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(English translation for reference purposes only)

# **EARNINGS REPORT FOR FIRST THREE QUARTERS OF FISCAL 2017**

**( April 1 to December 31, 2017 )**

(Consolidated under Japanese GAAP)

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

Listed on: Tokyo Stock Exchange (1<sup>st</sup> 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 Three Quarters Report: February 14, 2018 (scheduled)

Preparation of supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: None.

(Figures less than one million yen are rounded down)

## **1. Outline of Consolidated Business Result for First Three Quarters of Fiscal 2017 (from April 1 to December 31, 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 (%)
Nine months ended Dec. 31, 2017	19,750 (+30.8)	18,693 (+32.6)	5,238 (+170.5)	5,333 (+167.6)
Nine months ended Dec. 31, 2016	15,100 (-10.8)	14,099 (-10.9)	1,936 (-40.8)	1,993 (-41.1)

Notes: Comprehensive income for the first three quarters of fiscal 2017: 3,825 million yen (+85.5%)

Comprehensive income for the first three quarters of fiscal 2016: 2,061 million yen (- 6.5%)

	Net income attributable to owners of parent (%)	Net income per share	Net income per share- fully diluted
Nine months ended Dec. 31, 2017	3,618 (+149.2)	84.79yen	84.65yen
Nine months ended Dec. 31, 2016	1,451 (-34.7)	33.77yen	33.73yen

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

	Total assets	Net assets	Equity ratio
As of Dec. 31, 2017	59,008	35,249	59.2%
As of Mar. 31, 2017	53,706	33,099	61.1%

Notes: Shareholders' equity as of Dec. 31, 2017: 34,951 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 December 31, 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 December 31, 2017: 1,699,780 shares.  
 Number of treasury shares as of March 31, 2017 : 1,786,050 shares.
  - (iii) Average number of shares outstanding during the first three quarters of fiscal 2017:  
 42,674,914 shares.  
 Average number of shares outstanding during the first three quarters of fiscal 2016:  
 42,989,008 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. Outline on Business Result

### (1) Outline on business result for the first three quarters of fiscal 2017

During the first three quarters of fiscal 2017, the Japanese economy maintained its generally-mild pace of recovery on the continuous improvement of employment and income conditions while consumer spending was temporarily affected by the fickle weather. Corporate production activities were on the rising trend amid an increase in exports due to the gradual recovery of overseas economies in general. Overall, economic conditions were on a virtuous cycle with the excess of demand over supply widening against the background of labor market tightening and the recovery of external and internal economies.

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, 2017. Thereafter, 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 regained its 20,000yen level for the first time in 1 year and half. As August started, domestic and foreign investors tended to hold back on buy and sell activities on the news of U.S. political turmoil and growing tensions between the U.S. and North Korea, causing the correction of the Nikkei Stock Average towards 19,239yen on September 8. Thereafter, as the yen started to weaken against the dollar and policy expectations relating to the Liberal Democratic Party’s surging chance in the snap general election of the House of Representatives rose, the Nikkei Stock Average began to rebound. Then, the stock market was further supported by improvements on Japanese domestic business earnings, inflows of funds from overseas investors and record-setting U.S. stock price indexes on the back of the booming U.S. domestic economy and business earnings. Thus, the Nikkei Stock Average recorded 16 consecutive trading days of gains in October, the longest-ever record. The Nikkei Stock Average registered 23,382yen, the highest in 26 years, on November 9 and closed the term at 22,764yen.

On the foreign currency market, the yen started off fluctuating between 108yen and 114yen per 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 U.S. long-term interest rates rose gradually, the yen ended the term at the middle of the 112yen per 1 U.S. dollar level.

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 3,950yen, the highest in 27 years and 5 months. The TSE Mothers Index ended the period at 1,231 the highest in 11 years.

The average daily turnover on the TSE for the first three quarters of fiscal 2017 was 2,834.5 billion yen, up 11.7% from the comparable period of fiscal 2016, that on the JASDAQ Stock Market was 78.3 billion yen, up 75.5%, and that on TSE Mothers was 111.3 billion yen, down 10.3%.

In such circumstances, the Company carried out various measures to meet customers’ needs, such as proposals of asset-backed stocks with stress on stability and dividends under negative-interest rate environments and proposals of medium- to long-term investments in small-and medium-cap growth stocks unearthed by the Ichiyoshi group’s strength in research. The volume of stock brokerage transactions for the period registered 1,936.2 billion yen, up 16.5% 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 December 31, 2017, registered more than 81 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 December 31, 2017 recording nearly 98 billion yen and its net asset value per certificate registering 15,479yen as of the same date. Further, “Ichiyoshi Venture Fund”, launched in November 2017, recorded an outstanding balance of 25 billion yen as of December 31, 2017 with its net asset value per certificate rising smoothly to 10,701yen as of the same date. “Ichiyoshi Invesco World Small- and Medium-Cap Growth Stock Fund,” launched in September 2017, registered an outstanding balance of nearly 26 billion yen as of December 31, 2017. And “Nomura PIMCO World Income Strategy Fund,” which the Company started to distribute in February 2017, enjoyed a favorable growth with an outstanding balance of more than 21 billion yen as of December 31, 2017.

The outstanding amount of assets under the management of Ichiyoshi Asset Management Co., Ltd. continued to increase, reaching 346.5 billion yen as of December 31, 2017, up 93.4% from March 31, 2017.

As a result of these activities, net operating revenue for the first three quarters of fiscal 2017 amounted to 18,693 million yen, up 32.6% from the first three quarters of fiscal 2016. Operating cost and expenses amounted to 13,454 million yen, up 10.6%. Hence, operating income registered 5,238 million yen, up 170.5% from the first three 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 three quarters of fiscal 2017 amounted to 18,356 million yen, up 33.5 % from the year-earlier period.

##### **(a) Brokerage commissions**

Total brokerage commissions on stocks rose 43.9% to 7,153 million yen. Brokerage commissions on small- and medium-cap stocks (stocks listed on Second Section of the TSE, TSE Mothers and JASDAQ) registered 1,883 million yen, up 51.3%, and accounted for 26.3% of total brokerage commissions on stocks.

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

In the primary market, the Company participated in 26 initial public offerings on a management and underwriting basis (of which 4 were lead-managed by the Company) as against 20 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 6 deals on a management and underwriting basis as against 7 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 538 million yen, up 70.0% from the comparable period of fiscal 2016.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,040 (of which 49 were lead-managed) as of December 31, 2017.

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

As commissions from distribution of investment trust funds recorded 5,180 million yen, up

29.7% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 5,239 million yen, up 29.9%.

**(d) Commissions from other sources**

Trailer fees rose 3.6% to 3,258 million yen. Management fees on investment trust funds managed by Ichiyoshi Asset Management recorded 895 million yen, up 153.5%. Fees from fund wrap accounts registered 728 million yen, up 140.0%. 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 5,307 million yen, up 25.7%.

**ii. Gains or loss on trading**

Trading in stocks, etc. recorded net gains of 38 million yen, down 14.2% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 63 million yen, down 38.5% as distribution of foreign bonds declined. As a result, total net gains on trading amounted to 102 million yen, down 31.1%.

**iii. Interest and dividend income**

Interest and dividend income rose 29.9% to 227 million yen, chiefly due to an increase in advances for margin transactions. Interest expenses swelled 53.5% to 72 million yen. As a result, net interest and dividend income recorded 154 million yen, up 21.1%.

Resultantly, net operating revenue for the first three quarters of fiscal 2017 stood at 18,693 million yen, up 32.6% from the year-earlier period.

**iv. Operating cost and expenses**

Operating cost and expenses grew 10.6% to 13,454 million yen chiefly due to an increase in personnel-related expenses.

**v. Non-operating income and expenses**

The Company recorded non-operating income of 101 million yen, mostly consisting of investment gains of 40 million yen on investment partnerships and revenue of 25 million yen as insurance money and dividends. As a result, net non-operating income amounted to 95 million yen, up 66.4% from the year-earlier period.

Resultantly, current income for the first three quarters of fiscal 2017 amounted to 5,333 million yen, up 167.6% from the year-earlier period.

**vi Extraordinary income and loss**

The Company registered extraordinary income of 89 million yen for the first three quarters of fiscal 2017, consisted mainly of gains of 58 million yen on sales of fixed assets and gains of 24 million yen on sales of investment securities. The extraordinary loss consisted mainly of fixed assets-impairment loss of 81 million yen. As a result, net extraordinary income amounted to 8 million yen.

Resultantly, income before taxes and tax adjustments for the first three quarters of fiscal 2017 registered 5,342 million yen, up 172.7% 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 1,671 million yen and corporate tax adjustments in the amount of 38 million yen) recorded 3,618 million yen, up 149.2% from the year-earlier period.

Customers' assets under custody as of December 31, 2017 amounted to 2,032.9 billion yen, up 16.3% from March 31, 2017. Contributing factors were fresh-money purchases of stocks and investment trust funds, fresh-money inflows into fund wrap accounts and higher market levels.

## **(2) Outline on financial condition for the first three quarters of fiscal 2017**

### **Condition of assets, liabilities and net worth**

#### **(a) Current assets**

Current assets amounted to 52,921 million yen as of December 31, 2017, a rise of 5,387 million yen (up 11.3%) from March 31, 2017, mainly as margin transaction assets grew by 3,234 million yen, advance payments for subscriptions rose by 3,034 million yen, and cash and deposits increased by 2,160 million yen, while segregated cash and statutory deposits fell by 3,349 million yen.

#### **(b) Fixed assets**

Fixed assets stood at 6,087 million yen as of December 31, 2017, a decline of 85 million yen (down 1.4%) from March 31, 2017, mainly as investment securities increased by 199 million yen while land and buildings decreased by 188 million yen and 99 million yen, respectively.

As a result, total assets registered 59,008 million yen as of December 31, 2017, a rise of 5,302 million yen (up 9.9%) from March 31, 2017.

#### **(c) Current liabilities**

Current liabilities stood at 23,233 million yen as of December 31, 2017, a rise of 3,151 million yen (up 15.7%) from March 31, 2017. The rise resulted as cash payable to customers increased by 2,886 million yen, income taxes payable rose by 1,035 million yen and guarantee deposits received swelled by 514 million yen while margin transaction liabilities declined by 1,690 million yen.

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

Long-term liabilities recorded 344 million yen as of December 31, 2017, a rise of 0 million yen from March 31, 2017. This resulted mainly as deferred tax liabilities and lease obligations increased by 27 million yen and 1 million yen, respectively, while long-term borrowings declined by 29 million yen.

#### **(e) Statutory reserves**

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

#### **(f) Net worth**

Net worth amounted to 35,249 million yen as of December 31, 2017, a rise of 2,150 million yen (up 6.5%) from March 31, 2017. The increase resulted mainly from recording of net income (attributable to owners of parent) of 3,618 million yen for the first three quarters and a rise of 226 million yen in valuation difference on available-for-sale securities while the Company paid dividends in the amount of 1,706 million yen.

## II. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2017	As of December 31 2017
<b>Assets</b>		
Current assets		
Cash and deposits	18,249	20,410
Cash segregated as deposits	9,933	6,583
Trading products	317	211
Trading securities and other	317	211
Trade date accrual	1	-
Margin transaction assets	13,875	17,110
Loans on margin transactions	13,302	16,842
Cash collateral pledged for securities borrowing on margin transactions	573	267
Loans secured by securities	-	8
Cash collateral pledged for securities borrowed	-	8
Advances paid	22	13
Cash paid for offering	3,400	6,434
Short-term loans receivable	10	11
Accrued income	1,299	1,732
Deferred tax assets	317	305
Other current assets	109	103
Allowance for doubtful accounts	△2	△3
<b>Total current assets</b>	<b>47,533</b>	<b>52,921</b>
Non-current assets		
Property, plant and equipment	3,291	2,966
Buildings, net	1,016	917
Equipment	612	573
Land	1,646	1,458
Leased assets, net	16	17
Intangible assets	617	556
Goodwill	8	1
Software	434	542
Software in progress	172	10
Other	1	1
Investments and other assets	2,263	2,565
Investment securities	1,249	1,448
Long-term loans receivable	16	18
Long-term guarantee deposits	914	986
Net defined benefit asset	66	87
Deferred tax assets	2	2
Other	24	30
Allowance for doubtful accounts	△10	△9
<b>Total non-current assets</b>	<b>6,173</b>	<b>6,087</b>
<b>Total assets</b>	<b>53,706</b>	<b>59,008</b>
<b>Liabilities</b>		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	-	23
Margin transaction liabilities	4,925	3,235
Borrowings on margin transactions	3,802	2,488
Cash received for securities lending on margin transactions	1,123	746
Deposits received	11,609	14,495
Guarantee deposits received	1,245	1,759
Accounts for non-received securities and others	0	-
Short-term loans payable	210	210
Lease obligations	4	4
Income taxes payable	333	1,369
Provision for bonuses	694	583
Other current liabilities	1,057	1,552
<b>Total current liabilities</b>	<b>20,081</b>	<b>23,233</b>
Non-current liabilities		
Long-term loans payable	263	233
Lease obligations	11	12
Deferred tax liabilities	34	62
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	27	27
<b>Total non-current liabilities</b>	<b>344</b>	<b>344</b>
Reserves under special laws		
Reserve for financial products transaction liabilities	180	180
<b>Total reserves under special laws</b>	<b>180</b>	<b>180</b>
<b>Total liabilities</b>	<b>20,607</b>	<b>23,758</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,687	8,654
Retained earnings	12,135	13,984
Treasury shares	△1,608	△1,531
<b>Total shareholders' equity</b>	<b>33,792</b>	<b>35,686</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35	261
Revaluation reserve for land	△1,187	△1,125
Remeasurements of defined benefit plans	162	129
<b>Total accumulated other comprehensive income</b>	<b>△990</b>	<b>△734</b>
Subscription rights to shares	231	248
Non-controlling interests	65	50
<b>Total net assets</b>	<b>33,099</b>	<b>35,249</b>
<b>Total liabilities and net assets</b>	<b>53,706</b>	<b>59,008</b>



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

(in millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Operating revenue		
Commission received	13,753	18,356
Net trading income	148	102
Financial revenue	175	227
Other operating revenue	1,023	1,064
Total operating revenue	15,100	19,750
Financial expenses	47	72
Other operating expenses	952	983
Net operating revenue	14,099	18,693
Selling, general and administrative expenses		
Trading related expenses	1,179	1,407
Personnel expenses	6,919	7,745
Real estate expenses	1,361	1,456
Office cost	1,761	1,790
Depreciation	296	309
Taxes and dues	214	268
Provision of allowance for doubtful accounts	-	0
Other	431	476
Total selling, general and administrative expenses	12,163	13,454
Operating profit	1,936	5,238
Non-operating income		
Dividends from investment securities	22	19
Gain on investments in partnership	9	40
Insurance and dividend income	13	25
Other	18	15
Total non-operating income	64	101
Non-operating expenses		
Loss on investments in partnership	5	4
Other	1	1
Total non-operating expenses	7	5
Ordinary profit	1,993	5,333
Extraordinary income		
Gain on sales of investment securities	1	24
Gain on sales of non-current assets	38	58
Gain on reversal of subscription rights to shares	2	6
Reversal of reserve for financial products transaction liabilities	1	-
Total extraordinary income	43	89
Extraordinary losses		
Loss on retirement of non-current assets	1	8
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	78	81
Profit before income taxes	1,959	5,342
Income taxes - current	303	1,671
Income taxes - deferred	197	38
Total income taxes	501	1,710
Profit	1,457	3,631
Profit attributable to non-controlling interests	6	13
Profit attributable to owners of parent	1,451	3,618

## Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Profit	1,457	3,631
Other comprehensive income		
Valuation difference on available-for-sale securities	△43	226
Revaluation reserve for land	662	-
Remeasurements of defined benefit plans, net of tax	△15	△32
Total other comprehensive income	603	193
Comprehensive income	2,061	3,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,055	3,811
Comprehensive income attributable to non-controlling interests	6	13

**(3)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 Three Quarters of Fiscal 2017

#### 1. Commissions

(1) Commissions by sources			(in millions of yen)	
Source	-- First three quarters of --		Change (%)	Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017(b)	(b) over (a)	
Brokerage commissions	5,178	7,270	40.4	7,070
(Stocks)	(4,970)	(7,153)	(43.9)	(6,812)
(Beneficiary certificates)	(207)	(117)	(-43.4)	(258)
Commissions from underwriting and solicitation to specified investors	316	538	70.0	361
(Stocks)	(316)	(538)	(70.0)	(361)
Commissions from distribution and solicitation to specified investors	4,034	5,239	29.9	5,642
(Beneficiary certificates)	(3,994)	(5,180)	(29.7)	(5,556)
Commissions from other Sources	4,223	5,307	25.7	5,782
(Beneficiary certificates*)	(3,802)	(4,882)	(28.4)	(5,189)
Total	13,753	18,356	33.5	18,857

*Breakdown of (Beneficiary certificates)			(in millions of yen)	
	-- First three quarters of --		Change (%)	Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017 (b)	(b) over (a)	
Trailer fees relating to balances of funds	3,145	3,258	3.6	4,174
Trustee fees for fund Management	353	895	153.5	545
Fees from wrap-accounts	303	728	140.0	469
Total	3,802	4,882	28.4	5,189

(2) Commissions by instruments			(in millions of yen)	
	-- First three quarters of --		Change (%)	Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017(b)	(b) over (a)	
Stocks	5,307	7,715	45.4	7,202
Bonds	40	59	45.9	85

Beneficiary certificates	8,004	10,180	27.2	11,004
Others	400	401	0.1	564
<hr/>				
Total	13,753	18,356	33.5	18,857
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## 2. Gains or loss on trading

(in millions of yen)

	-- First three quarters of --		Change (%)	Fiscal 2016
	Fiscal 2016(a)	Fiscal 2017(b)	(b) over (a)	
<hr/>				
Stocks, etc.	44	38	-14.2	83
Bonds, foreign exchange, etc.	103	63	-38.5	126
(Bonds, etc.)	(87)	(51)	(-40.5)	(106)
(Foreign exchange, etc.)	(16)	(11)	(-27.6)	(19)
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Total	148	102	-31.1	209
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### 3 . Quarterly Consolidated Income Statements for Recent Seven 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)	3rd Q (10-12/'17)
Operating revenue	5,273	4,772	5,053	5,614	5,866	6,535	7,348
Commission received	4,808	4,354	4,590	5,104	5,376	6,096	6,883
Net trading income	34	51	62	61	32	36	34
Financial revenue	56	52	65	62	67	71	88
Other operating revenue	374	313	335	386	390	331	342
Financial expenses	10	13	22	18	20	19	32
Other operating expenses	345	290	316	356	354	307	322
Net operating revenue	4,917	4,467	4,714	5,238	5,491	6,208	6,993
Selling, general and administrative expenses	4,118	3,985	4,060	4,181	4,347	4,361	4,746
Trading related expenses	433	366	379	421	430	448	528
Personnel expenses	2,292	2,317	2,309	2,335	2,470	2,516	2,758
Real estate expenses	464	451	445	454	484	472	500
Office cost	584	552	624	633	601	577	612
Depreciation	98	99	98	110	102	106	100
Taxes and dues	75	67	71	86	79	93	95
Provision of allowance for doubtful accounts	—	—	—	—	0	0	0
Other	169	131	131	140	180	145	150
Operating profit	798	482	654	1,057	1,143	1,847	2,247
Non-operating income	22	13	28	43	22	29	49
Non-operating expenses	0	5	1	17	0	4	0
Ordinary profit	821	490	681	1,083	1,165	1,872	2,296
Extraordinary income	40	2	0	27	60	4	23
Extraordinary losses	11	66	0	16	65	11	3
Profit before income taxes	850	427	681	1,095	1,160	1,865	2,316
Income taxes - current	137	99	66	532	281	796	592
Income taxes - deferred	158	△139	177	△179	89	184	133
Profit	554	467	436	742	789	1,253	1,589
Profit attributable to non-controlling interests	1	1	2	11	3	4	5
Profit attributable to owners of parent	552	465	433	731	785	1,249	1,583

( END )