

Business Result for Fiscal Year to March 31, 2019

(Consolidated under Japanese GAAP)

Released on April 26, 2019

(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 22, 2019 (scheduled)

Payment date for final dividends: May 31, 2019 (scheduled)

Filing date of annual securities report: June 25, 2019 (scheduled)

Supplemental information on business result: Provided.

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

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

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(Figures less than one million yen are rounded down)

1. Consolidated Business Result for Fiscal Year Ended March 31, 2019

(1) Highlights of consolidated business result (in millions of yen 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, 2019	21,227 (-19.9)	19,769 (-21.1)	2,056 (-71.2)	2,238 (-69.0)	1,674 (-66.5)
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)

Notes: Comprehensive income for fiscal year ended March 31, 2019: 1,392 million yen (-73.3%)

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

	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, 2019	39.25yen	39.20yen	4.7%	9.7%
Fiscal year ended Mar. 31, 2018	117.00yen	116.73yen	14.5%	26.9%

Notes: Investment gains on equity method for fiscal year ended March 31, 2019: -----million yen

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

(2) Consolidated financial condition (in millions of yen except for per-share figures)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2019	48,544	34,718	71.2%	827.53yen
As of Mar. 31, 2018	58,590	36,641	62.0%	850.09yen

Notes: Shareholders' equity as of March 31, 2019: 34,586 million yen

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

(3) Consolidated cash flow (in millions of yen with figures)

	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, 2019	4,565	-130	-3,188	14,220
Fiscal year ended Mar. 31, 2018	-2,689	-24	-1,737	12,974

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, 2018	---	24.00yen	---	37.00yen	61.00yen
Fiscal year ended Mar. 31, 2019	---	17.00yen	---	17.00yen	34.00yen

	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, 2018	2,605 million yen	52.1%	7.5%
Fiscal year ended Mar. 31, 2019	1,438 million yen	86.6%	4.1%

Note: Ichiyoshi Securities Co., Ltd. (the **"Company"** or **"Ichiyoshi"** as the case may be) does not provide earnings forecast nor dividend forecast.

3. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2019 (from April 1, 2019 to March 31, 2020)

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 and annual 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)

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

44,431,386 shares at March 31, 2019.

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

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

2,635,963 shares at March 31, 2019.

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

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

42,663,754 shares for the fiscal year ended March 31, 2019.

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

[Referential information]

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

(1) Business result for fiscal year ended March 31, 2019 (in millions of yen except for per-share figures)

(% indicates year-to-year changes)

	Operating revenue (%)	Net operating revenue (%)	Operating income (%)	Current income (%)	Net income (%)
Fiscal year ended Mar. 31, 2019	17,790 (-24.1)	17,745 (-24.0)	753 (-87.5)	1,892 (-69.1)	1,725 (-59.7)
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)

	Earnings per share	Earnings per share adjusted for shares potentially issuable	Return on equity
Fiscal year ended Mar. 31, 2019	40.44yen	40.39yen	5.2%
Fiscal year ended Mar. 31, 2018	100.27yen	100.04yen	13.1%

(2) Financial condition (in millions of yen except for per-share figures)

	Total assets	Net assets	Equity ratio	Net assets per share	Capital adequacy ratio
Fiscal year ended Mar. 31, 2019	45,598	32,670	71.5%	779.80yen	552.9%
Fiscal year ended Mar. 31, 2018	55,460	34,451	61.7%	800.20yen	600.4%

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

32,592 million yen as of March 31, 2019.

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

2. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2019 (from April 1, 2019 to March 31, 2020)

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 being audited 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 2019 (from April 1, 2019 to March 31, 2020)**” on page 3, the Company does not provide a dividend forecast.

I. Outline of Business Result, Etc.

1. Outline of Business Result

During the fiscal year ended March 31, 2019, as regards the Japanese economy, exports and consumer spending were temporarily stunted by successive natural disasters in the summer, and corporate production and export activities showed some weakness as the year turned. As a whole, however, the underlying economy remained on a mild recovery track amid a continuing improvement on employment and income environments. Externally, while concerns rose over the U.S. - China trade friction and the downward trend of the European economy, the upward momentum of the U.S. economy helped the global economy to remain on a recovery course.

In the meantime, the Japanese stock market underwent a wide fluctuation in prices throughout the fiscal year. In the early part of the fiscal year, the Japanese stock market basked in the moderation of the geopolitical risk surrounding North Korea and the weakening of the Japanese yen with the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) registering 23,050yen, a three-and-half month high, on May 21, 2018. Thereafter, however, the stock market was hit by uncertainty over the outlook of the U.S.-China trade friction and the declining currency values of emerging nations with the Nikkei Stock Average stagnating around 23,000yen levels for some time. As Japanese stock-revaluating momentum rose among investors, overseas investors in particular, from September through the middle of October, however, the Nikkei Stock Average registered 24,448yen, nearly a 27 year high, on October 2. Thereafter, market-negative news came up: fears over rising interest rates in the U.S. worrying news about Saudi Arabia, and confusion over the Brexit. All of these pushed the stock market downward. Furthermore, J. H. Powel, Chairman of the Board of Governors of the U.S. Federal Reserve System, indicated his willingness of maintaining a money-tightening policy, accelerating the fall of the Nikkei Stock Average down to 18,948yen on December 26. While the Nikkei Stock Average started off the year 2019 at

452yen below its close at the end of the previous year, the Average moved gradually upward as the Fed chairman, by a sudden turn, became wary over the raising of interest rates and hopes for the progress of the U.S. – China trade talk rose. Thus, the Nikkei Stock Average recorded 21,860yen on March 4. Toward the end of the fiscal year, concerns over the global economic slowdown surfaced and weak Chinese economic data , was made public, with the Nikkei Stock closing the fiscal year at 21,205yen.

On the foreign currency market, the yen weakened to 114.54yen per 1 U.S. dollar on October 14. Thereafter, the yen was sought after amid the rising risk-averse mood and the declining U.S. long-term interest rates, and ended the fiscal year at 110 yen per 1 U.S. dollar.

The Japanese emerging-stock markets continued through correctional periods both in terms of Nikkei JASDAQ Stock Average and TSE Mothers Index. Turning upward from the December lows, Nikkei JASDAQ Average and TSE Mothers Index ended the fiscal year at 3,444yen and 955, respectively.

The average daily turnover on the First Section of TSE during the fiscal year was 2,855.0 billion yen, down 3.4% from the previous fiscal year. The average daily turnover on the Second Section of TSE was 35.6 billion yen, down 36.8%, that on the TSE Mothers was 102.0 billion yen, down 8.1%, and that on the NASDAQ market was 58.4billion yen , down 32.9%.

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 medium- to long-term investments in small-and medium-cap growth stocks unearthed by the Ichiyoshi group's strength in research.

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, 2019, registered 118.1 billion yen, up 35.8% from March 31, 2018.

Placing in the center of promotion "Ichiyoshi Small- and Medium-Cap Growth Stock Fund," launched 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., the Company made proposals matching customer needs which include, among others, "Nippon Recovery Growth Stock Fund," whose portfolios are flexibly mixed between big-cap stocks and small-and medium-cap stocks as warranted by market conditions, and "100-Year Life/Global Diversification Fund" designed for the further-aging society launched August 2018, and proposed privately-placed investment trust funds targeted for regional financial institutions.

The outstanding amount of assets under the management of Ichiyoshi Asset

Management Co., Ltd. recorded 369.1 billion yen as contracts for wrap accounts increased while net asset values of investment trust funds under management generally declined.

Consequently, net operating revenue for the fiscal year ended March 31, 2019, amounted to 19,769 million yen, down 21.1% from the previous fiscal year. Operating cost and expenses recorded 17,713 million yen, down 1.2%. Hence, operating income registered 2,056 million yen, down 71.2%.

The cost coverage ratio (the ratio at which investment trust fund-related retailer fees and management fees and fees from wrap-accounts cover cost and operating expenses) for the fiscal year ended March 31, 2019 stood at 38.9%, up by 1.7% from the previous fiscal year.

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, 2019 amounted to 19,205 million yen, down 22.0% from the previous fiscal year ended March 31, 2018.

(i) Brokerage commissions

Total brokerage commissions on stocks fell 27.1% to 7,020 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 1,499 million yen, down 39.4%, accounting for 21.4% 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 37 initial public offerings (IPOs) (of which the Company lead-managed 1), as against 30 IPOs (of which the Company lead-managed 4) in the previous fiscal year. In the secondary market, the Company participated in 6 deals on a management and underwriting basis, as against 7 deals in the previous fiscal year. As a result, total commissions from underwriting and solicitation to specified investors recorded 266 million yen, down 53.2% from the previous fiscal year.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,082 (of which 52 were lead-managed) as of March 31, 2019.

(iii) Commissions from distribution and solicitation to specified investors

Commissions from distribution and solicitation to specified investors declined 40.6% to 4,026 million yen as commissions from distribution of investment trust funds slid 42.1 % to 3,881 million yen.

(iv) Commissions from other sources

The trailer fees on investment trust funds decreased 5.5% to 4,138 million yen

while trustee fees for fund management by Ichiyoshi Asset Management Co., Ltd. rose 20.8% to 1,527 million yen. With the addition of fund-wrap accounts fees of 1,218 million yen (up 18.7%), fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 7,686 million yen, up 3.3%.

(2) Gains or Loss on Trading

Trading on stocks, etc. recorded gains of 19 million yen, down 59.6%, and trading on bonds, foreign exchange, etc. registered gains of 106 million yen, up 39.7% amid an increase in foreign bond offerings. Consequently, total gains on trading amounted to 125 million yen, up 1.6%.

(3) Financial revenue

Interest and dividend income rose 8.2% to 336 million yen, and interest expenses dropped 45.7% to 50 million yen. Resultantly, net interest and dividend income amounted to 286 million yen, up 31.0%.

Hence, net operating revenue for the fiscal year ended March 31, 2019 recorded 19,769million yen, down 21.1%.

(4) Operating Cost and Expenses

Operating cost and expenses recorded 17,713 million yen, down 1.2%, as real estate-related expenses chiefly for office relocations at the head office and branches increased while personnel-related expenses declined.

(5) Non-operating Income and Expenses

The Company registered non-operating income of 195 million yen, including receipts of 119 million yen in the form of insurance proceeds and dividends and gains of 29 million yen on investment partnerships. After offsetting a non-operating loss, net non-operating income for the fiscal year ended March 31, 2019 registered 182 million yen, up 107.2%.

Hence, current income for the fiscal year ended March 31, 2019 amounted to 2,238 million yen, down 69.0% from the previous fiscal year.

(6) Extraordinary Income and Loss

The Company registered extraordinary income of 284 million yen, mainly consisting of 176 million yen in the form of gain on reversal of subscription rights to shares, 61 million yen in the form of gain on sale of fixed assets and 47 million yen in the form of gain on sale of investment securities, while the Company recorded extraordinary

loss of 20 million yen, mainly in the form of impairment loss on fixed assets. As a result, net extraordinary income amounted to 264 million yen.

Consequently, income before taxes and tax adjustments for the fiscal year ended March 31, 2019 recorded 2,503 million yen, down 65.1%, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 537 million yen, and corporate tax adjustments of 265 million yen, and after deduction of non-controlling interests of 25 million yen) registered 1,674 million yen, down 66.5% from the previous fiscal year.

Customers' assets under custody as of March 31, 2019 recorded 1,792.9 billion yen, down 7.6% from the end of the previous fiscal year chiefly due to market deterioration.

2. General Review of Financial Condition

(i) Current assets

Current assets amounted to 42,709 million yen as of March 31, 2019, a decrease of 9,325 million yen (down 17.9%) from March 31, 2018, mainly as cash and deposits and income taxes receivable increased by 1,276 million yen and 992 million yen, respectively while margin transaction assets and cash paid for offering decreased 8,177 million yen and 3,897 million yen, respectively.

(ii) Fixed assets

Fixed assets stood at 5,835 million yen as of March 31, 2019, a decline of 720 million yen (down 11.0%) from March 31, 2018, chiefly as deferred tax assets fell by 193 million yen and investment securities decreased by 188 million yen due to a decline in unrealized gains on listed securities.

As a result, total assets registered 48,544 million yen as of March 31, 2019, a decrease of 10,046 million yen (down 17.1%) from March 31, 2018.

(iii) Current liabilities

Current liabilities stood at 13,383 million yen as of March 31, 2019, a decrease of 8,079 million yen (down 37.6%) from March 31, 2018, chiefly as margin transaction liabilities, income taxes payable and guarantee deposits received fell by 4,493 million yen, 1,892 million yen and 878 million yen, respectively.

(iv) Long-term liabilities

Long-term liabilities recorded 230 million yen as of March 31, 2019, a decrease of 43 million yen (down 15.9%) from March 31, 2018, chiefly as long-term borrowings declined by 39 million yen.

(v) Statutory reserves

Statutory reserves stood at 211 million yen as of March 31, 2019.

(vi) Net worth

Net worth amounted to 34,718 million yen as of March 31, 2019, a decrease of 1,923million yen (down 5.2%) from March 31, 2018. The rise resulted as the Company recorded net income (attributable to owners of parent) of 1,674 million yen for the fiscal year while the Company paid dividends in the amount of 2,308 million yen and acquired treasury stock in the amount of 869 million yen.

3. Cash Flow

Cash flow from operating activities for the fiscal year ended March 31, 2019 recorded a positive figure of 4,565million yen, an increase of 7,255 million yen from the previous fiscal year, as margin transaction assets and liabilities fell by 3,683 million yen, cash paid for offering decreased by 3,897 million yen and income taxes payable declined by 3,358 million yen. Cash flow from investing activities registered a negative figure of 130 million yen, a fall of 105 million yen, mainly due to payment for the acquisition of tangible fixed assets. Cash flow from financing activities recorded a negative figure of 3,188 million yen, a fall of 1,451 million yen, chiefly as a result of dividend payments in the amount of 2,304 million yen and acquisition of treasury stock in the amount of 869 million yen.

Consequently, the amount of cash and cash equivalents as of March 31, 2019, stood at 14,220 million yen, a rise of 1,245 million yen from the end of the previous fiscal year (March 31, 2018).

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, 2018 was 17yen, and a final dividend per share payable to shareholders of record as of March 31, 2019 is to be 17yen, thus an annual total dividend per share being 34yen.

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 trust funds, 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/management services and agencies, deals in office supplies and goods 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)

Ichiyoshi Asset Management Co., Ltd. – investment trust management, investment advisories and agencies
(97.0% 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. New Medium-Term Management Policy & Ichiyoshi Basic Strategies for Growth

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 "Ichiyoshi Basic Strategies for Growth."

The following are numerical targets in the New Medium-Term Management Plan as compared to their interim progresses as of March 31, 2019:

Items	Targets (Final date: Mar. 31, 2020)	Interim progress (As of Mar. 31, 2019)
Customers' assets in custody	3.5 trillion yen	1.7929 trillion yen
Return on equity	More than 15%	4.7%
No. of lead-managed companies(cumulative)	70	52

[Ichiyoshi Basic Strategies for Growth]

(1) . Execution of "Ichiyoshi Credo"

Management philosophy as basis for everlasting corporate growth.

(2) Expansion of Customers' Assets

Customers' assets in custody as most important indicator of management

Customers' assets in custody as barometer of customers' trust in Ichiyoshi and barometer of Ichiyoshi's underlying strength

(3)Continuous Improvement on Revenue-Cost Structure

Fostering of revenue-cost structure insusceptible to market fluctuations

"Stable revenue," "Cost-coverage by revenue from other than stocks,"

"Promotion of investment into growth areas," "Efficiency promotion, cost reduction, leaner head office."

(4)Comprehensive Power of Ichiyoshi Group

"Triangular Pyramid Management"

"Specialization in small- and mi-cap growth stocks," "Focus on high net-worth customers"

(5)Practical observance of compliance

Compliance is a source and power of competitiveness.

Up-graded compliance focused on customers

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

(6) Cultivation of human resources

Growth lies in personnel.

“Up-grading of advisers,” “Nurturing of young-age advisers and potential managerial staff.” “Positive use and promotion of female personnel and senior staff,” “Up-grading of professionalism of head office staff.”

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

Pride-worthy company

Promotion of staff motivation

“Furtherance of communication vertically and horizontally,” “Review of personnel system and evaluation,” “Improvement on working environment,” “Review of working practices.”

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 Competiveness.” Thus, further stepping up its customer-first and –prioritized attitude, the Company will work for further business evolution.

The Company has continued to propose its wrap-account fund “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/her resources 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 high net-worth individuals and regional up-scale institutions with high investment needs..

The Company has for some time considered as one of important management tasks improvement on working condition and environment, personnel system and cultivation of human resources. Thus, the Company has adopted “Setting-up of worker-friendly and worthwhile offices” as one of the “Ichiyoshi Basic Strategies for Growth.” The Company is already taking 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 New Medium-Term Management Plan on the basis of Ichiyoshi Basic Strategies for Growth, 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, in May 2018, relocated its Tokyo Branch to the Ginza area and changed its name to the Ginza Branch. In July 2018, the Company opened its new Planet Plaza office at Hakata in Fukuoka City (the largest city in Kyushu). Hakata Planet Plaza is a sub-branch under the Omuta Branch. The Company will continue to enhance its branch network based on potential flows of funds and with a view to building relations with next generations of customers in large cities while maintaining closer and familiar relationships with existing customers.

As regards investment trust 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, the Company will continue to offer them to a widening network of high net-worth individuals and regional up-scale financial institutions and corporations. Under the circumstances where the yield of 10-year government bonds is re-entering the minus territory, investment needs for small- and mid-cap stocks are thought to further increase due to the scarcity of other investment opportunities.

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 retail and wholesale divisions, thereby enhancing customers' trust.

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 Choice of 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 2018	As of March 31 2019
Assets		
Current assets		
Cash and deposits	13,795	15,071
Cash segregated as deposits	5,783	6,223
Trading products	189	166
Trading securities and other	189	166
Margin transaction assets	24,018	15,841
Loans on margin transactions	23,766	15,471
Cash collateral pledged for securities borrowing on margin transactions	252	370
Loans secured by securities	0	6
Cash collateral pledged for securities borrowed	0	6
Advances paid	36	34
Cash paid for offering	6,194	2,296
Accounts for non-delivered securities and others	-	6
Short-term loans receivable	5	8
Income taxes receivable	-	992
Accrued income	1,902	1,722
Other current assets	113	341
Allowance for doubtful accounts	△5	△3
Total current assets	52,034	42,709
Non-current assets		
Property, plant and equipment	2,901	2,691
Buildings, net	887	755
Equipment	566	581
Land	1,427	1,339
Leased assets, net	20	15
Intangible assets	565	487
Software	564	485
Other	1	2
Investments and other assets	3,088	2,655
Investment securities	1,388	1,200
Long-term loans receivable	17	36
Long-term guarantee deposits	1,021	1,016
Retirement benefit asset	161	108
Deferred tax assets	480	286
Other	29	17
Allowance for doubtful accounts	△9	△9
Total non-current assets	6,555	5,835
Total assets	58,590	48,544
Liabilities		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	3	0
Margin transaction liabilities	7,466	2,973
Borrowings on margin transactions	7,045	2,441
Cash received for securities lending on margin transactions	421	531
Loans payable secured by securities	-	599
Cash received on debt credit transaction of securities	-	599
Deposits received	7,015	6,592
Guarantee deposits received	1,903	1,024
Accounts for non-received securities and others	0	-
Short-term loans payable	210	210
Lease obligations	5	4
Income taxes payable	2,121	228
Provision for bonuses	1,077	632
Other current liabilities	1,658	1,117
Total current liabilities	21,462	13,383
Non-current liabilities		
Long-term loans payable	223	184
Lease obligations	15	10
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	27	27
Total non-current liabilities	274	230
Reserves under special laws		
Reserve for financial products transaction liabilities	211	211
Total reserves under special laws	211	211
Total liabilities	21,948	13,825
Net assets		
Shareholders' equity		
Capital stock	14,577	14,577
Capital surplus	8,655	8,669
Retained earnings	15,360	14,726
Treasury shares	△1,530	△2,342
Total shareholders' equity	37,063	35,631
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	223	1
Revaluation reserve for land	△1,125	△1,125
Remeasurements of defined benefit plans	164	79
Total accumulated other comprehensive income	△736	△1,044
Share acquisition rights	256	78
Non-controlling interests	58	52
Total net assets	36,641	34,718
Total liabilities and net assets	58,590	48,544

2. Consolidated Income Statements

(in millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Operating revenue		
Commission received	24,616	19,205
Commission to consignees	9,823	7,226
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	570	266
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,777	4,026
Other fees received	7,444	7,686
Net trading income	123	125
Financial revenue	310	336
Other operating revenue	1,451	1,559
Total operating revenue	26,502	21,227
Financial expenses	92	50
Other operating expenses	1,340	1,408
Net operating revenue	25,069	19,769
Selling, general and administrative expenses		
Trading related expenses	1,853	1,828
Personnel expenses	10,296	9,815
Real estate expenses	1,953	2,202
Office cost	2,391	2,359
Depreciation	430	522
Taxes and dues	358	291
Provision of allowance for doubtful accounts	1	-
Other	642	692
Total selling, general and administrative expenses	17,928	17,713
Operating profit	7,141	2,056
Non-operating income		
Dividends from investment securities	19	22
Gain on investments in partnership	54	29
Insurance and dividend income	25	119
Other	18	23
Total non-operating income	119	195
Non-operating expenses		
Loss on investments in partnership	7	8
Loss on cancellation of leases	1	3
Miscellaneous loss	22	-
Other	0	1
Total non-operating expenses	30	13
Ordinary profit	7,229	2,238
Extraordinary income		
Gain on sales of investment securities	26	47
Gain on sales of non-current assets	58	61
Gain on reversal of share acquisition rights	7	176
Total extraordinary income	91	284
Extraordinary losses		
Loss on retirement of non-current assets	13	12
Loss on sales of non-current assets	6	4
Loss on valuation of investment securities	0	0
Impairment loss	96	2
Provision of reserve for financial products transaction liabilities	30	-
Total extraordinary losses	147	20
Profit before income taxes	7,173	2,503
Income taxes - current	2,363	537
Income taxes - deferred	△206	265
Total income taxes	2,156	803
Profit	5,016	1,699
Profit attributable to non-controlling interests	21	25
Profit attributable to owners of parent	4,994	1,674

Consolidated Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended March 31,2018	Fiscal year ended March 31,2019
Profit	5,016	1,699
Other comprehensive income		
Valuation difference on available-for-sale securities	188	△222
Remeasurements of defined benefit plans, net of tax	2	△85
<u>Total other comprehensive income</u>	<u>191</u>	<u>△307</u>
<u>Comprehensive income</u>	<u>5,207</u>	<u>1,392</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,185	1,366
Comprehensive income attributable to non-controlling interests	22	25

3 . Consolidated Statement of changes in equity

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

for the fiscal year ended March 31, 2019

(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	8,655	15,360	△1,530	37,063
Changes of items during period					
Dividends of surplus			△2,308		△2,308
Profit attributable to owners of parent			1,674		1,674
Purchase of treasury shares				△869	△869
Disposal of treasury shares		12		56	69
Reversal of revaluation reserve for land			-		-
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	-	14	△634	△812	△1,431
Balance at end of current period	14,577	8,669	14,726	△2,342	35,631

	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	223	△1,125	164	△736
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	△222	-	△85	△307
Total changes of items during period	△222	-	△85	△307
Balance at end of current period	1	△1,125	79	△1,044

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	256	58	36,641
Changes of items during period			
Dividends of surplus			△2,308
Profit attributable to owners of parent			1,674
Purchase of treasury shares			△869
Disposal of treasury shares			69
Reversal of revaluation reserve for land			-
Change in ownership interest of parent due to transactions with non-controlling interests			1
Net changes of items other than shareholders' equity	△178	△5	△491
Total changes of items during period	△178	△5	△1,923
Balance at end of current period	78	52	34,718

4. Consolidated Cash Flow Statements

(in millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,173	2,503
Depreciation	430	522
Amortization of goodwill	8	-
Increase (decrease) in provision for bonuses	382	△444
Decrease (increase) in retirement benefit asset	△95	52
Increase (decrease) in allowance for doubtful accounts	1	△1
Interest and dividend income	△55	△30
Interest expenses	7	7
Impairment loss	96	2
Loss (gain) on sales of investment securities	△26	△47
Loss (gain) on valuation of investment securities	0	0
Loss (gain) on sales of non-current assets	△51	△56
Loss on retirement of non-current assets	13	12
Gain on reversal of share acquisition rights	△7	△176
Increase (decrease) in reserve for financial products transaction liabilities	30	-
Decrease (increase) in cash segregated as deposits for customers	4,150	△440
Increase (decrease) in deposits and guarantee deposits received	△3,936	△1,301
Decrease (increase) in short-term loans receivable	5	△3
Decrease (increase) in trading products - assets (liabilities)	127	22
Decrease/increase in assets/liabilities for margin transaction	△7,601	3,683
Decrease (increase) in cash paid for subscription	△2,794	3,897
Other, net	0	△304
Subtotal	△2,139	7,900
Interest and dividend income received	55	30
Interest expenses paid	△7	△7
Income taxes paid	△599	△3,358
Net cash provided by (used in) operating activities	△2,689	4,565
Cash flows from investing activities		
Purchase of property, plant and equipment	△84	△234
Proceeds from sales of property, plant and equipment	247	255
Purchase of intangible assets	△190	△121
Purchase of investment securities	△40	△191
Proceeds from sales of investment securities	175	190
Payments of long-term loans receivable	△10	△28
Collection of long-term loans receivable	9	9
Other, net	△131	△11
Net cash provided by (used in) investing activities	△24	△130
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	△4	△5
Proceeds from exercise of share options	37	58
Purchase of treasury shares	△0	△869
Cash dividends paid	△1,702	△2,304
Dividends paid to non-controlling interests	-	△29
Net cash provided by (used in) financing activities	△1,737	△3,188
Effect of exchange rate change on cash and cash equivalents	△0	△0
Net increase (decrease) in cash and cash equivalents	△4,452	1,245
Cash and cash equivalents at beginning of period	17,426	12,974
Cash and cash equivalents at end of period	12,974	14,220

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).

(Change of Accounting Policy, Change of Accounting Estimates, Adjustments & Representation)

Change of presentation method:

Change arising from the application of “Partial Amendment to ‘Accounting Standards Concerning Tax Effect Accounting:

Effective as from the beginning of the fiscal year ended March 31, 2019, “Partial Amendment to ‘Accounting Standards Concerning Tax Effect Accounting” (Corporate Accounting Standards No. 28, dated February 16, 2018) and adjustments related thereto have been applied. Thus, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under long-term liabilities, and notes to tax effect accounting are amended.

Resultantly, on the consolidated balance sheets as of March 31, 2018, “deferred tax assets” of 547 million yen as part of “current assets” and “deferred tax liabilities” of 88 million yen as part of “fixed assets” are jointly presented in “deferred tax assets” of 480 million yen under “investments and other assets.”

As regards notes to tax effect accounting, an explanatory note (note 8) to “Accounting Standards Concerning Tax Effect Accounting” as defined under Items 3 to 5 of Partial Amendment (excluding total amount of valuation reserve)’ and another explanatory note thereto (notes 9) are also applied. However, these explanatory notes are not applied to matters relating to the fiscal year ended March 31, 2018, as a transitional treatment stipulated under Item 7 of Partial Amendment to Tax Effect Accounting Standards.

(Segment Information)

1. Segment information

(For the fiscal year ended March 31, 2019)

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, 2019)

(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, 2019 (From April 1, 2018 to March 31, 2019):

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, 2019 (From April 1, 2018 to March 31, 2019):

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, 2019 (From April 1, 2018, to March 31, 2019):

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, 2018	March 31, 2019
Per-share net worth	850.09yen	827.53yen
Per-share net income	117.00yen	39.25yen
Per-share net income on a diluted basis (adjusted for shares potentially	116.73yen	39.20yen

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

	--- Fiscal year ended ---	
	March 31, 2018	March 31, 2019
Per-share net income:		
Net income attributable to		
owners of parent	4,994 million yen	1,674 million yen
Amount not attributable to common		
shareholders	--	--
Net income related to common shares		
attributable to owners of parent	4,994 million yen	1,674 million yen
Average no. of outstanding common shares		
during the fiscal year	42,688 thousand	42,663 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

96 thousand

50 thousand

(of which issued upon exercise of

stock options)

(96 thousand)

(50 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 Apr 16, 2013)	(1)No of warrants:40. No. of shares issuable: 4,000 shares (resolved on Aug. 12, 2014)
(2)No. of warrants: 4,146; No. of shares issuable: 414,600 shares (resolved on Nov. 22, 2013)	(2) No. of warrants: 289; No. of shares issuable: 28,900shares (resolved on May12, 2015)
(3)No. of warrants: 40; No. of shares issuable: 4,000 shares (resolved on Aug. 12, 2014)	(3) No. of warrants:317; No. of shares issuable: 31,700 shares (resolved on Apr 27, 2018)
(4)No. of warrants: 304; No. of Share issuable: 30,400shares (resolved on May 12, 2105)	

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

	Fiscal year ended	
	March 31, 2018	March 31, 2019
Net worth	36,641 million yen	34,718 million yen
Deductions from net worth	315million yen	131 million yen
(of which due to stock options)	(256 million yen)	(78 million yen)
(of which due to non-controlling shareholders)	(58 million yen)	(52 million yen)
Net worth related to common shares as of the end of fiscal year	36,326 million yen	34,586 million yen
No. of common shares as of the end of fiscal year used for computation of per-share net worth	42,732 thousand	41,795 thousand

(Subsequent Material Events after March 31, 2019) : None

VI. Supplemental Information

Supplemental information on consolidated business result for the fiscal year ended March 31, 2019:

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, 2018(A)	March 31, 2019(B)	Change(%)

Brokerage commissions	9,823	7,226	-26.4
(Stocks)	(9,630)	(7,020)	(-27.1)
(Beneficiary certificates)	(192)	(205)	(6.7)
Commissions from underwriting			
and solicitation to specified investors	570	266	-53.2
(Stocks)	(570)	(266)	(-53.2)
Commissions from distribution			
and solicitation to specified investors	6,777	4,026	-40.6
(Beneficiary certificates)	(6,704)	(3,881)	(-42.1)
Commissions from other sources	7,444	7,686	3.3
(Beneficiary certificates*)	(6,670)	(6,884)	(3.2)

Total	24,616	19,205	-22.0

*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, 2018(A)	March 31, 2019(B)	Change(%)

Trailer fees relating to distribution	4,380	4,138	-5.5
Trustee fees for fund management	1,264	1,527	20.8
Fees from fund wrap accounts	1,025	1,218	18.7

Total	6,670	6,884	3.2

(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, 2018(A)	March 31, 2019(B)	Change(%)

Stocks	10,235	7,318	-28.5
Bonds	74	145	95.9
Beneficiary certificates	13,567	10,970	-19.1
Others	739	771	4.4

Total	24,616	19,205	-22.0

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, 2018(A)	March 31, 2019(B)	Change(%)

Stocks, etc.	47	19	-59.6
Bonds, foreign exchange, etc.	76	106	39.7
(Bonds, etc.)	(62)	(49)	(-21.0)
(Foreign exchange, etc.)	(13)	(57)	(315.1)

Total	123	125	1.6

3 . Quarterly Consolidated Income Statements for Recent Eight Quarters

(in millions of yen)

	1st Q (4-6/17)	2nd Q (7-9/17)	3rd Q (10-12/17)	4th Q (1-3/18)	1st Q (4-6/18)	2nd Q (7-9/18)	3rd Q (10-12/18)	4th Q (1-3/19)
Operating revenue	5,866	6,535	7,348	6,752	5,932	5,650	5,334	4,309
Commission received	5,376	6,096	6,883	6,259	5,389	5,202	4,843	3,769
Net trading income	32	36	34	21	32	25	29	39
Financial revenue	67	71	88	83	91	88	84	71
Other operating revenue	390	331	342	387	418	334	377	429
Financial expenses	20	19	32	19	13	11	11	12
Other operating expenses	354	307	322	357	367	303	348	388
Net operating revenue	5,491	6,208	6,993	6,375	5,551	5,335	4,974	3,908
Selling, general and administrative expenses	4,347	4,361	4,746	4,473	4,568	4,481	4,504	4,158
Trading related expenses	430	448	528	446	460	406	512	449
Personnel expenses	2,470	2,516	2,758	2,551	2,615	2,546	2,447	2,206
Real estate expenses	484	472	500	496	530	544	572	555
Office cost	601	577	612	600	582	595	602	579
Depreciation	102	106	100	121	117	126	137	142
Taxes and dues	79	93	95	89	73	85	70	61
Provision of allowance for doubtful accounts	0	0	0	1	—	—	—	—
Other	180	145	150	165	188	177	162	164
Operating profit	1,143	1,847	2,247	1,902	982	853	469	249
Non-operating income	22	29	49	17	86	69	16	22
Non-operating expenses	0	4	0	25	2	3	1	5
Ordinary profit	1,165	1,872	2,296	1,895	1,067	919	484	232
Extraordinary income	60	4	23	2	31	20	231	0
Extraordinary losses	65	11	3	66	11	1	4	3
Profit before income taxes	1,160	1,865	2,316	1,831	1,087	939	711	235
Income taxes - current	281	796	592	692	98	444	△51	45
Income taxes - deferred	89	△184	133	△245	341	△189	226	112
Profit	789	1,253	1,589	1,384	647	683	537	168
Profit attributable to non-controlling interests	3	4	5	8	6	7	6	5
Profit attributable to owners of parent	785	1,249	1,583	1,376	641	676	531	174

(END)