

The Tachibana Securities Co., Ltd. and Its Subsidiary

Consolidated Balance Sheet
March 31, 2016

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016		2016	2015	2016
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash deposits:				Loans (Notes 5 and 11):			
Cash and cash equivalents (Note 11)	¥ 10,834	¥ 11,377	\$ 96,732	Short-term borrowings	¥ 17,550	¥ 15,000	\$ 156,696
Time deposits (Note 11)	15	15	134	From security finance companies for margin transactions	26,677	15,150	238,188
Cash segregated for customers (Note 11)	43,699	49,666	390,170	Payables (Note 11):			
Receivables (Note 11):				Customers (Note 6)	57,946	68,429	517,375
Customers (Note 3)	79,139	72,114	706,598	Net payables arising from differences between trade and settlement dates	62		554
From security finance companies related to margin transactions	9,577	13,234	85,509	Other	906	2,059	8,089
Accrued income	644	676	5,750	Trading liabilities (Notes 4 and 11)	47	221	420
Net receivables arising from differences between trade and settlement dates		62		Accrued liabilities and expenses:			
Other	218	79	1,947	Income taxes payable	35	271	312
Trading assets (Notes 4, 5 and 11)	7,660	7,192	68,393	Other accrued liabilities and expenses	802	1,019	7,161
Other current assets (Note 11)	4,032	2,660	35,999				
				Total current liabilities	104,025	102,149	928,795
Total current assets	155,818	157,075	1,391,232	LONG-TERM LIABILITIES:			
PROPERTY AND EQUIPMENT —Office property and equipment—net of accumulated depreciation of ¥917 million (\$8,188 thousand) in 2016 and ¥1,190 million in 2015	500	618	4,464	Liability for retirement benefits (Note 8)	124	142	1,107
				Retirement allowance for directors and Audit & Supervisory Board members	237	218	2,116
INVESTMENTS AND OTHER ASSETS:				Statutory reserves	269	273	2,402
Investment securities (Notes 4, 5 and 11)	11,651	12,404	104,027	Asset retirement obligations (Note 9)	94	93	839
Deposits (Note 11):				Deferred tax liabilities (Note 7)	3,068	3,399	27,393
Lease deposits	538	539	4,804	Other long-term liabilities	134	132	1,196
Other	646	653	5,767				
Other assets	442	204	3,947	Total long-term liabilities	3,926	4,257	35,053
				EQUITY (Notes 13 and 16):			
Total investments and other assets	13,277	13,800	118,545	Common stock—no par value, authorized, 100,000,000 shares; issued, 34,023,707 shares in 2016 and 39,473,200 shares in 2015	6,696	6,696	59,786
				Capital surplus	320	5,630	2,857
				Retained earnings	47,512	48,360	424,214
				Treasury stock—at cost, 3,359,623 shares in 2015		(3,033)	
				Accumulated other comprehensive income:			
				Unrealized gain on available-for-sale securities	7,023	7,332	62,705
				Defined retirement benefit plans	93	102	831
				Total equity	61,644	65,087	550,393
TOTAL	¥169,595	¥171,493	\$1,514,241	TOTAL	¥169,595	¥171,493	\$1,514,241

See notes to consolidated financial statements.

The Tachibana Securities Co., Ltd. and Its Subsidiary

Consolidated Statement of Operations Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2016</u>	<u>2015</u>	<u>2016</u>
REVENUE:			
Commissions	¥6,137	¥6,587	\$54,795
Underwriting and distribution	48	62	428
Net gain (loss) on trading	(556)	1,330	(4,964)
Interest and dividends	<u>1,753</u>	<u>1,625</u>	<u>15,652</u>
Total revenue	7,382	9,604	65,911
INTEREST EXPENSE	<u>497</u>	<u>416</u>	<u>4,438</u>
Net revenue	6,885	9,188	61,473
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	<u>7,806</u>	<u>7,519</u>	<u>69,696</u>
Operating income (loss)	<u>(921)</u>	<u>1,669</u>	<u>(8,223)</u>
OTHER INCOME (EXPENSES):			
Gain on sales of investment securities	196		1,750
Dividends income	280	107	2,500
Reversal of provision for statutory reserve	4	1	36
Other—net	<u>(48)</u>	<u>104</u>	<u>(429)</u>
Other income—net	<u>432</u>	<u>212</u>	<u>3,857</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>(489)</u>	<u>1,881</u>	<u>(4,366)</u>
INCOME TAXES (Note 7):			
Current	13	301	116
Deferred	<u>(15)</u>	<u>8</u>	<u>(134)</u>
Total income taxes	<u>(2)</u>	<u>309</u>	<u>(18)</u>
NET INCOME (LOSS)	<u>(487)</u>	<u>1,572</u>	<u>(4,348)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>¥ (487)</u>	<u>¥1,572</u>	<u>\$ (4,348)</u>

The Tachibana Securities Co., Ltd. and Its Subsidiary

Consolidated Statement of Operations Year Ended March 31, 2016

	Yen		U.S. Dollars
	<u>2016</u>	<u>2015</u>	<u>2016</u>
PER SHARE OF COMMON STOCK (Note 2.u):			
Net income (loss)	¥(13.97)	¥43.20	\$(0.12)
Cash dividends applicable to the year	10.00	10.00	0.09

See notes to consolidated financial statements.