

MITA SECURITIES

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Annual Report **2014**
Corporate Profile **2015**



MESSAGE FROM THE PRESIDENT & CEO

To our clients and business partners

We are committed to disseminate our information actively in order to strengthen the relationship and trust with our clients and business partners. This Annual Report 2014 / Corporate Profile 2015 are provided to inform you of our financial information and business summary.

Although the Japanese stock market of the first half of 2014 was losing its direction, it surged rapidly by ¥4,379 compared with the end of previous fiscal year after the second Quantitative Easing by BOJ in October 2014. JPY also depreciated rapidly in the exchange market accordingly. The environment around the securities industry has been in the best condition for the first time in 10 years with the continuous effect of Abenomics. However, we struggled with the services for investors and our principle trading. Our basic concept is value investment, therefore the rapid price growth of assets such as stock and real estate, would lead to the decrease of investment opportunity, according to our stance. We especially could not understand the continuous rise in some particular stocks from the beginning of 2015, and our company's income deteriorated in spite of the rise in Nikkei Stock Average. However, we still hold our mission in which we provide the solid value to our clients' assets for a long term, and we believe to be important to have courage not to offer the inexplicable and overvalued assets in order to build a long term relationship with our clients. I know it is funny that I'm talking with difficulty about the current unprecedented good condition in the securities industry, but we will keep our creed and this original stance.

As for the investment banking services, changes of the regulatory environment has worked against us. Until the end of the previous fiscal year, we had been engaged in rights offerings as financial advisor for the 12 companies among the total 29 listed companies which executed rights offerings in that year. We were the leader of this business area in the securities industry. However, the regulation against new capital increase methods became tightened up, and motivation for utilizing rights offerings declined among listed companies. Therefore our advisory business which had been our main service became sluggish.

While we were forced to stand on the defensive stance, we launched a branch office in Singapore and started the dealing business there in December, 2014. It has been marking excellent performance since then and has become our growth business. Now we are planning to deal with cross-border transactions connecting Japan and Asian countries, and to conduct research on global investment opportunities. Moreover, our other new business has been kicked off well and progressing steadily. We aim to succeed in launching strategic initiatives to achieve new growth from 2015, and continue making efforts to seek expansion with high-quality.

At last, we would like to express our deep appreciation to our clients and business partners who have been supporting us and contributing us to making a profit for 12 consecutive terms. Nowadays we are one of a few privately owned security companies and we would like to utilize its good features. We are committed to make the best effort to be a security company being needed truly by our clients, and we look forward to your continued patronage and support for us in the future.



Kunihiko Mita
President & CEO
MITA SECURITIES Co., Ltd.

Financial Summary of FY2014 (Income Statements)

Commission

The total commission was ¥345,828K (YoY 94.3%). The breakdown is as follows.

[Brokerage Commission]

The brokerage commissions of stocks and other securities reached ¥147,055K (YoY 69.7%).

In the first half of the year, the stock market continued losing its direction and only some stocks kept rising rapidly. This market bipolarization acted as a disincentive for investors.

[Commissions for Subscription/Selling/Underwriting]

The subscription commissions reached ¥122,887K (YoY 129.7%). As JPY depreciated and stocks rose in the second half of the year, the motivation for risk appetite of investors accelerated. They also sought the investment fund with a stable performance, and AUM of the hedge fund which we newly dealt with increased steadily. We also conducted underwriting of CBs, and the underwriting commission reached ¥4,282K. (No commission in the previous year.)

[Other Commissions]

Other commissions reached ¥71,602K (YoY 116.7%). The total asset of investment funds for our clients exceeded ¥14,200M. This contributed to expand the customers' assets, and it led to an increase of our other commissions.

Trading Profit

The total trading profit was ¥570,462K (YoY 65.8%). The breakdown is as follows.

- After the Quantitative Easing by BOJ was announced, the volatility of stock market increased, and this stimulated investment opportunities of our dealing business. The trading profit was ¥466,097K (YoY 89.6%). The start of dealing business in our Singapore branch also contributed to the rise of our revenues. However, the profit deterioration of the first half of the year held back the total yearly profit and we could not achieve to exceed the previous years' level.
- The investment profit for long/short trades declined to ¥64,458K (YoY 29.6%). It was steady in the first half of the year, but it turned to a biased stock market in which only some particular stocks surged rapidly in the second half of the year, and the long/short trading strategies did not function properly. We reported the significant loss in the 4th quarter and it dragged down the profit accumulated in the first half of the year.
- Other trading profit was ¥5,286K and the total stock trading profit was ¥535,842K (YoY 66.1%).
- The bond trading profit was ¥34,620K (YoY 62.6%).

Other Operating Revenues

Other operating revenues ended up with a relatively weak result, ¥399,701K (YoY 47.0%).

Our advisory business for rights offerings declined drastically due to the wait-and-see mode of the clients after the restriction toward regulations was tightened. Moreover, the asset for debt factoring decreased substantially according to the severe market competition, and this accelerated the slowdown of other operating revenues.

Financial Profit

The financial profit reached ¥249,196K (YoY 106.3%). Assets for margin transactions and security loans increased. Moreover, we started to deal with mortgage-backed loans for U.S. property. These contributed to expand the financial profit to ¥438,426K (YoY 108.1%). The financial expenses reached ¥189,229K (YoY 110.4%).

According to the above results, the net operating income of FY2014 was ¥1,565,189K (YoY 67.5%).

Selling, general and administrative expense

The selling, general and administrative expenses reached ¥1,447,954K (YoY 98.3%). The breakdown is as follows.

- The business related expenses was ¥210,172K (YoY 92.5%) due to the decrease in transactions and settlements.
- The personnel expenses declined to ¥883,249K (YoY 97.2%) owing to the significant decrease in the allowance for directors, regardless of the increase in the dealers' fees.
- The real estate related expenses were ¥31,105K (YoY 100.3%), the office expenses were ¥230,439K (YoY 105.3%), and the other selling, general and administrative expenses were ¥92,988K (YoY 106.8%). These expenses did not change drastically from the previous year.

According to the above results, operating profit was ¥117,234K (YoY 13.8%), and ordinary profit was ¥155,094K (YoY 17.8%). Income before income taxes was ¥185,001K (YoY 21.5%) due to recording extraordinary profit of ¥29,906K including real estate sales profit. Net income was ¥107,556K (YoY 15.4%), and thanks to your support, we have been making a profit for 12 consecutive terms.

Income Statements

	(thousands of yen)		
	FY2014(Apr.1,2014 through Mar.31,2015)	FY2013(Apr.1,2013 through Mar.31,2014)	% change
Commissions	345,828	366,696	94.3%
(Brokerage)	147,055	210,701	69.7%
(Subscription, etc.)	127,170	94,687	134.3%
(Others)	71,602	61,307	116.7%
Trading Profit	570,462	865,842	65.8%
Financial Revenues	438,426	405,571	108.1%
Other Operating Revenues	399,701	850,351	47.0%
Total Revenues	1,754,418	2,488,461	70.5%
Financial Expenses	189,229	171,323	110.4%
Net Operating Income	1,565,189	2,317,137	67.5%
Selling, general and administrative expenses	1,447,954	1,472,058	98.3%
Operating Profit	117,234	845,079	13.8%
Ordinary Profit	155,094	868,914	17.8%
Extraordinary Profit	29,906	△8,905	—
Income before income taxes	185,001	860,009	21.5%
Net Income	107,556	697,395	15.4%

Note: Fractions less than one thousand yen have been omitted.



Financial Summary of FY2014 (Balance Sheets)

Current Assets

Total current assets reached ¥27,459M (YoY 110.6%). The main changes from the previous year are as follows.

- Trading products decreased to ¥2,316M (YoY 80.4%) due to a decline in long/short trades.
- Assets for margin transactions reached ¥11,259M (YoY 110.0%) due to an increase in margin transactions.
- Short-term guarantee deposits sent to securities finance companies or clearing corporations were ¥1,701M (YoY 73.6%) due to a decrease in proprietary trading and settlement amounts.
- Due to an expansion of security loans, short-term loan reached ¥6,973M (YoY 128.5%).
- Due to a significant decline of factoring debt, accounts receivable decreased to ¥752M (YoY 61.0%).
- Deferred tax assets were ¥115M (YoY 60.4%) attributable to tax system changes or other reasons.

Fixed Assets

The total fixed assets reached ¥675M (YoY 107.4%). The main changes from the previous year are as follows.

- As we sold the land leaseholds of our company-owned property, intangible fixed assets decreased to ¥15M (YoY 11.1%).
- Investment securities reached ¥494M (YoY 267.9%) as we held the residual investment products.
- Long-term loans decreased to ¥97M (YoY 42.8%) as we sold the investment mortgage in Seattle, USA.

Current Liabilities

The total current liabilities reached 23,758M (YoY 112.7%). The main changes from the previous year are as follows.

- Trading products declined to ¥2,149M (YoY 79.8%) due to a decrease in long /short trades.
- Debts for margin transactions reached ¥11,615M (YoY 123.8%) due to an expansion of margin transactions.
- Deposits received expanded to ¥2,168M (YoY 559.9%) due to an increase in deposits from our clients.

Fixed Liabilities

The total fixed liabilities were ¥75M (YoY 78.5%).

Net Assets

The total net assets were ¥4,288M (YoY 100.4%).

According to the above results, the total assets reached ¥28,135M (YoY 110.5%).

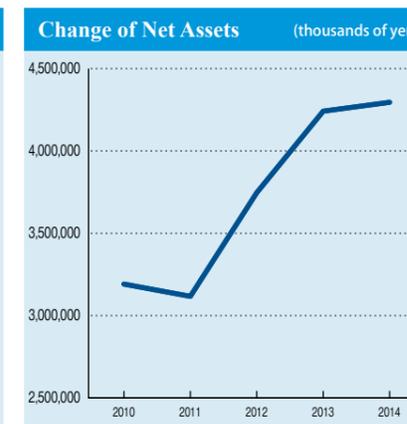
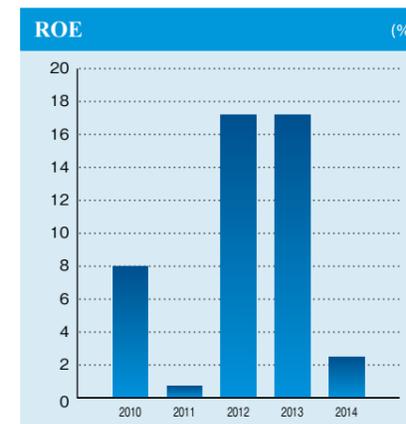
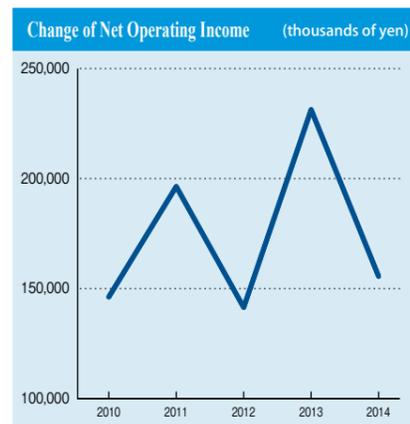
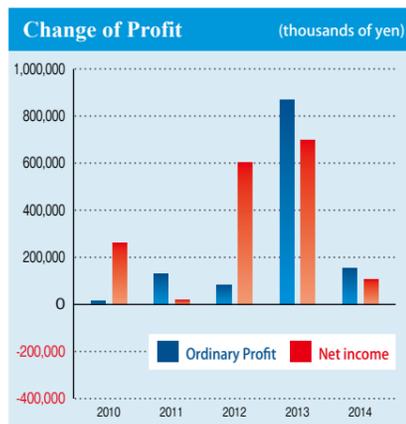
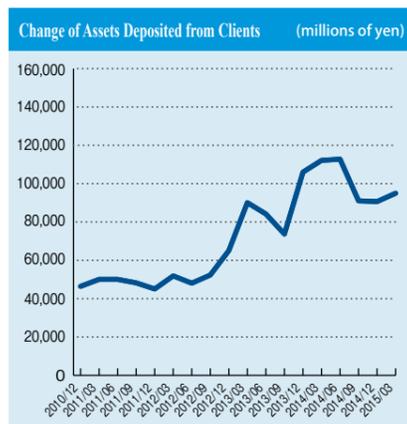
Balance Sheets (For the year ended on March 31, 2015)

(millions of yen)

Assets		Liabilities	
Current Assets	27,459	Current Liabilities	23,758
Cash and Deposits	1,765	Trading Products	2,149
Segregated Cash and Deposits	2,290	Debts for Margin Transactions	11,615
Trading Products	2,316	Deposits Received	2,168
Assets for Margin Transactions	11,259	Guarantees Received	795
Short-term Guarantee Deposits	1,701	Short-term Debts	6,600
Short-term loans	6,973	Other Payables	142
Accounts Receivable	752	Other Current Liabilities	287
Other Current Assets	425	Fixed Liabilities	75
Allowance for Doubtful Accounts	△23	Reserves by Special Laws	13
Fixed Assets	675	Total Liabilities	23,847
Tangible Fixed Assets	108	Net Assets	
Intangible Fixed Assets	15	Common Stock/Retained Earnings	4,487
Investments and Other Assets	639	Treasury Stock	△199
Allowance for Doubtful Accounts	△87	Total Net Assets	4,288
Total Assets	28,135	Total Liabilities and Net Assets	28,135

Note: Fractions less than one million yen have been omitted.

Highlight



Main Business Achievements after April, 2014 (as of June, 2015)

Launch of Singapore Branch

We opened a Singapore branch aiming to internationalize our company in December, 2014. The primary business is dealing of securities, but we are projecting to expand our business into cross-border M&A, global cultivation of investment opportunities, supports for overseas expansion, etc. with an aim to connect our Japanese clients with overseas countries.

TOB Agent Services

We were appointed as the TOB agent for Asia Growth Capital, Ltd. (April, 2014), YI Holdings (October, 2014), and Cookpad Inc. (April, 2015).

Advisory Services for Fundraising

We served as the financial advisor for rights offerings from Almedio Inc. in April, 2014, and from Cima Co., Ltd. in June, 2014.

MBO Advisory Services

We served as the financial advisor regarding MBO for Japan Wind Development Co., Ltd. in December, 2014.

M&A Advisory Services

We served as the financial advisor regarding M&A for the dispensing pharmacy in August, 2014.

Business Succession Advisory Services

We served as the financial advisor regarding business succession for the unlisted long-established company in October, 2014.

Business-Oriented Fund Structuring Supports

We served as the financial advisor for forming a fund for the revitalization business of Kyo-machiya (traditional Kyoto-style houses) in May, 2015.

Real Estate Specified Joint Enterprise Act

We launched the first fund as we acquired approval for a real estate specified joint enterprise operator under the Real Estate Specified Joint Enterprise Act in December, 2014.

US Real Estate Mortgage-backed Loans

We started real estate mortgage-backed loans for US properties and executed approximately ¥1 billion loans in total for 6 projects in response to the increasing needs for US real estate investments.

Real Estate Brokerage

We engaged in the mediation of 3 real estate transactions.

Company Executives



Kunihiro Mita / President & CEO

1994 Graduated from the Faculty of Law at Sophia University
1994 Joined Nikko Securities (current SMBC Nikko Securities)
1998 Joined Mita Securities
2001 President & CEO of the Company



Kenichi Iwasa / Senior Managing Director

1976 Graduated from the Faculty of Commerce at Chuo University
1976 Joined Jusco (current Aeon)
1987 Joined Nikko Securities (current SMBC Nikko Securities)
1999 Joined Mita Securities
2000 Executive Director of the Company



Yuji Nakao / Managing Director

1982 Graduated from the Faculty of Economics at Saga University
1982 Joined Yamaichi Securities
1998 Joined Merrill Lynch Japan Securities
2002 Joined DLJ Direct SFG Securities (current Rakuten Securities)
2004 Joined Mizuho Securities
2008 Joined Mita Securities
2012 Executive Director of the Company



Takehito Kadokura / Executive Director

1991 Graduated from the Faculty of Law at Chuo University
1991 Joined Nikko Securities (current SMBC Nikko Securities)
2002 Joined Japan Global Securities
2004 Joined Mita Securities
2009 Executive Director of the Company



Tadashi Chaki / Executive Operating Officer

1992 Graduated from the Faculty of Commerce at Waseda University
1992 Joined Nomura Securities
2008 Joined Mita Securities



Nobuhiro Miyashita / Executive Operating Officer

1991 Graduated from the Faculty of Economics at Keio University
1991 Joined Toyo Trust and Banking (current Mitsubishi UFJ Trust and Banking)
1998 Joined Metroinstech
2005 Joined Handson Create
2008 Executive Director of the above company
2008 Joined Unimat
2009 Vice President of Unimat
2010 Joined Mita Securities



Tsukasa Nakamoto / Executive Operating Officer

1998 Graduated from the Faculty of Computer Science at University of California
1998 Joined Atsugi Information System
2002 Joined United World Securities
2004 Joined Societe General Securities
2005 Joined Mita Securities



Shunsuke Katsura / Executive Operating Officer

2004 Graduated from the Faculty of Economics at Keio University
2004 Joined Livedoor
2006 Joined Carchs Holdings
2006 Joined Kazaka Financial Group
2009 Joined Mita Securities



Yoshiki Iida / Executive Operating Officer

2003 Graduated from the Faculty of Business at Toyo University
2003 Joined Okasan Securities
2006 Joined Japan M&A Management
2007 Joined Mita Securities



Keisuke Tomoyori / Executive Operating Officer

2002 Graduated from the Faculty of Economics at Musashi University
2006 Joined Nikko Cordial Securities
2009 Joined Mita Securities



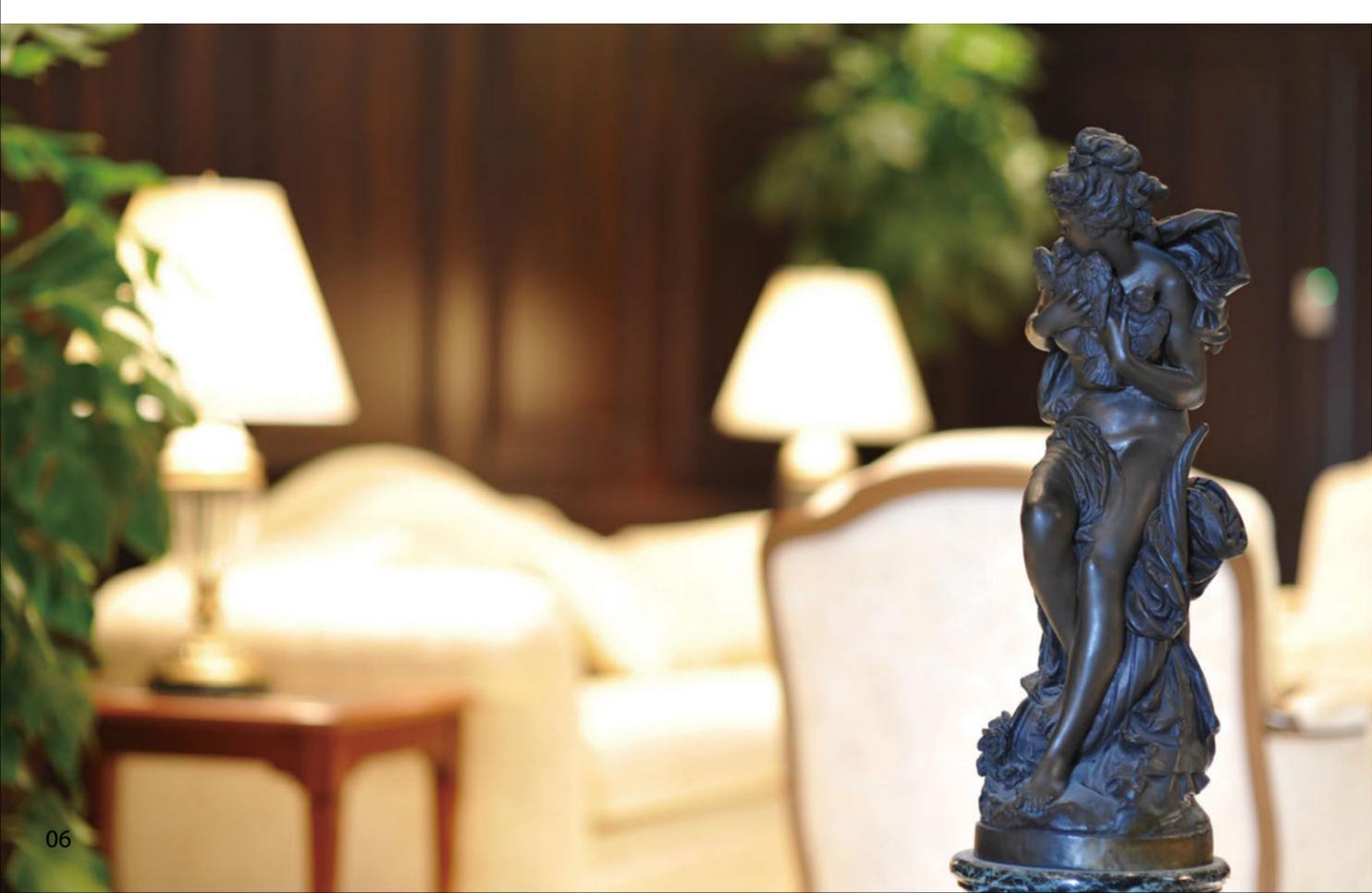
Yoshinobu Fujimoto / Company Auditor

1989 Graduated from the Faculty of Law at Waseda University
1991 Registered with the Second Tokyo Bar Association
1991 Joined Asahi Koma Law Office (current Nishimura & Asahi LPC)
1995 Graduated from University of Chicago Law School (LL.M.)
1996 Registered with the NY state Bar Association
2008 Company auditor of Mita Securities (Currently he is Partner of Nishimura & Asahi LPC.)



Yukihiko Shimizu / Company Auditor

1995 Graduated from the Faculty of Engineering at Hokkaido University
1995 Joined Hokkaido Takushoku Bank
1998 Joined IBI Securities (current Mizuho Securities)
2000 Joined Nikko Solomon Smith Barney (current City Group Securities)
2005 Joined Livedoor
2006 Vice President of Livedoor
2006 Chairman of Kazaka Securities
President of Kazaka Financial Group
Executive Director of Cecile
Executive Director of Media Exchange
2008 Joined Mita Securities as Executive Director
2013 Company auditor of the Company



Mission / Business Principles

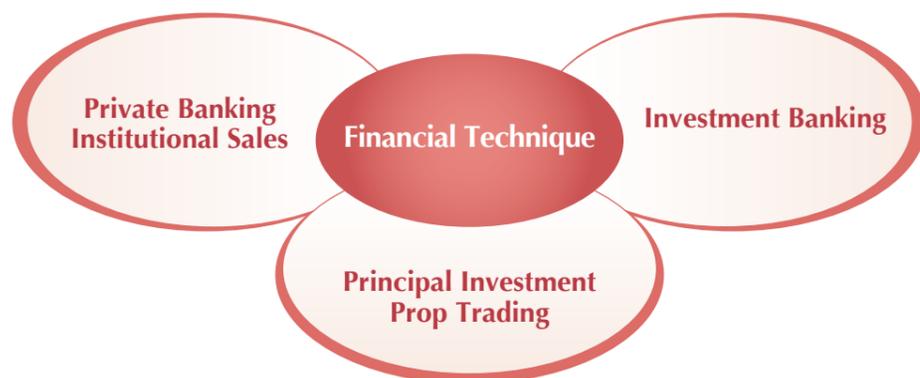
Mission

- » **Sincere** — Our Company's officers and employees act faithfully for our clients, business partners, laws and ordinances, and shareholders.
- » **Soft&Service** — Our Company's officers and employees provide high-value added businesses with our original business knowhow and the best services.
- » **Small, Slim&Speedy** — Our Company carries out speedy decision-making with our compact and lean organization.

All of the executives and employees share the concept of "Six S" as the fundamental principles, make the best effort to achieve our client's goals through the securities business, and furthermore, contribute to develop the sound Japanese economy.

Business Principles

Client Focus	Listen to our clients We can find the best solutions eventually if we fully understand the essence of our clients' problems.
Win-Win	Conduct businesses by which we can build a win-win relationship with every one of our clients, business partners, officers and employees, and shareholders Only businesses which make every member engaged in projects happy can last longer.
Reputation	Seek businesses which enhance our reputation Reputation can be enhanced by our efforts with a proper attitude toward businesses.
ROE	Achieve high profit by effective resource allocation We manage our company with higher ROEs, enhance capital stock, and build a sound financial base.
Compliance	Place importance on compliance Management focusing on compliance is required naturally within this free market in principle.
Teamwork	Set a high value on teamwork We can provide the more appropriate business solution for our clients if our team can gain power by respecting each other's individuality among the team members.
Adaptability, Creativity	Cherish adaptability and creativity Personnel with high productivity can absorb the constantly changing trends of society and anticipate the future.
Commitment	Deal with our services with absolute responsibility Businesses without responsibility give troubles to various people including our clients, business partners, and his/her own team members.



Wealth Management Services

Wealth Management Services of Mita Securities

Since 1949, we have been running the family business, and we are one of a few privately owned securities companies whose majority shares are owned by one family. While we keep our family business and we were also engaged in sustainable development of family businesses of our clients, we have obtained various knowhow and experiences of wealth management. Our wealth management team supports for the greater prosperity of our clients' families by providing with the services which we ourselves actually have experienced. We believe it is our virtue, value, and pride to be able to keep a good relationship with our clients' families for generations. We provide the most appropriate advice and services for the whole field of assets of our clients including asset management, inheritance, and business succession. With a mid- and long-term point of view, we promise to work diligently for the sake of our clients.

Asset Management

We support our clients' asset management from the side. We provide broad and various investment products not only traditional financial products such as stocks, bond, and investment trusts, but also products tailored for clients' needs and special occasion products. We not only provide financial products, but also analyze individual stocks, financial products, and portfolios. We also calculate market value of the financial products, propose asset diversification, and give various financial advices.

Inheritance Strategy

It is essential to take enough time for inheritance measures in order to pass on the assets to the next generation. Moreover, we should keep it in mind to secure assets with high liquidity so that successors can pay inheritance tax without problems. (Tax payment measures) We especially need to be careful if the portion of assets with low liquidity is high. We grasp the current condition and plan the best measure according to our clients' intention, and we also provide our clients with simulation works for inheritance tax, advices for inheritance measures, and assessment of unlisted stocks. Nowadays we proceed with the research for inheritance measures with utilizing global schemes.

Business Inheritance Measures

It is a constantly critical issue how our client's companies should be passed on to the next generation. If the stocks are unlisted, it would require substantial money for tax payment when transferring them. Therefore we need to plan carefully and execute it steadily for smooth business inheritance. It is also necessary to hedge risks for unexpected disease or death. The most important point of all is to clarify who will the successors. We ourselves experienced the business inheritance, and have been engaged in a number of cases for our clients as well. By making use of these experiences and achievements, we are confident in proposing realistic and flexible measures which meet our clients' needs.

Capital Strategies/M&A

We propose our clients' companies with the most appropriate solutions for even complicated issues by utilizing our new technologies and broad information networks, such as capital strategies or M&A. We can provide a wide range of services, such as consolidation of scattered stocks, inheritance of stocks to successors by controlling the voting rights, acquisition of international companies aiming for overseas expansion, M&A utilizing treasury stocks, unwinding cross-shareholding (block trades), and global reorganization. We utilize our total capability with our investment banking division, tax advisory team, and external professionals.

If there are any other requests, we make the best effort to fulfill our clients' needs and requests as much as possible. By dealing with various requests from our clients proactively, our services have succeeded to expand and deepen. Requests from our clients are important sources for our company's sustainable development.

Real Estate Services

We are qualified as a registered real estate broker, and received approval to launch real estate funds as a real estate specified joint enterprise operator. Our real estate team deals with our clients' various needs for real estates. Its services include sales transactions of real estate and real estate trust beneficiary rights, efficient usages of real estates, and the establishment of real estate funds, by utilizing our features as a securities firm. We also provide information of international real estates and support sales transactions in response to the increasing needs for overseas real estates.

Fund Structuring Support

In case of forming funds (including partnership), it is necessary to follow various business regulations. We support our clients to form funds, such as business-oriented funds, funds to invest in securities, and real estate funds which meet our clients' needs. We have track records for a number of private fund establishments.

Finance

We are qualified for the money lending business and can support fundraising for our clients. We endeavor to provide speedy and high-quality services so that we can meet our clients' finance needs quickly. Our finance services include securities-backed loans and mortgage-backed loans, and especially investment trust-backed loans and mortgage-backed loans for overseas (mainly US) real estates are our unique services. We also possess the broad range of experiences and solutions for corporate finance, not only for individual clients. We provide the exclusive solutions to meet our clients' needs by partnering with our investment banking division, including factoring services and purchasing stock acquisition rights.

Insurance

We try to deal with various risks surrounding our clients, and we propose schemes to hedge risks, which fit our clients' life plans.

Other Services

- Block Trade**
We search counterparties for our clients' block trades with our external business partners, when our clients are willing to sell or purchase a large amount of listed stocks at one time.
- Stock Lending**
Our clients can obtain negative interest per diems by lending their owned stocks.
- Standing Proxy Services**
If our clients are non-Japanese residents and willing to make transactions of Japanese securities, it is required for them to designate a standing proxy in Japan. We support those clients for non-resident transactions by becoming their standing proxy.

Investment Banking Services

Investment Banking Services of Mita Securities

We provide various services for finance and business strategies as our main investment banking services. Our services include financial advisory services for rights offerings and M&A and TOB agent services. Especially we have strength in medium- and small-sized projects or special projects which major investment banks do not deal with proactively. We have been successfully accumulating experiences and the actual results steadily in these fields. We are building the business systems to enable us to invest, to lend money, or to accept securities by ourselves, so that we can deal with a wide range of our clients' finance demands with flexibility. We are now searching business partners who would introduce our services to a number of other clients on behalf of us. Those partners can utilize our company's infrastructures linked with various financial services and the network among our business partners by joining our Mita Partnership Program.

Finance

We provide various clients including listed and unlisted companies, medical institutions, nursing care operators, dispensing pharmacies, company management, etc. with funds in various ways. We can propose the appropriate solutions even for the difficult projects which banks or other security companies do not deal with.

•Rights Offering (commitment type)

Rights offering is a new technique of a capital increase for listed companies, where share options are allotted to all shareholders without contribution. It has been attracting attention rapidly in recent years. We can deal with the commitment type of rights offering, which means we purchase all the share options which were not exercised by the shareholders and then we exercise all of them. With utilizing this scheme, listed companies can achieve capital increases without fail.

•Factoring

We provide funds by purchasing accounts receivable (factoring) in order to meet our diversifying clients' needs of fund raising. We started to purchase medical account receivables which medical institutions and nursing care operators own and we have a number of the track records. It is worth noting that our entering this field was faster than anyone else in the market.

•Securities-backed Loans

We provide loans for company presidents or both major and minor shareholders of listed companies by accepting their listed stocks as collateral. The registration names of those shares are unchanged, so that clients can procure funds by utilizing their assets.

•Mortgage-backed Loans

We provide loans on our clients' real estates. The biggest feature for this loan is that we accept not only domestic real estates but also overseas real estates as collateral. As a general rule, the purpose of loan can be anything. It takes us only one week as the shortest period to grant a loan after receiving an application from our client, so that we welcome your urgent loan requests.

•Underwriting and Purchase of Securities

We have a number of track records for securitized products and purchase of listed companies' securities such as warrants issued by a third-party allocation. We provide tailored finance plans with lower costs in a speedy manner.

Advisory

We provide comprehensive and tailor-made solutions, centered for listed companies, in order to meet the various requests of our clients, such as capital increase through shareholders' allocation, M&A, reorganization, business alliances, etc. We utilize our advantage of being a small team of elite professionals and show a strong presence in projects which major financial institutions do not deal with.

•Rights Offering

As stated earlier, we hold the top track record of market shares in Japan as financial advisor. We provide broad and maximum support including scheme design, financial assistance for shareholders, and assisting negotiations with public organizations.

•Stock Option

We provide listed companies and companies planning initial public offerings with consulting services to implement various stock options, and we also deal with opening and management of specific accounts used for exercising stock options.

•M&A Advisory Services

We provide various professional advisory services as well as company valuation, which are essential for execution of M&A. It is not realistic to pay all the huge investment cost of M&A by its own money. It is quite common that the company is forced to find some kind of way for fund raising with necessity, and we can arrange the best finance schemes for our clients at the same time with our M&A advisory services.

•TOB Agent Services

As a general rule, it is required to appoint a security company as TOB agent when considering acquiring stocks of the listed company more than a certain number off the market. We have abundant experience and track records of TOB as TOB agent. We provide comprehensive supports including scheme design of TOB and various administrative works.

Other Services

•Securitization

There are methods to achieve fundraising by dividing assets into small-lot and securitizing them. We provide a full range of services including the first scheme design, setting up funds, intermediary or mediator services, and the final exit.

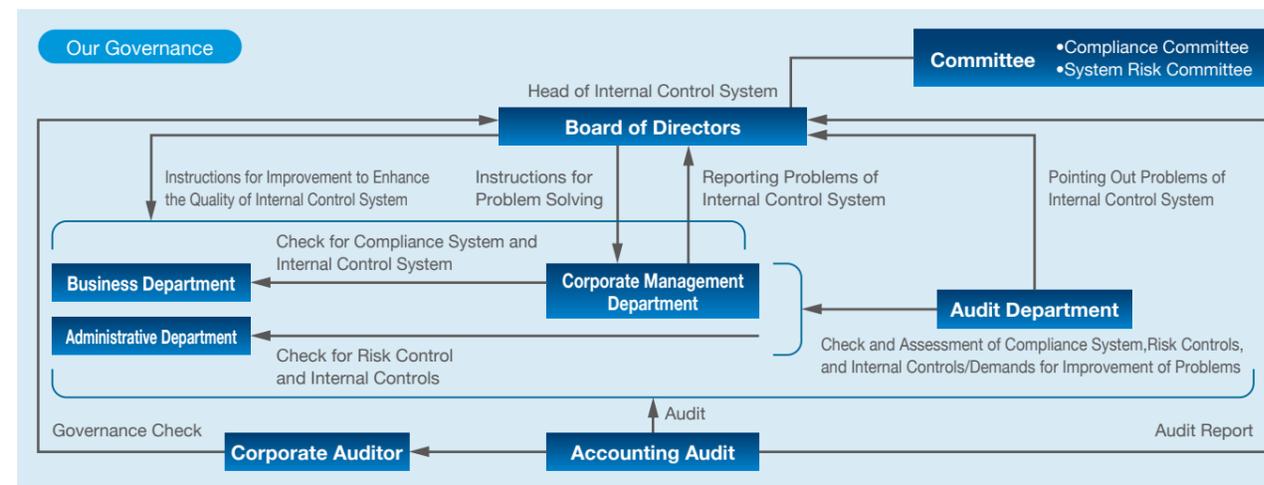
Compliance

Compliance Structure of Mita Securities

We are a financial instrument business operator who is an important player in this financial market, therefore we not only ensure strict compliance with all laws and regulations, but also need to develop the sufficient internal control structure in order to protect investors and to secure fairness of the market. Compliance is a top management priority for our company.

Governance

Our governance framework is as shown below. The Board of Directors has a role with a full responsibility for the internal control system. It has a responsibility to enhance the quality of the internal controls by receiving reports and evaluations from the corporate management department, the audit department, the auditors, the accounting auditor, or others. The corporate management department examines the status of compliance and risk controls of the business department, and checked every day if there are any violations of laws and ordinances and risk control-related problems. If any, it requests the business departments for improvement and also reports these important issues to the Board of Directors. The audit department periodically examines and assesses the quality and functions of the internal control system of the corporate management department. If necessary, it conducts improvement of the problems for the corporate management department, the business department, and the administrative department, and it points out the problems and lists demands for improvement to the Board of Directors. The auditors have a role for the governance inspection for the Board of Directors, and examine if the Board of Directors is managed legally and appropriately or if there are any violations of the duty of a prudent custodian to the Company. If there are any problems associated with the above, the auditors send a list of demands for improvement to the Board of Directors or conduct the predefined necessary procedures. The accounting auditor conducts auditing for the appropriateness of our accounting process and the appropriate indication of the financial statements. Our accounting auditor is Seishin & Co. currently.



Compliance with All Laws and Regulations

It is essential for all officers and employees in the securities companies to comply with the compliance with all laws and regulations. However, due to the existence of broad and various regulations in the securities industry, it is likely for us to have a brush with the laws and regulations without consciousness. In order for our officers and employees not to breach the compliance with all laws and regulations, we periodically conduct the training programs for them aiming to enhance their understanding for the compliance. We also display our internal regulations on our intranet so that our officers and employees can easily browse them. The corporate management department checks the compliance system every day, and the audit department conducts internal audits based on the audit plan. If there are any violation of the laws and regulations, the audit department conducts the quick and appropriate procedures, and improves the problems. Moreover, we place the Compliance Committee under the Board of Directors, and this committee examines our overall compliance system with expertise.

Internal Control System

Any financial instrument business operator is required to check client management, sales personnel management, transaction management, transaction inspection, underwriting examination, compliance inspection system, lawsuits against clients, administrative management, information control, and external business contractor management. We also manage a Chinese Wall and the information control related to the clients systematically.

Risk Control System

We analyze various risks including transaction risks, operational flow risks, and system risks, and we pay close attention to those risk management so that we can eliminate or limit risks in advance. It is most important to prevent risks before they actually happen. But if we actually fail to eliminate them, it is reported to the Board of Directors through the manager of corporate management department, and the Board of Directors conducts risk management in order to deal with it appropriately and quickly. Moreover, we place the System Risk Committee under the Board of Directors, and this committee periodically examines our overall system risks, and improves them if necessary. As for the risk of sudden natural disasters, we plan the BCP (Business Continuity Plan) and aim to avoid the risks. We also conduct trainings in order to be able to continue our businesses in emergency situations to the greatest degree possible.



Company Overview

Company Name: MITA SECURITIES Co., Ltd.
Registration: Director of Kanto Local Finance Bureau (Financial instruments firms) No.175
 Moneylender / Tokyo Governor (5) No.27088
 Registered Real Estate Broker / Tokyo Governor (1) No.92893
 Real Estate Specified Joint Enterprises / Tokyo Governor No.95

Commencement of Operation: July, 1949
Capital: ¥500,000,000
Major Shareholder: Kunihiro Mita
President & CEO: Kunihiro Mita
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 (Osaka Branch) 1-7-15, Minami-honmachi, Chuo-ku, Osaka City, Osaka 〒541-0054
 Tel +81-6-6260-5670 Fax +81-6-6260-0882
 (Singapore Branch) 07-03/04 112 Robinson Road Singapore 068902
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Membership in Associations: Japan Securities Dealers Association
 Tokyo Real Estate Association
Membership in Exchanges: Tokyo Stock Exchange • Osaka Exchange
Membership in Investor Protection Funds: Japan Investor Protection Funds
Accounting Auditor: Seishin & Co.
 (As of July, 2015)

