

Business Result for Fiscal Year to March 31, 2018

(Consolidated under Japanese GAAP)

Released on April 27, 2018

(English translation for reference purposes only)

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

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

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

Date of annual shareholders' meeting: June 23, 2018 (scheduled)

Payment date for final dividends: May 31, 2018 (scheduled)

Filing date of annual securities report: June 26, 2018 (scheduled)

Supplemental information on business result: Provided.

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

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1. Consolidated Business Result for Fiscal Year Ended March 31, 2018

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

(% indicates year-to-year changes)

	Operating revenue (%)	Net operating revenue (%)	Operating income (%)	Current income (%)	Net income Attributable to owners of parent (%)
Fiscal year ended Mar. 31, 2018	26,502 (+ 27.9)	25,069 (+ 29.6)	7,141 (+ 138.5)	7,229 (+ 134.9)	4,994 (+ 128.8)
Fiscal year ended Mar. 31, 2017	20,714 (- 5.2)	19,338 (- 5.0)	2,994 (- 19.0)	3,077 (- 19.3)	2,183 (- 15.4)

Notes: Comprehensive income for fiscal year ended March 31, 2018: 5,207 million yen (+ 85.0%)

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

	Earnings per share	Earnings per share adjusted for shares potentially issuable	Return on equity	Operating income as % of operating revenue
Fiscal year ended Mar. 31, 2018	117.00yen	116.73yen	14.5%	26.9%
Fiscal year ended Mar. 31, 2017	50.89yen	50.83yen	6.6%	14.5%

Notes: Investment gains on equity method for fiscal year ended March 31, 2018: ___ million yen

Investment gains on equity method for fiscal year ended March 31, 2017: ___ million yen.

(2) Consolidated financial condition

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

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2018	58,671	36,641	61.9%	850.09yen
As of Mar. 31, 2017	53,706	33,099	61.1%	769.18yen

Notes: Shareholders' equity as of March 31, 2018: 36,326 million yen

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

(3) Consolidated cash flow

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

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
Fiscal year ended Mar. 31, 2018	-2,689	-24	-1,737	12,974
Fiscal year ended Mar. 31, 2017	4,356	83	-2,689	17,426

2. Dividends

	Dividend per share for 1 st quarter	Dividend per share for 2 nd quarter	Dividend per share for 3 rd quarter	Dividend per share for end of fiscal year	Annual total of dividend per share
Fiscal year ended Mar. 31, 2017	---	15.00yen	---	16.00yen	31.00yen
Fiscal year ended Mar. 31, 2018	---	24.00yen	---	37.00yen	61.00yen

	Aggregate amount of dividends paid (in millions of yen*)	Payout ratio on a consolidated basis	Rate of dividends as % of net assets on a consolidated basis
Fiscal year ended Mar. 31, 2017	1,325 million yen*	60.9%	4.0%
Fiscal year ended Mar. 31, 2018	2,605 million yen*	52.1%	7.5%

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

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

3. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2018 (from April 1, 2018 to March 31, 2019)

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 quarterly and annual business term. Instead, the Company intends to release preliminary figures after the end of each quarterly business term as and when such figures become available.

Points to note:

(1) Changes in material subsidiaries (resulting in a change in scope of consolidation):

None.

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

- (i) Changes in accounting policies resulting from revisions to accounting standards: None.
- (ii) Changes in accounting policies other than those in (i) above: None.
- (iii) Changes in accounting estimates: None.
- (iv) Re-presentations of modifications: None.

(3) Number of issued shares (common stock)

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

44,431,386 shares at March 31, 2018.

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

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

1,699,220 shares at March 31, 2018.

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

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

42,688,940 shares for the fiscal year ended March 31, 2018.

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

[Referential information]

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

(in millions of yen with fractions less than a million yen rounded down,
except for per-share figures)

(1) Business result for fiscal year ended March 31, 2018

(% indicates year-to-year changes)

	Operating revenue (%)	Net operating revenue (%)	Operating income (%)	Current income (%)	Net income (%)
Fiscal year ended Mar. 31, 2018	23,440 (+26.7)	23,354 (+26.7)	6,042 (+142.0)	6,128 (+137.7)	4,280 (+131.5)
Fiscal year ended Mar. 31, 2017	18,497 (- 5.6)	18,438 (- 5.6)	2,496 (- 22.2)	2,578 (- 22.4)	1,848 (- 18.7)

	Earnings per share	Earnings per share adjusted for shares potentially issuable	Return on equity
Fiscal year ended Mar. 31, 2018	100.27yen	100.04yen	13.1%
Fiscal year ended Mar. 31, 2017	43.09yen	43.04yen	5.8%

(2) Financial condition

	Total assets	Net assets	Equity ratio	Net assets per share	Capital adequacy ratio
Fiscal year ended Mar. 31, 2018	55,490	34,451	61.6%	800.20yen	600.4%
Fiscal year ended Mar. 31, 2017	51,620	31,623	60.8%	736.11yen	591.9%

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

34,194 million yen as of March 31, 2018.

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

2. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2018 (from April 1, 2018 to March 31, 2019)

Since the forecast of earnings in financial-instruments trading is hard to make due to changes in securities market conditions, the Company does not provide such forecast prior to the end of each quarterly and annual business term.

Additional points to note:

1. The financial figures contained herein are released without being audited by certified public accountants as required by the Financial Instruments and Exchange Law. Those figures are in the process of audit by certified public accountants at the time of this release.
2. For the same reason that the Company does not provide earnings forecast prior to the end of each quarterly and annual business term as stated in “3. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2018 (from April 1, 2018 to March 31, 2019)” on page 3, the Company does not provide a dividend forecast.

I. Analysis on Business Result and Financial Condition

1. Analysis on Consolidated Business Result

During the fiscal year ended March 31, 2018, 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 favorable employment conditions 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 on April 17, 2017, a year-low (and the lowest during the fiscal year). 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 closed the year 2017 at 22,764yen, marking its six consecutive year-end rises for the longest stretch since the collapse of the bubble economy in the 1980s. As the year turned, the Nikkei Stock Average gathered steam, registering 24,129yen on January 23, 2018, as investors got encouraged by U.S. stock price indexes renewing their highs and the Bank of Japan deciding on the maintenance of its current monetary policy at its January policy-setting meeting. The Nikkei Stock Average's recovery to the 24,000yen level came about for the first time in 26 years. Then, however, as the yen strengthened against the U.S. dollar and concern grew over global-scale risk asset reduction driven by a sudden increase in U.S. long-term interest rates due to U.S. inflationary fears, the Nikkei Stock Average registered its sharp fall of more than 1,000yen on February 6. Thereafter, while geopolitical risk somewhat subsided as the possibility of the U.S. - North Korea summit meeting surfaced, concern over U.S. - China trade conflict intensified in conjunction with the U.S.'s slapping of import restrictions on steel and aluminum products, causing the Nikkei Stock Average to fall down to 20,347yen on March 26, the lowest in 5 months, and close the fiscal year at 21,454yen.

On the foreign currency market, the yen fluctuated between the 108yen and 114yen per the U.S. dollar levels from the beginning of the fiscal year to the end of the year 2017, reflecting risk-averse currency transactions and interest rate gaps between Japan and the U.S. The yen ended the year 2017 around the middle of the 112yen per the U.S. dollar level. As the year turned, the yen accelerated its rise against the U.S. dollar driven by a U.S. high-ranking officer's remarks tolerating a weaker dollar, and recorded 104.63yen per the U.S. dollar on March 26, 2018. The yen closed the fiscal year at the first half of 106yen per the 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 recorded 4,317yen on January 29, 2018, the highest-ever, and the TSE Mothers Index registered 1,367 on January 24, the highest in 11 years and 5 months. Thereafter, however, as the risk-averse sell-off rose, the Nikkei JASDAQ Average and the TSE Mothers Index ended the fiscal year at 3,983yen and 1,206, respectively.

The average daily turnover on the TSE during the fiscal year was 2,957 billion yen, up 16.3% from the previous fiscal year. The average daily turnover on the Nikkei JASDAQ market rose 84.4% to 87.1 billion yen and that on the TSE Mothers fell 7.8% to 111 billion yen.

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 low-interest rate environments and proposals of 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 fiscal year registered 2,637.5 billion yen, up 21.5% 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 March 31, 2018, registered more than 87 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 March 31, 2018 recording nearly 82 billion yen. Further, "Ichiyoshi Venture Fund", launched in November 2017, recorded an outstanding balance of more than 26 billion yen as of March 31, 2018. All these favorable performance were a result of the Company's proposals matching customers' needs.

Comprehensive strength and synergy among Ichiyoshi group companies contributed to an increase in, stock brokerage commissions and other fees from overseas institutional investors, and placement of privately-offered investment trust funds among regional financial institutions.

The outstanding amount of assets under the management of Ichiyoshi Asset Management Co., Ltd. continued to increase, reaching 369 billion yen as of March 31, 2018, up 106.0% from March 31, 2017.

Consequently, net operating revenue for the fiscal year ended March 31, 2018, amounted to 25,069 million yen, up 29.6% from the previous fiscal year. Operating cost and expenses recorded 17,928 million yen, up 9.7%. Hence, operating income registered 7,141 million yen, up 138.5%.

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

(1) Commissions

Total commissions for the fiscal year ended March 31, 2018 amounted to 24,616million yen, up 30.5% from the previous fiscal year ended March 31, 2017.

(i)Brokerage commissions

Total brokerage commissions on stocks rose 41.4% to 9,630 million yen. Those on small- and mid-cap stocks (consisting of stocks listed on the Second Section of the Tokyo Stock Exchange, JASDAQ Market and TSE Mothers) amounted to 2,474 million yen, up 41.3%, accounting for 25.7% of total brokerage commissions.

(ii) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in the management and underwriting of 30 initial public offerings (IPOs) (of which the Company lead-managed 4), as against 31 IPOs in the previous fiscal year. 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 7 deals on a management and underwriting basis, as against 9 deals (of which the Company lead-managed 2) in the previous fiscal year. As a result, total commissions from underwriting of stocks and bonds and solicitation to specified investors recorded 570 million yen, up 57.7% from the previous fiscal year.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,044 (of which 50 were lead-managed) as of March 31, 2018.

(iii) Commissions from distribution and solicitation to specified investors

Commissions from distribution and solicitation to specified investors rose 20.1% to 6,777 million yen as commissions from distribution of investment trust funds swelled 20.6 % to 6,704 million yen.

(iv) Commissions from other sources

The trailer fees on investment trust funds grew 4.9% to 4,380 million yen while trustee fees for fund management by Ichiyoshi Asset Management Co., Ltd. rose 131.8% to 1,264 million yen. With the addition of fund-wrap accounts fees of 1,025 million yen (up 118.4%), fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 7,444 million yen, up 28.7%.

(2) Gains or Loss on Trading

Trading on stocks, etc. recorded gains of 47 million yen, down 43.2%, and trading on bonds, foreign exchange, etc. registered gains of 76 million yen, down 39.5% amid a decrease in foreign bond offerings. Consequently, total gains on trading amounted to 123 million yen, down 41.0%.

(3) Interest and Dividend Income

Interest and dividend income rose 30.9% to 310 million yen as advances for margin transactions grew, and interest expenses swelled 39.4% to 92 million yen. Resultantly, net interest and dividend income amounted to 218 million yen, rose 27.6%.

Hence, net operating revenue for the fiscal year ended March 31, 2018 recorded 25,069 million yen, up 29.6%.

(4) Operating Cost and Expenses

Operating cost and expenses increased 9.7% to 17,928 million yen as personnel-related expenses and etc. rose.

(5) Non-operating Income and Expenses

The Company registered non-operating income of 119 million yen, including gains of 54 million yen on investment partnerships and receipts of 25 million yen in the form of insurance proceeds and dividends. After offsetting a non-operating loss, net non-operating income for the fiscal year ended March 31, 2018 registered 88 million yen, up 5.9%.

Hence, current income for the fiscal year ended March 31, 2018 amounted to 7,229 million yen, up 134.9% from the previous fiscal year.

(6) Extraordinary Income and Loss

The Company recorded a total extraordinary income of 91 million yen, including gains of 58 million yen on sales of fixed assets and gains of 26 million yen sales of investment securities, and a total extraordinary loss of 147 million yen, including loss of 96 million yen on depreciation of fixed assets and transfer of 30 million yen to financial products transaction liabilities. As a result, net extraordinary loss amounted to 56 million yen.

Consequently, income before taxes and tax adjustments for the fiscal year ended March 31, 2018 recorded 7,173 million yen, up 134.9%, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 2,363 million yen, and after addition of corporate tax adjustments of 206 million yen, and after deduction of non-controlling interests of 21 million yen) registered 4,994 million yen, up 128.8% from the previous fiscal year.

Customers' assets under custody as of March 31, 2018 stood at 1,940 billion yen, up 11.0% from the end of the previous fiscal year. Positive factors were fresh-fund purchases of stocks and investment trust funds, increases in wrap-account balances and rises in stock prices in domestic and foreign markets while negative factors were profit-taking sales of stocks and investment funds and contract-based redemptions of investment trust funds.

2. General Review of Financial Condition

(i) Current assets

Current assets amounted to 52,582 million yen as of March 31, 2018, an increase of 5,049 million yen (up 10.6%) from March 31, 2017, as margin transaction assets and cash paid for offering increased by 10,142 million yen and 2,794 million yen, respectively, while cash and deposits and cash segregated as deposits decreased by 4,454 million yen and 4,149 million yen, respectively.

(ii) Fixed assets

Fixed assets stood at 6,089 million yen as of March 31, 2018, a decline of 84 million yen (down 1.4%) from March 31, 2017, chiefly as investment securities and software rose by 138 million yen and 129 million yen, respectively while land and buildings decreased by 219 million yen and 129 million yen, respectively.

As a result, total assets registered 58,671 million yen as of March 31, 2018, an increase of 4,965 million yen (up 9.2%) from March 31, 2017.

(iii) Current liabilities

Current liabilities stood at 21,462 million yen as of March 31, 2018, an increase of 1,380 million yen (up 6.9%) from March 31, 2017, chiefly as margin transaction liabilities, income taxes payable and guarantee deposits received grew by 2,541 million yen, 1,787 million yen and 657 million yen, respectively, while deposits received slid by 4,593 million yen.

(iv) Long-term liabilities

Long-term liabilities recorded 355 million yen as of March 31, 2018, an increase of 11million yen (up 3.2%) from March 31, 2017, as deferred tax liabilities and lease obligations swelled by 45 million yen and 3 million yen, respectively while long-term borrowings declined by 39 million yen.

(v) Statutory reserves

Statutory reserves stood at 211 million yen as of March 31, 2018, as financial products transaction liabilities grew by 30 million yen. .

(vi) Net worth

Net worth amounted to 36,641 million yen as of March 31, 2018, a rise of 3,542 million yen (up 10.7%) from March 31, 2017. The rise resulted as the Company recorded net income (attributable to owners of parent) of 4,994 million yen for the fiscal year and valuation difference on available-for-sale securities swelled by 188 million yen while the Company paid dividends in the amount of 1,706 million yen.

3. Cash Flow

Cash flow from operating activities for the fiscal year ended March 31, 2018 recorded a positive figure of 2,689 million yen, a fall of 7,046 million yen from the previous fiscal year, as income before taxes and tax adjustments for the fiscal year recorded 7,173 million yen (as positive figure), cash segregated as deposits for customers grew by 4,150 million yen (as positive figure), deposits and guarantee deposits received declined by 3,936 million yen (as negative figure) and the net amount from margin transaction assets and liabilities increased by 7,601 million yen (as negative number). Cash flow from investing activities registered a negative figure of 24 million yen, a fall of 108 million yen, due to proceeds from sales of tangible fixed assets. Cash flow from financing activities recorded a negative figure of 1,737 million yen, a rise of 951 million yen, chiefly as a result of dividend payments.

Consequently, the amount of cash and cash equivalents as of March 31, 2018, stood at 12,974 million yen, a decline of 4,452 million yen from the end of the previous fiscal year (March 31, 2017).

4. Basic Policy on Earnings Distribution and Dividends

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

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

Under this dividend policy, an interim dividend per share paid out of the Company's retained earnings to shareholders of record as of September 30, 2017 was 24yen, and a final dividend per share payable to shareholders of record as of March 31, 2018 is to be 37yen, and both the interim and the final dividends as above were calculated by adopting the payout ratio on a consolidated basis. Therefore, an annual total dividend per share for the fiscal period is to be 61yen.

II. State of Ichiyoshi Group

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

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

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

List of 4 Companies in the Ichiyoshi Group

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

Consolidated subsidiaries:

Ichiyoshi Research Institute Inc. – information services, investment advices and agencies
(100.0% owned, of which 12.5% is indirectly owned)

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

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

III. Management Policy

1. Basic Policy

The Company's management philosophy focuses on "Remaining a Firm of Customers' Trust and Choice." Under this philosophy, the Company aims to become a "Name-brand Boutique House" in the finance and securities industry with the motto of "Becoming a Securities Company Like No Other in Japan." In its efforts for management policy realization, the Company intends to heighten the fairness and transparency of management along its credo (corporate philosophy) and to promote flexible and relevant decision-making, thereby maximizing earnings and corporate value while bolstering its corporate governance. Taking advantage of the company-with-committees system and its executive officer system, the Company aims to raise the promptitude and effectiveness of business executions and toughen its surveillance over business executions.

The Company's credo (corporate philosophy):

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

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

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

2. Triangular Pyramid Management

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

3. Medium-Term Management Policy & 8 Basic Strategies

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

In order to further strengthen the foundation of the boutique house so far built through the preceding management plans, the Company formulated the New Medium-Term Management Plan with its target date set for the end of March 2020. Setting the expansion of customers' assets, the implementation of compliance and corporate governance as core items of the medium-term plan, the Company is determined to realize the plan along the below-mentioned **"8 Basic Strategies for Growth."**

The following are numerical targets in the Medium-Term Management Plan as compared to their interim progresses as of March 31, 2018:

Items	Targets (Final date: Mar. 31, 2020)	Interim progress (As of Mar. 31, 2018)
Customers' assets in custody	3.5 trillion yen	1.94 trillion yen
Return on equity	More than 15%	14.5%
No. of lead-managed companies(cumulative)	70	50

[8 Basic Strategies for Growth]

(1) . Execution of "Ichiyoshi Credo"

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

(2) Expansion of Business Base

Expansion of customers' assets in custody

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

(3)Continuous Improvement on Revenue-Cost Structure

Revenue-cost structure insusceptible to market fluctuations

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

(4)Increased Profitability on Existing Business Areas

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

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

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

(5)Comprehensive Power of Ichiyoshi

Strengthening of "Triangle Management"

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

"Promotion of synergistic effects with consolidated subsidiaries"

(6)Practical observance of compliance

Compliance is a source and power of competitiveness.

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

(7) Cultivation of human resources

Growth lies in personnel.

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

(8) Setting up of “worker-friendly and worthwhile office”

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

4. Challenges to Be Tackled

As the governmental promotion of capital flow “From Savings to Investments” and then that of “From Savings to Asset-building” are being advocated against the backdrop of continuing low-interest rates, securities companies in Japan are urged more than ever to develop customer-based businesses. The Company has long provided customers with products and services prioritizing the relationship of trust with customers and based on our view of “Compliance is a Source of Competitiveness.” Thus, further stepping up its customer-first and –prioritized attitude, the Company will work on further business evolution.

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

Driving forward with these proposals, the Company is also determined to expand customers’ assets in custody by actively approaching regional up-scale institutions with high investment needs.

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

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

Thinking that the enhancement of branch network is essential for the expansion of customers' assets in custody, the Company opened in May 2017 the Hiroshima Branch and in November 2017 the Nishinomiya Branch. In May 14, 2018, the Company plans to move the Tokyo Branch to the Ginza area where it will re-open as a new branch under the new name of the Ginza Branch. The Company will continue to enhance its branch network based on potential flows of funds in Japan.

Investment funds, focused on small- and medium-cap stocks, managed by Ichiyoshi Asset Management Co., Ltd. on the back of the Ichiyoshi group's research capability are being accepted by a widening network of regional financial institutions because of their favorable performance record. Thus, the Company will proceed further with tie-ups with regional financial institutions for wider distribution of funds to ever-expanding layers of customers. Furthermore, Ichiyoshi Business Service Co., Ltd. is reactivating its agency activities for financial-instrument transactions through its new "Sakura Life-Pension Support Office in Narimasu" (opened on April, 2017 in Itabashi-ku, Tokyo). The office is specialized in consulting on retired life of customers in occupationally-categorized markets.

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

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

IV. Basic Policy on Accounting Standards

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

. Consolidated Financial Statements

1. Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2017	As of March 31 2018
Assets		
Current assets		
Cash and deposits	18,249	13,795
Cash segregated as deposits	9,933	5,783
Trading products	317	189
Trading securities and other	317	189
Trade date accrual	1	-
Margin transaction assets	13,875	24,018
Loans on margin transactions	13,302	23,766
Cash collateral pledged for securities borrowing on margin transactions	573	252
Loans secured by securities	-	0
Cash collateral pledged for securities borrowed	-	0
Advances paid	22	36
Cash paid for offering	3,400	6,194
Short-term loans receivable	10	5
Accrued income	1,299	1,902
Deferred tax assets	317	547
Other current assets	109	113
Allowance for doubtful accounts	△2	△5
Total current assets	47,533	52,582
Non-current assets		
Property, plant and equipment	3,291	2,901
Buildings, net	1,016	887
Equipment	612	566
Land	1,646	1,427
Leased assets, net	16	20
Intangible assets	617	565
Goodwill	8	-
Software	434	564
Software in progress	172	-
Other	1	1
Investments and other assets	2,263	2,621
Investment securities	1,249	1,388
Long-term loans receivable	16	17
Long-term guarantee deposits	914	1,021
Net defined benefit asset	66	161
Deferred tax assets	2	13
Other	24	29
Allowance for doubtful accounts	△10	△9
Total non-current assets	6,173	6,089
Total assets	53,706	58,671
Liabilities		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	-	3
Margin transaction liabilities	4,925	7,466
Borrowings on margin transactions	3,802	7,045
Cash received for securities lending on margin transactions	1,123	421
Deposits received	11,609	7,015
Guarantee deposits received	1,245	1,903
Accounts for non-received securities and others	0	0
Short-term loans payable	210	210
Lease obligations	4	5
Income taxes payable	333	2,121
Provision for bonuses	694	1,077
Other current liabilities	1,057	1,658
Total current liabilities	20,081	21,462
Non-current liabilities		
Long-term loans payable	263	223
Lease obligations	11	15
Deferred tax liabilities	34	80
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	27	27
Total non-current liabilities	344	355
Reserves under special laws		
Reserve for financial products transaction liabilities	180	211
Total reserves under special laws	180	211
Total liabilities	20,607	22,029
Net assets		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,687	8,655
Retained earnings	12,135	15,360
Treasury shares	△1,608	△1,530
Total shareholders' equity	33,792	37,063
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35	223
Revaluation reserve for land	△1,187	△1,125
Remeasurements of defined benefit plans	162	164
Total accumulated other comprehensive income	△990	△736
Share acquisition rights	231	256
Non-controlling interests	65	58
Total net assets	33,099	36,641
Total liabilities and net assets	53,706	58,671

2. Consolidated Income Statements

(in millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Operating revenue		
Commission received	18,857	24,616
Commission to consignees	7,070	9,823
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	361	570
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	5,642	6,777
Other fees received	5,782	7,444
Net trading income	209	123
Financial revenue	237	310
Other operating revenue	1,409	1,451
Total operating revenue	20,714	26,502
Financial expenses	66	92
Other operating expenses	1,309	1,340
Net operating revenue	19,338	25,069
Selling, general and administrative expenses		
Trading related expenses	1,600	1,853
Personnel expenses	9,254	10,296
Real estate expenses	1,816	1,953
Office cost	2,394	2,391
Depreciation	406	430
Taxes and dues	300	358
Provision of allowance for doubtful accounts	-	1
Other	571	642
Total selling, general and administrative expenses	16,344	17,928
Operating profit	2,994	7,141
Non-operating income		
Dividends from investment securities	22	19
Gain on investments in partnership	43	54
Insurance and dividend income	20	25
Other	21	18
Total non-operating income	108	119
Non-operating expenses		
Loss on investments in partnership	4	7
Miscellaneous loss	18	22
Other	1	1
Total non-operating expenses	24	30
Ordinary profit	3,077	7,229
Extraordinary income		
Gain on sales of investment securities	27	26
Gain on sales of non-current assets	38	58
Gain on reversal of share acquisition rights	3	7
Reversal of reserve for financial products transaction liabilities	1	-
Total extraordinary income	71	91
Extraordinary losses		
Loss on retirement of non-current assets	5	13
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	-
Cancellation cost of system use	10	-
Bad debts written off	1	-
Impairment loss	-	96
Provision of reserve for financial products transaction liabilities	-	30
Total extraordinary losses	94	147
Profit before income taxes	3,054	7,173
Income taxes - current	836	2,363
Income taxes - deferred	17	△206
Total income taxes	853	2,156
Profit	2,200	5,016
Profit attributable to non-controlling interests	17	21
Profit attributable to owners of parent	2,183	4,994

Consolidated Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	2,200	5,016
Other comprehensive income		
Valuation difference on available-for-sale securities	△19	188
Revaluation reserve for land	662	-
Remeasurements of defined benefit plans, net of tax	△28	2
Total other comprehensive income	614	191
Comprehensive income	2,814	5,207
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,797	5,185
Comprehensive income attributable to non-controlling interests	17	22

3 . Consolidated Statement of changes in equity

for the fiscal year ended March 31, 2017

(in millions of yen)

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

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

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

for the fiscal year ended March 31, 2018

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,577	8,687	12,135	△1,608	33,792
Changes of items during period					
Dividends of surplus			△1,706		△1,706
Profit attributable to owners of parent			4,994		4,994
Purchase of treasury shares				△0	△0
Disposal of treasury shares		△34		78	44
Reversal of revaluation reserve for land			△62		△62
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Net changes of items other than shareholders' equity					
Total changes of items during period	-	△32	3,225	78	3,270
Balance at end of current period	14,577	8,655	15,360	△1,530	37,063

	Total accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	35	△1,187	162	△990
Changes of items during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Reversal of revaluation reserve for land				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes of items other than shareholders' equity	188	62	2	253
Total changes of items during period	188	62	2	253
Balance at end of current period	223	△1,125	164	△736

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	231	65	33,099
Changes of items during period			
Dividends of surplus			△1,706
Profit attributable to owners of parent			4,994
Purchase of treasury shares			△0
Disposal of treasury shares			44
Reversal of revaluation reserve for land			△62
Change in ownership interest of parent due to transactions with non-controlling interests			1
Net changes of items other than shareholders' equity	24	△6	271
Total changes of items during period	24	△6	3,542
Balance at end of current period	256	58	36,641

4. Consolidated Cash Flow Statements

(in millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	3,054	7,173
Depreciation	406	430
Amortization of goodwill	9	8
Increase (decrease) in provision for bonuses	△12	382
Decrease (increase) in net defined benefit asset	△27	△95
Increase (decrease) in allowance for doubtful accounts	△0	1
Interest and dividend income	△48	△55
Interest expenses	8	7
Impairment loss	-	96
Loss (gain) on sales of investment securities	△27	△26
Loss (gain) on valuation of investment securities	-	0
Bad debts expenses	1	-
Loss (gain) on sales of non-current assets	24	△51
Loss on retirement of non-current assets	5	13
Loss on valuation of golf club memberships	13	-
Cancellation cost of system use	10	-
Gain on reversal of share acquisition rights	△3	△7
Increase (decrease) in reserve for financial products transaction liabilities	△1	30
Decrease (increase) in cash segregated as deposits for customers	△4,970	4,150
Increase (decrease) in deposits and guarantee deposits received	5,956	△3,936
Decrease (increase) in short-term loans receivable	12	5
Decrease (increase) in trading products - assets (liabilities)	△42	127
Decrease/increase in assets/liabilities for margin transaction	1,450	△7,601
Decrease (increase) in cash paid for subscription	△379	△2,794
Other, net	32	0
Subtotal	5,472	△2,139
Interest and dividend income received	48	55
Interest expenses paid	△8	△7
Income taxes paid	△1,156	△599
Net cash provided by (used in) operating activities	4,356	△2,689
Cash flows from investing activities		
Purchase of property, plant and equipment	△73	△84
Proceeds from sales of property, plant and equipment	465	247
Purchase of intangible assets	△266	△190
Purchase of investment securities	△220	△40
Proceeds from sales of investment securities	181	175
Payments of long-term loans receivable	△4	△10
Collection of long-term loans receivable	14	9
Other, net	△12	△131
Net cash provided by (used in) investing activities	83	△24
Cash flows from financing activities		
Repayments of long-term loans payable	△39	△39
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	△27
Repayments of lease obligations	△3	△4
Proceeds from exercise of share options	9	37
Purchase of treasury shares	△880	△0
Cash dividends paid	△1,774	△1,702
Net cash provided by (used in) financing activities	△2,689	△1,737
Effect of exchange rate change on cash and cash equivalents	△0	△0
Net increase (decrease) in cash and cash equivalents	1,750	△4,452
Cash and cash equivalents at beginning of period	15,675	17,426
Cash and cash equivalents at end of period	17,426	12,974

5. Notes to Consolidated Financial Statements

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

(Material Matters Essential for Preparation of Consolidated Financial Statements)

1. Matters concerning scope of consolidation:

Consolidated subsidiaries: 3 companies

Namely:

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

2. Matters concerning application of an equity method: None

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

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

(Segment Information)

1. Segment information

(For the fiscal year ended March 31, 2018)

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

2. Related information

(For the fiscal year ended March 31, 2018)

(1) Information by product and service:

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

(2) Information by area:

(a) Operating revenue:

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

(b) Tangible fixed assets:

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

(c) Information by main customers:

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

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

For the fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018):

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

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

For the fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018):

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

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

For the fiscal year ended March 31, 2018 (From April 1, 2017, to March 31, 2018):

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

[Per-share Data on a consolidated basis]

	--- Fiscal year ended ---	
	March 31, 2017	March 31, 2018
Per-share net worth	769.18yen	850.09yen
Per-share net income	50.89yen	117.00yen
Per-share net income on a diluted basis (adjusted for shares potentially issuable)	50.83yen	116.73yen

Notes: (1) Bases for computation of per-share net income on non-diluted and diluted basis are as follows:

	--- Fiscal year ended ---	
	March 31, 2017	March 31, 2018
Per-share net income:		
Net income attributable to		
owners of parent	2,183 million yen	4,994 million yen
Amount not attributable to common		
shareholders	--	--
Net income related to common shares		
Attributable to owners of parent	2,183 million yen	4,994 million yen
Average no. of outstanding common shares		
during the fiscal year	42,902 thousand	42,688 thousand

Per-share net income on a diluted basis

(adjusted for potentially issuable shares):

Adjusted amount of net income

attributable to owners of parent

--

--

No. of common shares increased

during the fiscal year

52 thousand

96 thousand

(of which issued upon exercise of

stock options)

(52 thousand)

(96 thousand)

Contents of potentially-issuable shares

having no diluting effect and thus not included

in computation of per-share income on a

diluted basis

Stock option-based

Stock option-based

equity warrants:

equity warrants:

(1)No. of warrants: 56; No. of shares issuable: 5,600 shares. (resolved on April 16, 2013)	(1)No of warrants:56. No. of shares issuable: 5,600 shares (resolved on Apr. 16, 2013)
(2)No. of warrants: 4,311; No. of shares issuable: 431,100 shares (resolved on Nov. 22, 2013)	(2) No. of warrants: 4,146; No. of shares issuable: 414,600shares (resolved onNov.22, 2013)
(3)No. of warrants: 40; No. of shares issuable: 4,000 shares (resolved on Aug. 12, 2014)	(3) No. of warrants:40; No. of shares issuable: 4,000 shares (resolved on Aug. 12, 2014)
(4)No. of warrants: 319; No. of Share issuable: 31,900shares (resolved on May 12, 2105)	(4) No. of warrants:304; No. of shares issuable: 30,400shares (resolved on May 12, 2015)
(5)No. of warrants: 4,806; No. of shares issuable: 480,600 shares; (resolved on May 17, 2016)	

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

	Fiscal year ended	
	March 31, 2017	March 31, 2018
Net worth	33,099 million yen	36,641 million yen
Deductions from net worth	297million yen	315 million yen
(of which due to stock options)	(231 million yen)	(256 million yen)
(of which due to non-controlling shareholders)	(65 million yen)	(58 million yen)
Net worth related to common shares as of the end of fiscal year	32,802 million yen	36,326 million yen
No. of common shares as of the end of fiscal year used for computation of per-share net worth	42,645 thousand	42,732 thousand

(Subsequent Material Events after March 31, 2018) : None

VI. Supplemental Information

Supplemental information on consolidated business result for the fiscal year ended March 31, 2018:

1. Commissions

(1) Commissions by sources

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

	--- Fiscal year ended ---		(B) over (A)
	March 31, 2017(A)	March 31, 2018(B)	Change(%)
Brokerage commissions	7,070	9,823	38.9
(Stocks)	(6,812)	(9,630)	(41.4)
(Beneficiary certificates)	(258)	(192)	(-25.5)
Commissions from underwriting			
and solicitation to specified investors	361	570	57.7
(Stocks)	(361)	(570)	(57.7)
Commissions from distribution			
and solicitation to specified investors	5,642	6,777	20.1
(Beneficiary certificates)	(5,556)	(6,704)	(20.6)
Commissions from other sources	5,782	7,444	28.7
(Beneficiary certificates*)	(5,189)	(6,670)	(28.5)
Total	18,857	24,616	30.5

*Breakdown of (Beneficiary certificates)

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

	--- Fiscal year ended ---		(B) over (A)
	March 31, 2017(A)	March 31, 2018(B)	Change(%)
Trailer fees relating to distribution	4,174	4,380	4.9
Trustee fees for fund management	545	1,264	131.8
Fees from fund wrap accounts	469	1,025	118.4
Total	5,189	6,670	28.5

(2) Commissions by products

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

	--- Fiscal year ended ---		(B) over (A)
	March 31, 2017(A)	March 31, 2018(B)	Change(%)

Stocks	7,202	10,235	42.1
Bonds	85	74	-13.6
Beneficiary certificates	11,004	13,567	23.3
Others	564	739	30.9

Total	18,857	24,616	30.5

2. Gains or loss on trading

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

	--- Fiscal year ended ---		(B) over (A)
	March 31, 2017(A)	March 31, 2018(B)	Change(%)

Stocks, etc.	83	47	-43.2
Bonds, foreign exchange, etc.	126	76	-39.5
(Bonds, etc.)	(106)	(62)	(-41.2)
(Foreign exchange, etc.)	(19)	(13)	(-29.8)

Total	209	123	-41.0

3 . Quarterly Consolidated Income Statements for Recent Eight 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)	4th Q (1-3/'18)
Operating revenue	5,273	4,772	5,053	5,614	5,866	6,535	7,348	6,752
Commission received	4,808	4,354	4,590	5,104	5,376	6,096	6,883	6,259
Net trading income	34	51	62	61	32	36	34	21
Financial revenue	56	52	65	62	67	71	88	83
Other operating revenue	374	313	335	386	390	331	342	387
Financial expenses	10	13	22	18	20	19	32	19
Other operating expenses	345	290	316	356	354	307	322	357
Net operating revenue	4,917	4,467	4,714	5,238	5,491	6,208	6,993	6,375
Selling, general and administrative expenses	4,118	3,985	4,060	4,181	4,347	4,361	4,746	4,473
Trading related expenses	433	366	379	421	430	448	528	446
Personnel expenses	2,292	2,317	2,309	2,335	2,470	2,516	2,758	2,551
Real estate expenses	464	451	445	454	484	472	500	496
Office cost	584	552	624	633	601	577	612	600
Depreciation	98	99	98	110	102	106	100	121
Taxes and dues	75	67	71	86	79	93	95	89
Provision of allowance for doubtful accounts	—	—	—	—	0	0	0	1
Other	169	131	131	140	180	145	150	165
Operating profit	798	482	654	1,057	1,143	1,847	2,247	1,902
Non-operating income	22	13	28	43	22	29	49	17
Non-operating expenses	0	5	1	17	0	4	0	25
Ordinary profit	821	490	681	1,083	1,165	1,872	2,296	1,895
Extraordinary income	40	2	0	27	60	4	23	2
Extraordinary losses	11	66	0	16	65	11	3	66
Profit before income taxes	850	427	681	1,095	1,160	1,865	2,316	1,831
Income taxes - current	137	99	66	532	281	796	592	692
Income taxes - deferred	158	139	177	179	89	184	133	245
Profit	554	467	436	742	789	1,253	1,589	1,384
Profit attributable to non-controlling interests	1	1	2	11	3	4	5	8
Profit attributable to owners of parent	552	465	433	731	785	1,249	1,583	1,376

(END)