 million yen and after addition of corporate tax adjustments in the amount of 95 million yen) recorded 2,034 million yen, up 99.9% from the year-earlier period.

Customers' assets under custody as of September 30, 2017 amounted to 1,889.7 billion yen, up 14.3% from the year-earlier date. Contributing factors were fresh-money purchases of stocks and

investment trust funds, fresh-money inflows into fund wrap accounts and higher market levels.

(2) Information on Financial Condition

i. Condition of Assets, Liabilities and Net Worth

(a) Current assets

Current assets amounted to 60,376 million yen as of September 30, 2017, a rise of 12,843 million yen (up 27.0%) from March 31, 2017, mainly as cash and deposits swelled by 9,770 million yen, margin transaction assets grew by 1,815 million yen and advance payments for subscriptions rose by 1,428 million yen.

(b) Fixed assets

Fixed assets stood at 6,109 million yen as of September 30, 2017, a decline of 63 million yen (down 1.0%) from March 31, 2017, mainly as land and buildings decreased by 188 million yen and 118 million yen, respectively, while investment securities increased by 198 million yen.

As a result, total assets registered 66,485 million yen as of September 30, 2017, a rise of 12,779 million yen (up 23.8%) from March 31, 2017.

(c) Current liabilities

Current liabilities stood at 31,333 million yen as of September 30, 2017, a rise of 11,251 million yen (up 56.0%) from March 31, 2017. The rise resulted as cash payable to customers increased by 9,204 million yen partly as a result of a temporary rise in cash received for investment trust fund offering, income taxes payable rose by 884 million yen and margin transaction liabilities grew by 398 million yen.

(d) Long-term liabilities

Long-term liabilities recorded 344 million yen as of September 30, 2017, a decline of 0 million yen (down 0.1%) from March 31, 2017. The decline resulted mainly as long-term borrowings declined by 19 million yen, while deferred tax liabilities and lease obligations increased by 16 million yen and 2 million yen, respectively.

(e) Statutory reserves

Statutory reserves registered 180 million yen as of September 30, 2017.

(f) Net worth

Net worth amounted to 34,627 million yen as of September 30, 2017, a rise of 1,528 million yen (up 4.6%) from March 31, 2017. The increase resulted mainly from recording of net income (attributable to owners of parent) of 2,034 million yen for the first two quarters and a rise of 189 million yen in valuation difference on available-for-sale securities, while the Company paid dividends in the amount of 682 million yen.

ii. Cash Flow

Cash flow from operating activities for the first two quarters of fiscal 2017 recorded a positive figure of 10,413 million yen, an increase of 7,640 million yen from the comparable period of fiscal 2016, as income before taxes and tax adjustments and cash payable to customers rose. Cash flow from investing activities registered a positive figure of 74 million yen, a fall of 303 million yen, mainly due to proceeds from sales of tangible fixed assets. Cash flow from financing activities recorded a negative figure of 716 million yen, a rise of 1,116 million yen, chiefly as a result of

dividend payments.

Consequently, the amount of cash and cash equivalents as of September 30, 2017, stood at 27,198 million yen, a growth of 9,772 million yen from the end of the previous fiscal year (March 31, 2017).

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2017	As of September 30 2017
Assets		
Current assets		
Cash and deposits	18,249	28,019
Cash segregated as deposits	9,933	9,303
Trading products	317	334
Trading securities and other	317	334
Trade date accrual	1	-
Margin transaction assets	13,875	15,691
Loans on margin transactions	13,302	15,285
Cash collateral pledged for securities borrowing on margin transactions	573	405
Advances paid	22	18
Cash paid for offering	3,400	4,828
Short-term loans receivable	10	31
Accrued income	1,299	1,623
Deferred tax assets	317	432
Other current assets	109	97
Allowance for doubtful accounts	△2	△3
Total current assets	47,533	60,376
Non-current assets		
Property, plant and equipment	3,291	2,961
Buildings, net	1,016	897
Equipment	612	586
Land	1,646	1,458
Leased assets, net	16	18
Intangible assets	617	611
Goodwill	8	3
Software	434	595
Software in progress	172	11
Other	1	1
Investments and other assets	2,263	2,535
Investment securities	1,249	1,447
Long-term loans receivable	16	21
Long-term guarantee deposits	914	961
Net defined benefit asset	66	80
Deferred tax assets	2	2
Other	24	31
Allowance for doubtful accounts	△10	△9
Total non-current assets	6,173	6,109
Total assets	53,706	66,485
Liabilities		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	-	32
Margin transaction liabilities	4,925	5,323
Borrowings on margin transactions	3,802	4,417
Cash received for securities lending on margin transactions	1,123	906
Deposits received	11,609	20,813
Guarantee deposits received	1,245	1,556
Accounts for non-received securities and others	0	-
Short-term loans payable	210	210
Lease obligations	4	4
Income taxes payable	333	1,217
Provision for bonuses	694	900
Other current liabilities	1,057	1,273
Total current liabilities	20,081	31,333
Non-current liabilities		
Long-term loans payable	263	243
Lease obligations	11	13
Deferred tax liabilities	34	51
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	27	27
Total non-current liabilities	344	344
Reserves under special laws		
Reserve for financial products transaction liabilities	180	180
Total reserves under special laws	180	180
Total liabilities	20,607	31,858
Net assets		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,687	8,676
Retained earnings	12,135	13,425
Treasury shares	△1,608	△1,578
Total shareholders' equity	33,792	35,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35	224
Revaluation reserve for land	△1,187	△1,125
Remeasurements of defined benefit plans	162	140
Total accumulated other comprehensive income	△990	△760
Subscription rights to shares	231	243
Non-controlling interests	65	44
Total net assets	33,099	34,627
Total liabilities and net assets	53,706	66,485

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

(in millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Operating revenue		
Commission received	9,162	11,472
Net trading income	86	68
Financial revenue	109	139
Other operating revenue	688	721
Total operating revenue	10,046	12,401
Financial expenses	24	40
Other operating expenses	636	661
Net operating revenue	9,384	11,699
Selling, general and administrative expenses		
Trading related expenses	800	878
Personnel expenses	4,609	4,986
Real estate expenses	915	956
Office cost	1,137	1,178
Depreciation	197	208
Taxes and dues	142	172
Provision of allowance for doubtful accounts	-	0
Other	300	325
Total selling, general and administrative expenses	8,103	8,708
Operating profit	1,281	2,991
Non-operating income		
Dividends from investment securities	16	13
Gain on investments in partnership	8	27
Other	11	10
Total non-operating income	35	51
Non-operating expenses		
Loss on investments in partnership	5	4
Other	0	0
Total non-operating expenses	5	5
Ordinary profit	1,312	3,037
Extraordinary income		
Gain on sales of investment securities	1	1
Gain on sales of non-current assets	38	58
Gain on reversal of subscription rights to shares	1	5
Reversal of reserve for financial products transaction liabilities	1	-
Total extraordinary income	43	65
Extraordinary losses		
Loss on retirement of non-current assets	0	5
Loss on sales of non-current assets	63	6
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	-	0
Loss on valuation of golf club membership	13	-
Impairment loss	-	65
Total extraordinary losses	77	77
Profit before income taxes	1,278	3,025
Income taxes - current	237	1,078
Income taxes - deferred	19	△95
Total income taxes	256	983
Profit	1,021	2,042
Profit attributable to non-controlling interests	3	7
Profit attributable to owners of parent	1,018	2,034

Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Profit	1,021	2,042
Other comprehensive income		
Valuation difference on available-for-sale securities	△117	189
Revaluation reserve for land	662	-
Remeasurements of defined benefit plans, net of tax	△10	△21
Total other comprehensive income	534	167
Comprehensive income	1,556	2,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,552	2,202
Comprehensive income attributable to non-controlling interests	3	7

(3) Consolidated Cash Flow Statements

(in millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,278	3,025
Depreciation	197	208
Amortization of goodwill	5	4
Increase (decrease) in provision for bonuses	△19	205
Decrease (increase) in net defined benefit asset	△26	△14
Increase (decrease) in allowance for doubtful accounts	△0	0
Interest and dividend income	△21	△19
Interest expenses	4	3
Impairment loss	-	65
Loss (gain) on sales of investment securities	△1	△1
Loss (gain) on valuation of investment securities	-	0
Loss (gain) on sales of non-current assets	24	△51
Loss on retirement of non-current assets	0	5
Loss on valuation of golf club memberships	13	-
Gain on reversal of subscription rights to shares	△1	△5
Increase (decrease) in reserve for financial products transaction liabilities	△1	-
Decrease (increase) in cash segregated as deposits for customers	△470	630
Increase (decrease) in deposits and guarantee deposits received	2,010	9,516
Decrease (increase) in short-term loans receivable	4	△21
Decrease (increase) in trading products - assets (liabilities)	△196	△17
Decrease/increase in assets/liabilities for margin transaction	2,562	△1,416
Decrease (increase) in cash paid for subscription	△2,098	△1,428
Other, net	5	△101
Subtotal	3,268	10,587
Interest and dividend income received	21	19
Interest expenses paid	△4	△3
Income taxes paid	△513	△190
Net cash provided by (used in) operating activities	2,773	10,413
Cash flows from investing activities		
Purchase of property, plant and equipment	△39	△19
Proceeds from sales of property, plant and equipment	465	239
Purchase of intangible assets	△81	△100
Purchase of investment securities	△10	△20
Proceeds from sales of investment securities	42	42
Payments of long-term loans receivable	△1	△9
Collection of long-term loans receivable	7	4
Other, net	△6	△61
Net cash provided by (used in) investing activities	377	74
Cash flows from financing activities		
Repayments of long-term loans payable	△19	△19
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	△27
Repayments of lease obligations	△1	△2
Proceeds from exercise of share options	0	13
Purchase of treasury shares	△681	△0
Cash dividends paid	△1,130	△680
Net cash provided by (used in) financing activities	△1,832	△716
Effect of exchange rate change on cash and cash equivalents	△21	0
Net increase (decrease) in cash and cash equivalents	1,296	9,772
Cash and cash equivalents at beginning of period	15,675	17,426
Cash and cash equivalents at end of period	16,972	27,198

(4) Notes to Quarterly Consolidated Financial Statements

(Notes concerning premises for continuing business enterprise)

None.

(Notes in the event of material changes in shareholders' equity)

None.

(Application of accounting principles unique to the preparation of quarterly financial statements)

None.

(Changes to accounting policies and changes/representations of accounting estimates)

None.

. Supplementary Information

Breakdown of Consolidated Business Result for First Two Quarters of Fiscal 2017

1. Commissions

(1) Commissions by sources

Source	First two quarters of		Change (%) (b) over (a)	(in millions of yen) Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017(b)		
Brokerage commissions	3,256	4,448	36.6	7,070
(Stocks)	(3,118)	(4,368)	(40.1)	(6,812)
(Beneficiary certificates)	(138)	(80)	(-42.1)	(258)
Commissions from underwriting and solicitation to specified investors	246	252	2.7	361
(Stocks)	(246)	(252)	(2.7)	(361)
Commissions from distribution and solicitation to specified investors	2,875	3,423	19.0	5,642
(Beneficiary certificates)	(2,846)	(3,384)	(18.9)	(5,556)
Commissions from other Sources	2,783	3,347	20.3	5,782
(Beneficiary certificates*)	(2,503)	(3,097)	(23.7)	(5,189)
Total	9,162	11,472	25.2	18,857

*Breakdown of (Beneficiary certificates)

	First two quarters of		Change (%) (b) over (a)	(in millions of yen) Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017 (b)		
Trailer fees relating to distribution	2,118	2,121	0.2	4,174
Trust fees for fund Management	204	524	157.2	545
Fees from wrap-accounts	181	450	149.1	469
Total	2,503	3,097	23.7	5,189

(2) Commissions by products

	First two quarters of		Change (%) (b) over (a)	(in millions of yen) Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017(b)		
Stocks	3,379	4,638	37.3	7,202
Bonds	29	38	32.4	85
Beneficiary certificates	5,488	6,561	19.6	11,004
Others	265	234	-12.0	564

Total	9,162	11,472	25.2	18,857
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2 . Gains or loss on trading

(in millions of yen)

	First two quarters of Fiscal 2016(a)	Fiscal 2017(b)	Change (%) (b) over (a)	Fiscal 2016
Stocks, etc.	24	24	-1.1	83
Bonds, foreign exchange, etc.	61	44	-28.7	126
(Bonds, etc.)	(51)	(36)	(-29.8)	(106)
(Foreign exchange, etc.)	(10)	(7)	(-22.7)	(19)
Total	86	68	-20.9	209

3 . Quarterly Consolidated Income Statements for Recent Six Quarters

(in millions of yen)

	1st Q (4-6/'16)	2nd Q (7-9/'16)	3rd Q (10-12/'16)	4th Q (1-3/'17)	1st Q (4-6/'17)	2nd Q (7-9/'17)
Operating revenue	5,273	4,772	5,053	5,614	5,866	6,535
Commission received	4,808	4,354	4,590	5,104	5,376	6,096
Net trading income	34	51	62	61	32	36
Financial revenue	56	52	65	62	67	71
Other operating revenue	374	313	335	386	390	331
Financial expenses	10	13	22	18	20	19
Other operating expenses	345	290	316	356	354	307
Net operating revenue	4,917	4,467	4,714	5,238	5,491	6,208
Selling, general and administrative expenses	4,118	3,985	4,060	4,181	4,347	4,361
Trading related expenses	433	366	379	421	430	448
Personnel expenses	2,292	2,317	2,309	2,335	2,470	2,516
Real estate expenses	464	451	445	454	484	472
Office cost	584	552	624	633	601	577
Depreciation	98	99	98	110	102	106
Taxes and dues	75	67	71	86	79	93
Provision of allowance for doubtful accounts	—	—	—	—	0	0
Other	169	131	131	140	180	145
Operating profit	798	482	654	1,057	1,143	1,847
Non-operating income	22	13	28	43	22	29
Non-operating expenses	0	5	1	17	0	4
Ordinary profit	821	490	681	1,083	1,165	1,872
Extraordinary income	40	2	0	27	60	4
Extraordinary losses	11	66	0	16	65	11
Profit before income taxes	850	427	681	1,095	1,160	1,865
Income taxes - current	137	99	66	532	281	796
Income taxes - deferred	158	△139	177	△179	89	184
Profit	554	467	436	742	789	1,253
Profit attributable to non-controlling interests	1	1	2	11	3	4
Profit attributable to owners of parent	552	465	433	731	785	1,249

(END)