

# **EARNINGS REPORT FOR FIRST THREE QUARTERS OF FISCAL 2015**

**( April 1 to December 31, 2015 )**

(consolidated on the basis of Japanese accounting standards)

Released on January 28, 2016

(English translation for reference purposes only)

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

Listed on: Tokyo Stock Exchange (1<sup>st</sup> Section) (Stock code: 8624)

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

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Date of filing First Three Quarters Report: February 12, 2016 (scheduled)

Preparation of supplementary documents for quarterly earnings: None.

Quarterly earnings-reporting meeting: None.

## **1. Outline of Consolidated Business Result for First Three Quarters of Fiscal 2015 (from April 1 to December 31, 2015)**

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

--- First Three quarters ended ---		
	December 31, 2015	December 31, 2014
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	(% year-to-year change in brackets)	
Operating revenue	16,933 (+ 12.8)	15,017 (- 23.2)
Net operating revenue	15,828 (+ 12.6)	14,061 ( --- )
Operating income	3,271 (+ 30.9)	2,498 (- 65.6)
Current income	3,386 (+ 30.5)	2,594 (- 64.7)
Net income attributable to		
shareholders of parent company	2,223 (- 14.0)	2,584 (- 61.6)
Earnings per share	50.66yen	59.22yen
Diluted earnings per share (adjusted		
for shares potentially issuable)	50.57yen	58.78yen
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Note: (1) Comprehensive income for the first three quarters of fiscal 2015: 2,204 million yen (+ 21.8%)

(2) Comprehensive income for the first three quarters of fiscal 2014: 1,810 million yen (- 72.9 %)

(3) Presentation method for net operating revenue was changed effective from the first quarter of fiscal 2015, and the corresponding figures for the first three quarters of fiscal 2014 were accordingly adjusted for comparative purposes. Thus, no percentage change was provided for net operating revenue for the first three quarters of fiscal 2014 over the year-earlier comparable figures.

## (2) Consolidated financial condition

	As of December 31 2015	As of March 31 2015
Total assets (in millions of yen)	55,182	48,242
Net worth (in millions of yen)	33,443	33,690
Equity ratio	60.2%	69.4%

Note: Shareholders' equity as of December 31, 2015: 33,195 million yen.

Shareholders' equity as of March 31, 2015: 33,498 million yen.

## 2. Dividend

	--- Fiscal year ended ---	
	March 31, 2016	March 31, 2015
-----		
Per-share dividend: (Please see notes below)		
1 <sup>st</sup> quarter	---	---
2 <sup>nd</sup> quarter	27.00yen*	21.00yen
3 <sup>rd</sup> quarter	---	---
Final	---	19.00yen
Annual total	---	40.00yen

\*= It consists of an interim dividend of 17yen and a commemorative dividend of 10yen (to mark the 65<sup>th</sup> anniversary of the incorporation of Ichiyoshi Securities Co., Ltd. (the "Company")). A commemorative dividend of 10yen per share is also to be paid at the time of a final dividend payment for fiscal year ended March 31, 2016.

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

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

## 3. Outlook for Consolidated Business Result for Fiscal 2015 (from April 1, 2015 to March 31, 2016)

Since the forecast of earnings in financial-instruments trading, the main-line business of the Company and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary earnings figures 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: Yes.
  - (ii) Changes other than those in (i): None.
  - (iii) Changes in accounting estimates: None.

(iv) Re-presentation of revisions: None.

(For further details, please refer to “(3) Changes in accounting policies and estimates and representation of modifications” in “II. Matters Concerning Summary Information (Points to Note)” elsewhere hereinafter.)

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

(i) Number of shares issued as of December 31, 2015: 44,431,386 shares (including treasury shares)

Number of shares issued as of March 31, 2015: 44,431,386 shares (including treasury shares)

(ii) Number of treasury shares as of December 31, 2015: 818,880 shares.

Number of treasury shares as of March 31, 2015: 354,716 shares.

(iii) Average number of shares outstanding during the first three quarters of fiscal 2015:

43,887,847 shares.

Average number of shares outstanding during the first three quarters of fiscal 2014:

43,646,429 shares.

**Additional points to note:**

1. Quarterly earnings figures included in this report are released without being reviewed by certified public accountants as required by the Financial Instruments and Exchange Law. Those figures are being so reviewed at the time of this release.
2. For the same reason that the Company does not provide an earnings forecast prior to the end of each quarter as stated in “3. Outlook for Consolidated Business Result for Fiscal 2015 (from April 1, 2015 to March 31, 2016)” on page 2, the Company does not provide a dividend forecast.

## **I. Qualitative Information on Business Result for First Three Quarters of Fiscal 2015**

### **(1) Information on Business Result**

During the first three quarters of fiscal 2015, there were some signs of economic recovery in U.S. and European nations while there arose fears over the effects of economic slowdowns in China and other developing countries and declining crude oil prices on the global economic outlook. Consequently, U.S. and European stock markets moved on a weaker tone towards the end of the first three-quarter period.

In the meantime, the Japanese stock market sailed smoothly amid the continuing easy-monetary policy of the Bank of Japan and backed by the capital-inflow from foreign investors expecting for better earnings among Japanese companies and their efforts for higher corporate values. Resultantly, the Nikkei Stock Average of the Tokyo Stock Exchange (the TSE) recorded a closing price of 20,868yen on June 24, a year-high. Remaining at a high plateau for a while, the Nikkei Stock Average started to weaken as concerns over the capital outflow from the Chinese market deepened, triggered by the announcement on August 11 of the Chinese yuan devaluation. While falling momentarily below the 17,000yen level, nearing a year-low, on September 29, the Nikkei Stock Average rebounded on the back of the additional lowering of Chinese policy interest rates and on expectations of an additional monetary easing by the European Central Bank, regaining the 20,000yen level on December 1. Thereafter, however, as the Fed raised its policy rate after the 9 and half years of hiatus amid the continuing slides of crude oil prices, stock prices

on the TSE underwent wide fluctuations and ended the period at 19,033yen on December 30 (the last trading day of the year).

On the foreign exchange market, the yen recorded the 125yen level per 1 U.S. dollar on June 5, the cheapest yen level in 12 and half years. Thereafter, however, the yen started to be bought as a safe-haven currency, recording the 116yen level on August 24. The yen closed the term at 120yen per 1 U.S. dollar, counting in the dollar-firming outlook.

The Japanese emerging-stock markets initially moved briskly on the back of good demand-supply relationship, with the TSE Mothers Index recording a year-high on June 24 and the Nikkei JASDAQ Stock Average registering a year-high on July 21. In the weaker market conditions after August, there were some outflows of capital from the emerging-stock markets. Towards early December, however, the emerging-stock markets staged some recovery. Undergoing some corrections thereafter, the TSE Mothers Index finished the period at 887 and the Nikkei JASDAQ Stock Average ended the period at 2,647yen.

The average daily turnover on the TSE for the first three quarters of fiscal 2015 was 3,080.4 billion yen, up 20.3% from the comparable period of fiscal 2014, and that on the JASDAQ Stock Market was 72.2 billion yen, down 22.9%.

In such circumstances, the Company continued its efforts to achieve the numerical targets in its Medium-Term Management Plan “Challenge 3,” proactively promoting asset-management advices for customers.

With regard to investment trust funds, the Company has designated stably-managed investment trust funds as “base assets” placed in the center of the Company’s distribution activities. The “Dream Collection,” a fund wrap account launched in June, gained a favorable reception among customers as a long-term investment vehicle for conservative savings against the background of virtually-negative interest rates, with a result of a steady increase in its assets.

With respect to primary market activities, the Company attained 7 lead managements for equity financing at market prices and participated in the management group for the initial public offering and listing of Japan Post Group companies.

In the equity market, the Company’s advisory activities covered a wide range, including the recommendation of diversified investments based on long-term value stocks and small- and medium-cap growth stocks.

With respect to customers’ assets under custody, they showed an increase as the Company canvassed for customers’ fresh-fund purchases of investment trust funds and 3 Japan Post Group companies’ shares for whose initial offering and listing the Company acted as one of co-managers. The increase in customers’ assets under custody was also a result of change in overall stock prices. As a result of changes in net asset values of investment trust funds targeted for emerging countries and also as a result of profit-locking sales of equities, however, a percentage increase in customers’ assets under custody over the comparable year-earlier period was marginal.

Under such conditions, the total amount of the Company’s distribution of investment trust funds for the first three quarters of fiscal 2015 recorded 515.9 billion yen, up 10.6% from the comparable period of fiscal 2014. The stock brokerage volume of the Company for the period registered 1,735.8 billion yen, up 14.0%. The amount of customers’ assets under custody as of December 31, 2015, amounted to 1,877.3 billion yen, up 0.6% from December 31, 2014.

As a result of these activities, net operating revenue for the first three quarters of fiscal 2015 amounted to 15,828 million, up 12.6% from the first three quarters of fiscal 2014. Operating cost and expenses amounted to 12,557 million yen, up 8.6%. Hence, operating income registered 3,271 million yen, up 30.9% from the first three quarters of fiscal 2014.

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

## **i. Commissions**

Total commissions for the first three quarters of fiscal 2015 amounted to 15,313 million yen, up 12.1 % from the year-earlier period.

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

Total brokerage commissions on stocks rose 17.4% to 5,674 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Section of the TSE, TSE Mothers and JASDAQ) registered 1,009 million yen and accounted for 17.8% of total brokerage commissions on stocks, down from 26.2% for the comparable period of fiscal 2014.

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

In the primary market, the Company participated in 29 initial public offerings on a management and underwriting basis (of which two was lead-managed by the Company) as against 29 participations in the year-earlier period (of which one was lead-managed by the Company). In the secondary market (which includes public offerings and secondary distributions in connection with transfer from one stock market to another), the Company participated in 10 underwritings (of which 5 were lead-managed by the Company) as against 7 underwritings 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 962 million yen, up 123.9% from the comparable period of fiscal 2014.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 970 (of which 41 were lead-managed) as of December 31, 2015.

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

As commissions from distribution of investment trust funds recorded 3,554 million yen, down 11.3% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 3,590 million yen, down 12.5%.

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

The trailer fees rose to 4,167 million yen, up 15.5% from the year-earlier period. With the addition of investment advisory fees from Ichiyoshi Asset Management Co., Ltd., fees from research unbundling, commissions from insurance policy sales and IPO assistance fees, total commissions from other sources amounted to 4,792 million yen, up 14.9%.

## **ii. Gains or loss on trading**

Trading in stocks, etc. recorded net gains of 79 million yen, up 7.0% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 174 million yen, up 52.1%. As a result, total net gains on trading amounted to 253 million yen, up 34.4%.

## **iii. Interest and dividend income**

Interest and dividend income rose to 247 million yen, up 26.4%, chiefly due to an increase in advances for margin purchases. Interest expenses rose 26.2% to 56 million yen. As a result, net interest and dividend income recorded 190 million yen, up 26.5%.

Resultantly, net operating revenue for the first three quarters of fiscal 2015 stood at 15,828 million yen, up 12.6% from the year-earlier period.

## **iv. Operating cost and expenses**

Operating cost and expenses rose 8.6% to 12,557 million yen chiefly due to an increase in personnel-related and clerical expenses.

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

The Company recorded non-operating income of 124 million yen, mostly consisting of dividends of 26 million yen from investment securities and investment gains of 78 million yen on investment partnerships. As a result, net non-operating income amounted to 114 million yen, up 18.9% from the year-earlier period.

Resultantly, current income for the first three quarters of fiscal 2015 amounted to 3,386 million yen, up 30.5% from the year-earlier period.

#### **vi. Extraordinary income and loss**

The Company registered net extraordinary income of 111 million yen, down 92.5%, mainly in the form of gains on sales of investment securities.

Resultantly, income before taxes and tax adjustments for the first three quarters of fiscal 2015 registered 3,497 million yen, down 14.2% from the year-earlier period, and net income attributable to shareholders of parent company (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 1,048 million yen and after deduction of corporate adjustments in the amount of 218 million yen) recorded 2,223 million yen, down 14.0% from the year-earlier period.

### **(2) Information on Financial Condition**

#### **Condition of Assets, Liabilities and Net Worth**

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

Current assets amounted to 48,046 million yen as of December 31, 2015, a rise of 7,433 million yen (up 18.3%) from March 31, 2015, as cash and deposits swelled by 4,743 million yen, segregated cash and statutory deposits rose by 2,603 million yen and margin transaction assets expanded by 1,273 million yen while advance payments for subscriptions decreased by 1,335 million yen.

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

Fixed assets stood at 7,135 million yen as of December 31, 2015, a decline of 492 million yen (down 6.5%) from March 31, 2015, mainly as the Company sold investment securities in the amount of 377 million yen.

As a result, total assets registered 55,182 million yen as of December 31, 2015, a rise of 6,940 million yen (up 14.4%) from March 31, 2015.

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

Current liabilities stood at 21,035 million yen as of December 31, 2015, a rise of 7,230 million yen (up 52.4%) from March 31, 2015. The rise resulted as cash payable to customers increased by 8,162 million yen while margin transaction liabilities fell by 422 million yen, accrued bonuses to employees dropped by 274 million yen and income taxes payable went down by 249 million yen.

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

Long-term liabilities recorded 520 million yen as of December 31, 2015, a decline of 40 million yen (down 7.2%) from March 31, 2015. The decline resulted mainly from a decrease of 29 million yen in long-term borrowings and a reduction of 5 million yen in deferred tax liabilities.

(e) Statutory reserves

Statutory reserves registered 182 million yen as of December 31, 2015.

(f) Net worth

Net worth amounted to 33,443 million yen as of December 31, 2015, a decrease of 247 million yen (down 0.7%) from March 31, 2015. The decrease resulted from recording of net income (attributable to shareholders of parent company) of 2,223 million yen for the first three quarters while the Company paid dividends in the amount of 2,014 million yen and acquired treasury shares in the amount of 499 million yen.

**(3) Information on Outlook of Consolidated Business Result**

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

**II. Matters Concerning Summary Information (Points to Note)**

(1) Changes in material subsidiaries: None.

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

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

(Changes in accounting policies)

The Company started to apply “Accounting Standards Relating to Corporate Combinations” (Corporate Accounting Standards No. 21 dated Sep. 13, 2013), “Accounting Standards Relating to Consolidated Financial Statements” (Corporate Accounting Standards No. 22 dated Sep. 13, 2013) and “Accounting Standards Relating to Business Separations” (Corporate Accounting Standards No. 7 dated Sep. 13, 2013) effective from the first quarter of fiscal 2015. Hence, differences arising from changes in the Company’s ownership in continuously-owned subsidiaries are recognized as capital surplus, and acquisition-related cost and expenses are recorded in the consolidated fiscal year when they have accrued. With respect to business combinations effected since the beginning of the first quarter of fiscal 2015, the review of allocation of provisionally-fixed cost of acquisition is to be reflected in the consolidated financial statements for the relevant quarterly period. Additionally, quarterly net income is re-presented, and minority interests are changed to non-controlling interests.

These changes are also reflected on the financial statements for the first three quarters of fiscal 2014 and for the fiscal year ended March 31, 2015.

Standard 58-2(4) of Accounting Standards Relating to Corporate Combinations, Standard 44-5(4) of Accounting Standards Relating to Consolidated Financial Statements and Standard 57-4(4) of Accounting Standards Relating to Business Separations respectively set forth transitional treatments, which the Company has applied since the beginning of the first quarter of fiscal 2015.

These changes had immaterial effects on income before income taxes and tax adjustments for the first three quarters of fiscal 2015 and capital surplus at the end of the first three quarters.

(Changes in presentation method)

With respect to cost of sales of office supplies by a consolidated subsidiary, the Company previously itemized the cost as “clerical expenses” or “others” under “operating cost and expenses”, but effective from the first quarter of fiscal 2015 started to itemize it under “other operating expenses.”

These changes were made to make clearer the relationship between the cost of sales of office supplies and their contribution to operating income as sales of office supplies expanded. The changes will present the contribution of sales of office supplies more properly.

The changes are also reflected on the financial statements for the first three quarters of fiscal 2014. Hence, 875 million yen included among “clerical expenses” under “operating cost and expenses” and 36 million yen included among “others” under “operating cost and expenses” in the quarterly consolidated income statement for the first three quarters of fiscal 2014 were re-presented under “other operating expenses.” As a result of these re-presentations, net operating revenue decreased by 911 million yen, but there were no effect on operating income, current income and income before taxes and tax adjustments.



# . Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of December 31 2015	As of March 31 2015
<b>Assets</b>		
Current assets		
Cash and bank deposits	19,352	14,609
Segregated cash and statutory deposits	6,922	4,319
Trading assets	665	382
Securities	665	382
Contracted trades	0	4
Margin transaction assets	17,826	16,553
Advances for margin purchases	17,653	16,191
Cash deposits as collateral for securities borrowed	173	362
Advance payments for customers on trades	304	14
Advance payments for subscription	1,545	2,881
Short-term loans receivable	20	11
Accrued income	1,059	1,336
Deferred tax assets	184	393
Other current assets	166	112
Allowances for doubtful accounts	-4	-4
<b>Total Current assets</b>	<b>48,046</b>	<b>40,613</b>
Fixed assets		
Tangible fixed assets	3,978	4,138
Buildings	1,264	1,346
Fixtures and equipment	677	752
Land	2,030	2,030
Lease assets, net	6	8
Intangible fixed assets	560	557
Goodwill	21	48
Computer software	538	507
Telephone subscription rights, etc.	0	1
Investments, etc.	2,596	2,933
Investment securities	1,388	1,765
Long-term loans receivable	29	35
Cash deposits as guarantee for long-term credits	915	918
Net defined benefit asset	243	205
Deferred tax assets	2	2
Other investments	25	14
Allowances for doubtful accounts	-9	-9
<b>Total Fixed assets</b>	<b>7,135</b>	<b>7,628</b>
<b>Total assets</b>	<b>55,182</b>	<b>48,242</b>

	As of December 31	As of March 31
	2015	2015
Liabilities		
Current liabilities		
Trading liabilities	2	0
Securities	0	-
Derivatives	1	0
Margin transaction liabilities	2,941	3,363
Borrowings for margin transactions	2,568	2,621
Cash received for loaned securities	372	741
Cash payable to customers	14,850	6,687
Deposits from customers (for committed trades)	1,246	1,286
Accounts for non-received securities and others	0	-
Short-term borrowings	210	210
Lease obligations	3	3
Income taxes payable	325	574
Accrued bonuses to employees	378	652
Other current liabilities	1,078	1,026
<b>Total Current liabilities</b>	<b>21,035</b>	<b>13,805</b>
Long-term liabilities		
Long-term borrowings	312	341
Lease obligations	3	5
Deferred tax liabilities	140	145
Revaluation-related deferred tax liabilities	31	31
Other long-term liabilities	33	36
<b>Total Long-term liabilities</b>	<b>520</b>	<b>561</b>
Statutory reserves		
Reserve for financial instruments transaction liabilities	182	184
<b>Total Statutory reserves</b>	<b>182</b>	<b>184</b>
<b>Total liabilities</b>	<b>21,739</b>	<b>14,551</b>
Net worth		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,701	8,710
Retained earnings	12,034	11,825
Treasury stock	-758	-281
<b>Total Shareholders' equity</b>	<b>34,555</b>	<b>34,832</b>
Accumulated other comprehensive income		
Other securities valuation difference	155	176
Land revaluation difference	-1,851	-1,851
Remeasurements of defined benefit plans	335	340
<b>Total Accumulated other comprehensive income</b>	<b>-1,360</b>	<b>-1,333</b>
Subscription rights to shares	202	141
Non-controlling interests	45	50
<b>Total net worth</b>	<b>33,443</b>	<b>33,690</b>
<b>Total of liabilities and net worth</b>	<b>55,182</b>	<b>48,242</b>

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

### Quarterly Consolidated Income Statements

(in millions of yen)

	Nine months ended	
	December 31, 2015	December 31, 2014
Operating revenue		
Commissions	15,313	13,660
Gains or loss on trading	253	188
Interest and dividend income	247	195
Other operating income	1,118	972
Total Operating revenue	16,933	15,017
Interest expenses	56	44
Other operating expenses	1,047	911
Net operating revenue	15,828	14,061
Operating cost and expenses		
Transaction-related expenses	1,424	1,224
Personnel expenses	7,215	6,820
Property-related expenses	1,388	1,371
Clerical expenses	1,590	1,247
Depreciation	314	325
Public charges	174	137
Transfer to allowances for doubtful accounts	-	0
Others	448	433
Total Operating cost and expenses	12,557	11,563
Operating income	3,271	2,498
Non-operating income		
Gain on investments in partnership	78	37
Dividends from investment securities	26	41
Others	19	31
Total Non-operating income	124	111
Non-operating expenses		
Loss on investments in partnership	9	14
Others	0	0
Total Non-operating expenses	10	14
Current income	3,386	2,594
Extraordinary income		
Gains on sales of investment securities	141	1,323
Reversal of reserve for financial instruments transaction liabilities	1	-
Gain on bargain purchase	-	208
Gains on sales of fixed assets	-	0
Total Extraordinary income	143	1,532
Extraordinary expenses		
Loss on write-off of fixed assets	22	11
Loss on sales of investment securities	9	-
Transfer to reserve for securities transaction liabilities	-	30
Impairment loss	-	7
Valuation loss on investment securities	-	0
Total Extraordinary expenses	31	49
Income before income taxes	3,497	4,077
Income, inhabitant and enterprise taxes	1,048	1,159
Income taxes adjustments	218	327
Total Income Taxes	1,266	1,486
Profit	2,231	2,591
Profit attributable to non-controlling interests	7	6
Profit attributable to owners of parent	2,223	2,584

## Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

	Nine months ended	
	December 31, 2015	December 31, 2014
Profit	2,231	2,591
Other Comprehensive income		
Valuation difference on available-for-sale securities	-21	-805
Land revaluation difference	0	-
Remeasurements of defined benefit plans, net of tax	-5	24
Total Other comprehensive income	-26	-780
Comprehensive income	2,204	1,810
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,197	1,803
Comprehensive income attributable to non-controlling interests	7	6

### (3) Points to Note on Quarterly Consolidated Financial Statements

(Points to Note on Premises for Continuing Business Enterprise)

None for the first three quarters of fiscal 2015.

(Points to Note in the Event of Material Changes in Shareholders' Capital)

None for the first three quarters of fiscal 2015.

## IV. Supplementary Information

### Breakdown of Consolidated Business Result for First Three Quarters of Fiscal 2015

#### 1. Commissions

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

Source	-- First three quarters of --		Change (%) (a) over (b)	Fiscal 2014
	Fiscal 2015(a)	Fiscal 2014(b)		
Brokerage commissions	5,968	4,957	20.4	7,021
(Stocks)	(5,674)	(4,831)	(17.4)	(6,766)
(Bonds)	( 0 )	( -- )	( -- )	( -- )
Commissions from underwriting and solicitation to specified investors	962	429	123.9	442
(Stocks)	(960)	(429)	(123.7)	(442)
(Bonds)	( 1 )	( -- )	( -- )	( -- )
Commissions from distribution and solicitation to specified investors	3,590	4,103	-12.5	5,366
(Beneficiary certificates)	(3,554)	(4,008)	(-11.3)	(5,256)
Commissions from other Sources	4,792	4,170	14.9	5,725
(Beneficiary certificates*)	(4,167)	(3,608)	(15.5)	(4,941)
Total	15,313	13,660	12.1	18,555

\* (i) Presentation method for trust fees relating to investment trust funds managed by the Company's subsidiary was changed and they are now itemized under (Beneficiary certificates). Trust fees for the first three quarters of fiscal 2014 and those for fiscal 2014 were accordingly adjusted for comparative purposes.

(ii) Breakdown of (Beneficiary certificates) (in millions of yen):

	-- First three quarters of -- Fiscal 2015 (a)	Fiscal 2014 (b)	Change (%) (a) over (b)	Fiscal 2014
Trailer fees relating to distribution	3,818	3,579	6.7	4,855
Trustee fees for fund Management	281	19	--	73
Fees from wrap-accounts	67	9	605.1	12
Total	4,167	3,608	15.5	4,941

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

	-- First three quarters of -- Fiscal 2015 (a)	Fiscal 2014 (b)	Change (%) (a) over (b)	Fiscal 2014
Stocks	6,664	5,288	26.0	7,246
Bonds	37	94	-59.9	110
Beneficiary certificates	8,013	7,742	3.5	10,452
Others	597	535	11.6	746
Total	15,313	13,660	12.1	18,555

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

	-- First three quarters of -- Fiscal 2015 (a)	Fiscal 2014 (b)	Change (%) (a) over (b)	Fiscal 2014
Stocks, etc.	79	74	7.0	82
Bonds, foreign exchange, etc.	174	114	52.1	141
(Bonds, etc.)	(155)	(75)	(105.2)	(95)
(Foreign exchange, etc.)	(19)	(39)	(-50.1)	(46)
Total	253	188	34.4	224

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

(in millions of yen)

	1st Q (4-6/'14)	2nd Q (7-9/'14)	3rd Q (10-12/'14)	4th Q (1-3/'15)	1st Q (4-6/'15)	2nd Q (7-9/'15)	3rd Q (10-12/'15)
Operating revenue	5,082	4,763	5,171	5,395	5,811	5,414	5,707
Commissions	4,657	4,324	4,678	4,894	5,276	4,923	5,112
Gains or loss on trading	37	61	89	35	58	54	140
Interest and dividend income	57	69	68	89	79	84	84
Other operating income	329	307	335	375	396	352	370
Interest expenses	8	23	11	34	20	17	17
Other operating expenses	309	287	314	348	362	329	355
Net operating revenue	4,764	4,451	4,845	5,012	5,428	5,067	5,333
Operating cost and expenses	3,806	3,788	3,968	3,971	4,267	4,110	4,178
Transaction-related expenses	432	381	411	386	416	478	530
Personnel expenses	2,209	2,229	2,381	2,356	2,506	2,359	2,349
Property-related expenses	441	476	453	461	469	463	454
Clerical expenses	418	405	423	468	542	499	549
Depreciation	102	110	113	111	101	106	107
Public charges	42	48	47	45	58	60	56
Transfer to allowances for doubtful accounts	0	0	-0	0	0	0	-0
Others	158	137	137	140	173	143	131
Operating income	958	663	877	1,041	1,160	956	1,154
Non-operating income	34	47	28	114	48	60	15
Non-operating expenses	0	14	0	38	0	9	0
Current income	992	696	905	1,116	1,208	1,007	1,170
Extraordinary income	468	690	373	—	49	88	4
Extraordinary expenses	9	27	12	28	—	18	13
Income before income taxes	1,451	1,359	1,267	1,088	1,257	1,077	1,162
Income, inhabitant and enterprise taxes	206	613	339	485	309	545	193
Income taxes adjustments	336	-176	167	-207	128	-144	234
Profit	908	922	760	810	820	677	733
Profit attributable to non-controlling interests	1	2	2	5	2	2	2
Profit attributable to owners of parent	907	919	757	804	817	674	731

( END )