

(English translation for reference purposes only)

Released on January 30, 2017

## **EARNINGS REPORT FOR FIRST THREE QUARTERS OF FISCAL 2016**

**( April 1 to December 31, 2016 )**

**(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 13, 2017 (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 2016 (from April 1 to December 31, 2016)**

#### **(1) Highlights of consolidated business result** (in millions of yen, except for per-share figures) (% shows year-on-year changes)

	Operating revenue		Net operating revenue		Operating income		Current income	
Nine months ended		%		%		%		%
Dec. 31, 2016	15,100	-10.8	14,099	-10.9	1,936	-40.8	1,993	-41.1
Dec. 31, 2015	16,933	12.8	15,828	12.6	3,271	30.9	3,386	30.5

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

Comprehensive income for the first three quarters of fiscal 2015 : 2,204 million yen (21.8%)

	Net income attributable to owners of parent		Net income per share		Net income per share-fully diluted	
Nine months ended		%				
Dec. 31, 2016	1,451	-34.7	33.77	yen	33.73	yen
Dec. 31, 2015	2,223	-14.0	50.66	yen	50.57	yen

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

	Total assets	Net assets	Equity ratio
As of Dec. 31, 2016	50,089	32,330	64.0 %
As of Mar. 31, 2016	46,593	33,560	71.5 %

(Reference) Shareholders' equity : As of Dec. 31, 2016 : 32,052 million yen;

As of Mar. 31, 2016 : 33,313 million yen

## 2. Dividend

	Dividends per share (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal 2015 ended Mar.31,2016	-	27.00	-	26.00	53.00
Fiscal 2016 ended Mar.31,2017	-	15.00	-		
Forecast for fiscal 2016 ended Mar.31,2017				To be determined	To be determined

Note: Whether there has been any amendment to dividend payment forecast or not: Not applicable.

## 3. Outlook for Consolidated Business Result for Fiscal 2016 (from April 1, 2016 to March 31, 2017)

Since the forecast of earnings in financial-instruments trading, the main-line business of Ichiyoshi Securities Co., Ltd. (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)” on page 7 elsewhere hereinafter.)
- (4) Number of shares issued (common stock):
  - (i) Number of shares issued as of December 31, 2016: 44,431,386 shares (including treasury shares)  
Number of shares issued as of March 31, 2016: 44,431,386 shares (including treasury shares)
  - (ii) Number of treasury shares as of December 31, 2016: 1,800,768 shares.  
Number of treasury shares as of March 31, 2016: 807,868 shares.
  - (iii) Average number of shares outstanding during the first three quarters of fiscal 2016:  
42,989,008 shares.  
Average number of shares outstanding during the first three quarters of fiscal 2015:  
43,887,847 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 2016 (from April 1, 2016 to March 31, 2017)” on page 2, the Company does not provide a dividend forecast.

## **I. Qualitative Information on Business Result for First Three Quarters of Fiscal 2016**

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

During the first three quarters of fiscal 2016, the Japanese economy was initially beset with the stagnant mood with business earnings affected by the slowdown of developing economies and the strengthening of the yen and with the sluggish growth of consumption. As the scheduled hike in the consumption tax was postponed in June and large-scale economic measures were formulated by the government in August, however, circumstances surrounding employment and income showed signs of continuous improvement and consumption came back on a gradual recovery path. While equipment investments by Japanese businesses still remained weak, pressing down the recovery of domestic demand, the revival of foreign demand contributed to a gradual recovery of the domestic economy.

In the meantime, the Japanese stock market continued its erratic movements in stock prices affected by the influence of the higher yen on business earnings and speculations over monetary policies of Japan and the U.S. With the UK voting for the Brexit, the Nikkei Stock Average of the Tokyo Stock Exchange (the “TSE”) recorded a year-low of 14,864yen in June. On July 29, the Bank of Japan (the “BoJ”) decided to increase its annual holding balance of ETF’s by 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., while there existed speculation for higher long-term interest rates based on outlook for economic expansion, 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 first nine months of the fiscal 2016 at 19,114yen, the fifth consecutive year-end rise.

On the foreign exchange market, the yen continued its strength, recording a 99yen level per 1 U.S. dollar momentarily on June 24. 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.

The Japanese emerging-stock markets underwent correctional periods after the Nikkei JASDAQ Stock Average recorded a year-high in June. Towards the end of the 9-month period, however, the Nikkei JASDAQ Stock Average came back on a recovery path, recording 2,739yen on December 30, the last business day of 2016. The TSE Mothers Index recorded a year-high in April and thereafter underwent correctional periods, finishing the period at 942.

The average daily turnover on the TSE for the first three quarters of fiscal 2016 was 2,731.7 billion yen, down 11.3% from the comparable period of fiscal 2015, and that on the JASDAQ Stock Market was 44.6 billion yen, down 38.2%.

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 first three quarters of fiscal 2016 fell to 1,661.3 billion yen, down 4.3% from the year-earlier period.

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 December 31 registered more than 49 billion yen.

"Ichiyoshi Small- and Medium-Cap Growth Stock Fund," launched in June, 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 December 31 recording more than 36 billion yen, which was Japan's largest outstanding balance among publicly-offered investment trust funds specialized in small-and mid-cap stocks.

With respect to customers' assets under custody, they stood at 1,775.4 billion yen, a slight increase from the end of fiscal 2015. While there were positive factors such as fresh-fund purchases of stocks, investment trust funds and fund wrap and rises in market indexes, there were negative factors such as profit-taking sales of stocks and investment trust funds.

As a result of these activities, net operating revenue for the first three quarters of fiscal 2016 amounted to 14,099 million yen, down 10.9% from the first three quarters of fiscal 2015. Operating cost and expenses amounted to 12,163 million yen, down 3.1%. Hence, operating income registered 1,936 million yen, down 40.8% from the first three quarters of fiscal 2015.

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

#### **i. Commissions**

Total commissions for the first three quarters of fiscal 2016 amounted to 13,753 million yen, down 10.2% from the year-earlier period.

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

Total brokerage commissions on stocks slid 12.4% to 4,970 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Section of the TSE, TSE Mothers and JASDAQ) registered 1,245 million yen and accounted for 25.1% of total brokerage commissions on stocks, up from 17.8% for the comparable period of fiscal 2015.

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

In the primary market, the Company participated in 20 initial public offerings on a management and underwriting basis as against 29 participations in the year-earlier period (of which two were lead-managed by the Company). In the secondary market (which covers public offerings and secondary distributions by already-listed companies), the Company participated in 7 underwritings (of which one was lead-managed by the Company) as against 10 underwritings in the year-earlier period (of which five were lead-managed by the Company).

As a result, commissions from underwriting and solicitation to specified investors amounted to 316 million yen, down 67.1% from the comparable period of fiscal 2015.

The cumulative number of companies whose offerings were lead- or co-managed by the

Company, exceeding 1,000 for the first time, stood at 1,002 (of which 44 were lead-managed) as of December 31, 2016.

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

As commissions from distribution of investment trust funds, due to the increase of investment trust funds sales of 15.6 billion yen to 201.7 billion yen from the comparable period of fiscal 2015, recorded 3,994 million yen, up 12.4% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 4,034 million yen, up 12.4%.

**(d) Commissions from other sources**

Although the trailer fees of the Company fell to 3,145 million yen down 17.6% from the comparable period of fiscal 2015 due to decrease of outstanding balance of the investment trust funds reflecting plunge of net asset values of the funds, with the addition of trust fees for investment trust funds management and investment advisory fees from Ichiyoshi Asset Management Co., Ltd., fees accrued from the fund wrap accounts, fees from research unbundling, commissions from insurance policy sales and IPO assistance fees, total commissions from other sources amounted to 4,223 million yen, down 11.9%.

**ii. Gains or loss on trading**

Trading in stocks, etc. recorded net gains of 44 million yen, down 43.4% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 103 million yen, down 40.7%. As a result, total net gains on trading amounted to 148 million yen, down 41.6%.

**iii. Interest and dividend income**

Interest and dividend income declined to 175 million yen, down 29.1%, chiefly due to a fall in advances for margin purchases. Interest expenses dropped 15.8% to 47 million yen. As a result, net interest and dividend income recorded 127 million yen, down 33.0%.

Resultantly, net operating revenue for the first three quarters of fiscal 2016 stood at 14,099 million yen, down 10.9% from the year-earlier period.

**iv. Operating cost and expenses**

Operating cost and expenses slid 3.1% to 12,163 million yen, chiefly due to a decline in personnel-related expenses.

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

The Company recorded non-operating income of 64 million yen, mostly consisting of dividends from investment securities, insurance proceeds and dividend income, resulting in net non-operating income of 57 million yen, down 49.9% from the year-earlier period.

Resultantly, current income for the first three quarters of fiscal 2016 amounted to 1,993 million yen, down 41.1% from the year-earlier period.

**vi Extraordinary income and loss**

The Company registered extraordinary income of 43 million yen, mainly consisting of gains on sales of fixed assets, and extraordinary loss of 78 million yen, mainly consisting of loss of 63 million yen on sales of fixed assets and valuation loss of 13 million on golf memberships. As a result, net extraordinary loss amounted to 34 million yen.

Resultantly, income before taxes and tax adjustments for the first three quarters of fiscal 2016

registered 1,959 million yen, down 44.0% 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 303 million yen and after deduction of corporate tax adjustments in the amount of 197 million yen and non-controlling interests of 6 million yen) recorded 1,451 million yen, down 34.7% from the year-earlier period.

The Company has been exerting its efforts to build a "Name-brand Boutique House in the Finance and Securities Industry." In order to further strengthen the foundation of the boutique house so far built through the preceding management plans, the Company drew up the New Medium-Term Management Plan with its target date set for the end of March 2020. Set forth below are the numerical targets in the New Medium-Term Management Plan:

Numerical targets in the New Medium-Term Management Plan:

Customers' assets in custody: 3.5 trillion yen.

ROE: 15% or over.

Number of lead-managed companies: 70.

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

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

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

Current assets amounted to 43,986 million yen as of December 31, 2016, a rise of 4,094 million yen (up 10.3%) from March 31, 2016, as cash and deposits swelled by 3,111 million yen and statutory deposits rose by 2,500 million yen while margin transaction assets declined by 1,721million yen.

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

Fixed assets stood at 6,102 million yen as of December 31, 2016, a decline of 598 million yen (down 8.9%) from March 31, 2016. The decline occurred mainly in the form of land value reduction of 384 million yen and building value reduction of 190 million yen.

As a result, total assets registered 50,089 million yen as of December 31, 2016, a rise of 3,495 million yen (up 7.5%) from March 31, 2016.

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

Current liabilities stood at 17,227 million yen as of December 31, 2016, a rise of 4,783 million yen (up 38.4%) from March 31, 2016. The rise resulted as cash payable to customers increased by 3,133 million yen and margin transaction liabilities rose by 2,450 million yen while income taxes payable went down by 523 million yen and accrued bonuses to employees fell by 371 million yen.

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

Long-term liabilities recorded 350 million yen as of December 31, 2016, a decline of 56 million yen (down 13.9%) from March 31, 2016. The decline resulted mainly from a decrease of 29 million yen in long-term borrowings and a reduction of 22 million yen in deferred tax liabilities.

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

Statutory reserves registered 180 million yen as of December 31, 2016.

(f) Net worth

Net worth amounted to 32,330 million yen as of December 31, 2016, a decrease of 1,229 million yen (down 3.7%) from March 31, 2016. The decrease resulted from recording of net income (attributable to owners of parent) of 1,451million yen for the first three quarters while the Company paid dividends in the amount of 1,777 million yen and acquired treasury shares in the amount of 880 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 “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 first quarter of fiscal 2016. 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 first three quarters of fiscal 2016.

(4) 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 first quarter of fiscal 2016.

# . Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2016	As of December 31 2016
<b>Assets</b>		
Current assets		
Cash and bank deposits	16,311	19,422
Segregated cash and statutory deposits	4,962	7,463
Trading assets	464	298
Securities	464	298
Margin transaction assets	13,408	11,686
Advances for margin purchases	13,171	11,065
Cash deposits as collateral for securities borrowed	236	620
Advance payments for customers on trades	15	8
Advance payments for subscription	3,020	3,578
Short-term loans receivable	22	16
Accrued income	1,264	918
Deferred tax assets	330	133
Other current assets	95	463
Allowances for doubtful accounts	-2	-2
<b>Total Current assets</b>	<b>39,892</b>	<b>43,986</b>
Fixed assets		
Tangible fixed assets	3,938	3,321
Buildings	1,236	1,046
Fixtures and equipment	666	611
Land	2,030	1,646
Lease assets, net	5	17
Intangible fixed assets	563	502
Goodwill	18	11
Computer software	543	490
Telephone subscription rights, etc.	0	0
Investments, etc.	2,199	2,278
Investment securities	1,197	1,258
Long-term loans	28	18
Cash deposits as guarantee for long-term credits	916	912
Net defined benefit asset	38	71
Deferred tax assets	3	2
Other investments	26	24
Allowances for doubtful accounts	-10	-10
<b>Total Fixed assets</b>	<b>6,701</b>	<b>6,102</b>
<b>Total assets</b>	<b>46,593</b>	<b>50,089</b>



	As of March 31	As of December 31
	2016	2016
<b>Liabilities</b>		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Contracted trades	37	1
Margin transaction liabilities	3,006	5,456
Borrowings for margin transactions	2,445	4,357
Cash received for loaned securities	561	1,099
Cash payable to customers	5,794	8,928
Deposits from customers (for committed trades)	1,103	1,185
Accounts for non-received securities and others	0	-
Short-term borrowings	210	210
Lease obligations	2	4
Income taxes payable	570	46
Accrued bonuses to employees	707	335
Other current liabilities	1,010	1,057
<b>Total Current liabilities</b>	<b>12,444</b>	<b>17,227</b>
Long-term liabilities		
Long-term borrowings	302	272
Lease obligations	2	12
Deferred tax liabilities	41	29
Revaluation-related deferred tax liabilities	30	7
Other long-term liabilities	30	27
<b>Total Long-term liabilities</b>	<b>406</b>	<b>350</b>
Statutory reserves		
Reserve for financial instruments transaction liabilities	182	180
<b>Total Statutory reserves</b>	<b>182</b>	<b>180</b>
<b>Total liabilities</b>	<b>13,033</b>	<b>17,758</b>
<b>Net worth</b>		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,696	8,693
Retained earnings	12,391	11,403
Treasury stock	-747	-1,621
<b>Total Shareholders' equity</b>	<b>34,917</b>	<b>33,053</b>
Accumulated other comprehensive income		
Other securities valuation difference	54	10
Land revaluation difference	-1,849	-1,187
Remeasurements of defined benefit plans	191	176
<b>Total Accumulated other comprehensive income</b>	<b>-1,604</b>	<b>-1,000</b>
Subscription rights to shares	198	223
Non-controlling interests	47	54
<b>Total net worth</b>	<b>33,560</b>	<b>32,330</b>
<b>Total of liabilities and net worth</b>	<b>46,593</b>	<b>50,089</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, 2016
Operating revenue		
Commissions	15,313	13,753
Gains or loss on trading	253	148
Interest and dividend income	247	175
Other operating income	1,118	1,023
<b>Total Operating revenue</b>	<b>16,933</b>	<b>15,100</b>
Interest expenses	56	47
Other operating expenses	1,047	952
<b>Net operating revenue</b>	<b>15,828</b>	<b>14,099</b>
Operating cost and expenses		
Transaction-related expenses	1,424	1,179
Personnel expenses	7,215	6,919
Property-related expenses	1,388	1,361
Clerical expenses	1,590	1,761
Depreciation	314	296
Public charges	174	214
Others	448	431
<b>Total Operating cost and expenses</b>	<b>12,557</b>	<b>12,163</b>
<b>Operating income</b>	<b>3,271</b>	<b>1,936</b>
Non-operating income		
Dividends from investment securities	26	22
Gain on investments in partnership	78	9
Insurance and dividends income	1	13
Others	17	18
<b>Total Non-operating income</b>	<b>124</b>	<b>64</b>
Non-operating expenses		
Loss on investments in partnership	9	5
Others	0	1
<b>Total Non-operating expenses</b>	<b>10</b>	<b>7</b>
<b>Current income</b>	<b>3,386</b>	<b>1,993</b>
Extraordinary income		
Gains on sales of investment securities	141	1
Gain on sales of non-current assets	-	38
Gain on reversal of subscription rights to shares	-	2
Reversal of reserve for financial instruments transaction liabilities	1	1
<b>Total Extraordinary income</b>	<b>143</b>	<b>43</b>
Extraordinary expenses		
Loss on write-off of fixed assets	22	1
Loss on sales of non-current assets	-	63
Loss on sales of investment securities	9	0
Loss on valuation of golf club membership	-	13
<b>Total Extraordinary expenses</b>	<b>31</b>	<b>78</b>
<b>Income before income taxes</b>	<b>3,497</b>	<b>1,959</b>
Income, inhabitant and enterprise taxes	1,048	303
Income taxes adjustments	218	197
<b>Total Income Taxes</b>	<b>1,266</b>	<b>501</b>
<b>Profit</b>	<b>2,231</b>	<b>1,457</b>
Profit attributable to non-controlling interests	7	6
<b>Profit attributable to owners of parent</b>	<b>2,223</b>	<b>1,451</b>

## Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

	Nine months ended	
	December 31, 2015	December 31, 2016
Profit	2,231	1,457
Other Comprehensive income		
Valuation difference on available-for-sale securities	-21	-43
Land revaluation difference	0	662
Remeasurements of defined benefit plans, net of tax	-5	-15
Total Other comprehensive income	-26	603
Comprehensive income	2,204	2,061
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,197	2,055
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 2016.

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

None for the first three quarters of fiscal 2016.

## IV. Supplementary Information

### Breakdown of Consolidated Business Result for First Three Quarters of Fiscal 2016

#### 1. Commissions

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

Source	-- First three quarters of -- Fiscal 2015(a)	fiscal 2016(b)	Change (%) (b) over (a)	Fiscal 2015
Brokerage commissions	5,968	5,178	-13.2	7,633
(Stocks)	(5,674)	(4,970)	(-12.4)	(7,254)
(Beneficiary certificates)	(292)	(207)	(-29.1)	(378)
Commissions from underwriting and solicitation to specified investors	962	316	-67.1	1,284
(Stocks)	(960)	(316)	(-67.0)	(1,283)
Commissions from distribution and solicitation to specified investors	3,590	4,034	12.4	4,558
(Beneficiary certificates)	(3,554)	(3,994)	(12.4)	(4,505)
Commissions from other Sources	4,792	4,223	-11.9	6,205
(Beneficiary certificates*)	(4,167)	(3,802)	(-8.7)	(5,425)
Total	15,313	13,753	-10.2	19,682

\* Breakdown of (Beneficiary certificates) (in millions of yen):

	-- First three quarters of -- fiscal 2015(a)	fiscal 2016(b)	Change (%) (b) over (a)	Fiscal 2015
Trailer fees relating to distribution	3,818	3,145	-17.6	4,920
Trustee fees for fund Management	281	353	25.2	374
Fees from wrap-accounts	67	303	352.6	130
Total	4,167	3,802	-8.7	5,425

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

	-- First three quarters of --		Change (%)	Fiscal 2015
	fiscal 2015(a)	fiscal 2016 (b)	(b) over (a)	
Stocks	6,664	5,307	-20.4	8,575
Bonds	37	40	6.8	54
Beneficiary certificates	8,013	8,004	-0.1	10,309
Others	597	400	-32.9	743
Total	15,313	13,753	-10.2	19,682

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

	-- First three quarters of --		Change (%)	Fiscal 2015
	fiscal 2015 (a)	fiscal 2016 (b)	(b) over (a)	
Stocks, etc.	79	44	-43.4	33
Bonds, foreign exchange, etc.	174	103	-40.7	291
(Bonds, etc.)	155	87	-43.7	267
(Foreign exchange, etc.)	19	16	-16.6	24
Total	253	148	-41.6	325

### 3 . Quarterly Consolidated Income Statements for Recent Seven 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)
Operating revenue	5,811	5,414	5,707	4,913	5,273	4,772	5,053
Commissions	5,276	4,923	5,112	4,369	4,808	4,354	4,590
Gains or loss on trading	58	54	140	71	34	51	62
Interest and dividend income	79	84	84	67	56	52	65
Other operating income	396	352	370	405	374	313	335
Interest expenses	20	17	17	14	10	13	22
Other operating expenses	362	329	355	381	345	290	316
Net operating revenue	5,428	5,067	5,333	4,518	4,917	4,467	4,714
Operating cost and expenses	4,267	4,110	4,178	4,094	4,118	3,985	4,060
Transaction-related expenses	416	478	530	497	433	366	379
Personnel expenses	2,506	2,359	2,349	2,278	2,292	2,317	2,309
Property-related expenses	469	463	454	475	464	451	445
Clerical expenses	542	499	549	559	584	552	624
Depreciation	101	106	107	107	98	99	98
Public charges	58	60	56	44	75	67	71
Transfer to allowances for doubtful accounts	0	0	-0	0	—	—	—
Others	173	143	131	130	169	131	131
Operating income	1,160	956	1,154	423	798	482	654
Non-operating income	48	60	15	15	22	13	28
Non-operating expenses	0	9	0	12	0	5	1
Current income	1,208	1,007	1,170	427	821	490	681
Extraordinary income	49	88	4	18	40	2	0
Extraordinary expenses	—	18	13	4	11	66	0
Income before income taxes	1,257	1,077	1,162	441	850	427	681
Income, inhabitant and enterprise taxes	309	545	193	219	137	99	66
Income taxes adjustments	128	-144	234	-136	158	-139	177
Profit	820	677	733	358	554	467	436
Profit attributable to non-controlling interests	2	2	2	2	1	1	2
Profit attributable to owners of parent	817	674	731	356	552	465	433

( END )