

**MITA SECURITIES CO., LTD.**

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Annual Report **2015**  
Corporate Profile **2016**

**MITA SECURITIES CO., LTD.**

MESSAGE FROM THE PRESIDENT & CEO

We remain committed to full disclosure of our information in order to strengthen the relationship and trust with our clients and business partners. This Annual Report 2015/ Corporate Profile 2016 are provided to inform you of our financial information and business summary.

Although the Japanese stock market of the fiscal year 2015 surpassed the ¥20,000 mark for the first time in 15 years, it was hampered by the financial turmoil originating in the worldwide simultaneous stock price drop in August 2015 and in January 2016 due to the concerns over the China’s economic slowdown. The Japanese government and BOJ mobilized various measures in order to support the economy, such as the introduction of negative interest rate, however, the domestic economy was lacking fiscal stimulus, and Prime Minister Shinzo Abe announced the re-postponement of a consumption tax increase after all. The depreciation of the yen and higher stock prices which had been supporting the popularity of the current government reached a turning point, and the economic environment surrounding the securities industry deteriorated most since the beginning of Abenomics.

In such environment, we were accordingly forced to confront severe business condition. However, we could offset the part of declines in our business thanks to rises in the advisory and proprietary trading business. We served as the TOB agent in April 2015 and successfully completed our mission. We also served as the financial advisor for the large-sized MBO deal in May 2015 and we contributed to its success. We launched an investment fund supporting the restoration of Kyoto Machiya (townhouses in Kyoto) in July 2015. Moreover, the proprietary trading business at our Singapore office which we launched in 2014 contributed to our financial performance throughout the year. Our financial balance achieved substantial growth due to increase of US mortgage loans, and we could compensate for the weakness of earning structure in the securities industry, which is vulnerable against the market fluctuation.

As the result, our net operating income which is equivalent to gross profit in the securities industry recorded its highest and the net income also posted the second highest level after the burst of the bubble economy. The net asset reached ¥5 billion for the first time since our foundation.

We wouldn’t have been able to achieve such business results without our clients’ support.

I would like to express our deep appreciation to our clients and business partners, and we will continue to make constant efforts for offering the client-centered financial products or high quality services. We look forward to your continued patronage and support for us in the future.



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





Financial Summary of FY2015 (Income Statement)

Commission

The total commission was ¥340,221K (98.3% YoY). The breakdown is as follows.

**[Brokerage Commission]**  
The brokerage commissions of stocks and other securities reached ¥176,733K (120.1% YoY).

**[Commissions for Distribution/Selling/Underwriting]**  
The distribution commissions decreased to ¥90,079K (70.8% YoY). The sales of our new hedge fund made a good performance in this fiscal year, however, the existing hedge funds struggled to increase the sales, and the commissions for distribution declined. We received the underwriting commission of ¥752K including the sales commission for IPO of three Japan Post group companies.

**[Other Commissions]**  
The other commissions reached ¥73,409K (102.5% YoY) and slightly increased from the same period last year, as the total asset of investment funds for our clients rose (115.0% compared to the end of the previous fiscal year).

Trading Profit

The stock trading profit reached ¥1,465,700K (270.0% YoY). The proprietary trading business at our Singapore office which we launched in the previous fiscal year contributed to our financial performance throughout the year, and the trading profit expanded substantially. The bond trading profit was ¥26,677K (77.0% YoY). As the result, the total trading profit drastically increased and reached ¥1,492,448K (260.0% YoY).

Other Operating Revenues

The other operating revenues were ¥352,860K (88.2% YoY). We served as the TOB agent for a Cookpad Inc.’s tender offer for shares of Minnano Wedding Co., Ltd. and we were also engaged in the advisory business of Japan Wind Development Co., Ltd.’s MBO for Bain Capital. Although we achieved some results, the profit of factoring business declined by half compared to the same period previous year and the finance related business was also sluggish.

Financial Profit

The financial profit which is the financial revenues less the financial expenses expanded substantially to ¥535,480K (210.0% YoY). The growth in the financial revenues (165.6% YoY) was larger than the growth in the financial expenses (100.7% YoY), and an improvement in the fund procurement cost contributed to the remarkable increase in the financial profit. The outstanding balance of mortgage loans, mainly US mortgage loans, expanded significantly (310.0% YoY), and the loans backed by investment funds also increased (170.0% YoY).

As the result, net operating income reached ¥2,721,010K (173.8% YoY), and we recorded the highest level after the collapse of the bubble years.

Selling, general and administrative expenses

The selling, general and administrative expenses reached ¥2,101,914K (145.1% YoY). The personnel expenses increased to ¥1,512,247K (171.2% YoY) owing to good performance of the proprietary trading business, and the business related expenses also increased to ¥292,600K (139.2% YoY) due to the rise in stock and futures transactions.

As the result, the operating profit was ¥619,096K (520.0% YoY), the ordinary profit was ¥633,280K (400.0% YoY), the income before income taxes was ¥646,276K (340.0% YoY), and the net income was ¥750,481K (690.0% YoY)

Income Statement (April 1, 2015 through March 31, 2016)

(Unit: Thousands of Yen)

Accounts	Amounts	
Operating Revenue		2,911,655
Commissions		340,221
Brokerage	176,733	
Underwriting/Solicitations for sales to specified investors	752	
Subscription/Distribution	89,326	
Others	73,409	
Trading profit		1,492,448
Financial revenue		726,124
Other operating revenue		352,860
Financial Expenses		190,644
Net Operating Income		2,721,010
Selling, General and Administrative Expenses		2,101,914
Business related expenses	292,600	
Personnel expenses	1,512,247	
Real estate related expenses	35,731	
Office expenses	168,289	
Depreciation expenses	30,718	
Tax and dues	39,546	
Others	22,780	
Operating Profit		619,096
Non-operating income		25,671
Non-operating expenses		11,487
Ordinary Profit		633,280
Extraordinary profit		12,995
Gain on sales of subsidiaries and affiliates' stocks	7,257	
Gain on sales of investments in capital of subsidiaries and affiliates	5,219	
Reversal of reserve for financial products transaction liabilities	518	
Income Before Income Taxes		646,276
Income taxes		-104,205
Net Income		750,481

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



## Financial Summary of FY2015 (Balance Sheets)

## Current Assets

The total current assets reached ¥20,234,318K (73.6% YoY). The main changes from the previous year are as follows.

- Trading products substantially decreased to ¥265,606K(11.4% YoY) due to withdrawal from the proprietary trade of long/short strategy.
- Assets for margin transactions decreased to ¥7,953,725K (70.6% YoY) due to a decrease in the outstanding balance of margin transactions. Short-term guarantee deposits sent to securities finance companies or clearing corporations were ¥688,317K (40.4% YoY).

## Fixed Assets

The total fixed assets reached ¥579,280K (85.7% YoY). There is no major change from the previous year.

## Current Liabilities

The total current liabilities decreased to ¥15,713,543K (66.1% YoY). The main changes from the previous year are as follows.

- Trading products substantially declined to ¥22,504K (1.0% YoY) due to withdrawal from the proprietary trade as already mentioned in the above Current Assets.
- Debts for margin transactions decreased to ¥6,052,392K (52.1% YoY) due to decline of margin transactions.
- Short-term Debts reached 5,700,000K (86.3% YoY) as cash on hand increased by accumulation of profits, and the necessary cash also decreased due to a decrease in the outstanding balance of securities-backed loan and that of factoring.

## Fixed Liabilities

The total fixed liabilities reached ¥71,622K (95.2% YoY). There is no major change from the previous year.

## Net Assets

The total net assets reached ¥5,015,515K (116.9% YoY). This is due to accumulation of profits. Our net asset reached ¥5 billion for the first time since our foundation in 1949.

**According to the above results, the total assets were ¥20,813,599K (73.9% YoY), The capital-to-asset ratio was 24.0%, an 8.8% increase from the same period last year, and the capital adequacy ratio was 341.6%, a 3.8% increase from the same period last year.**

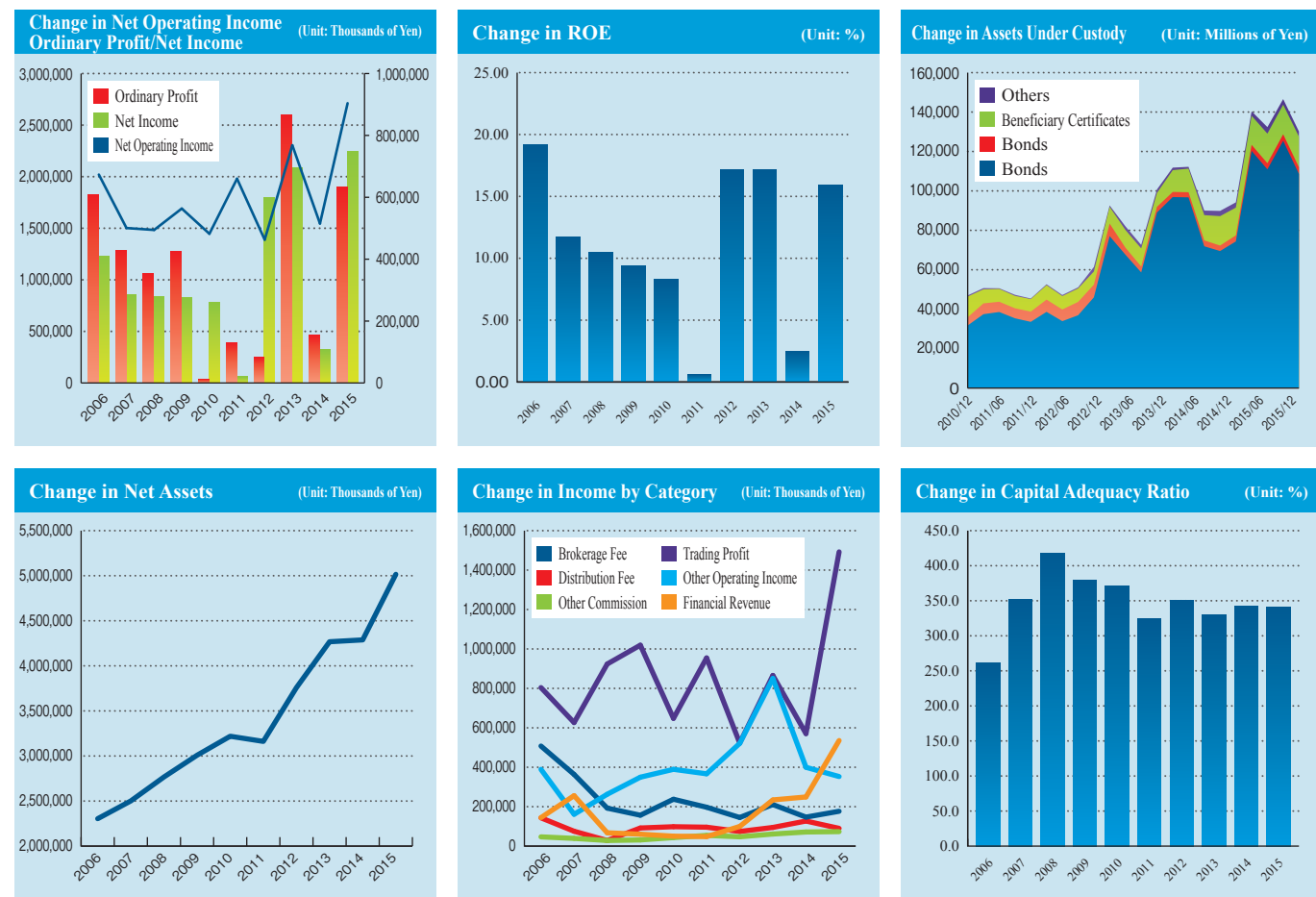
## Balance Sheets (For the year ended on March 31, 2016)

(Unit: Thousands of Yen)

Assets		Liabilities	
Accounts	Amounts	Accounts	Amounts
<b>Current Assets</b>	<b>20,234,318</b>	<b>Current Liabilities</b>	<b>15,713,543</b>
Cash and deposits	1,529,138	Trading products	22,504
Segregated cash and deposits	2,010,000	Trading securities and other	22,493
Trading products	265,606	Derivatives	11
Trading securities and other	265,606	Trade date accrual	98,951
Assets for margin transactions	7,953,725	Liabilities for margin transactions	6,052,392
Loans on margin transactions	7,426,005	Borrowings on margin transactions	5,963,888
Cash collateral pledged for securities borrowing on margin transactions	527,720	Cash received for securities lending on margin transactions	88,503
Cash paid for offering	1,369	Deposits received	1,067,057
Short-term guarantee deposits	688,317	Guarantee deposits received	1,801,081
Variation margin paid	990	Short-term debts	5,700,000
Short-term loans receivable	7,142,468	Accounts payable-monetary claims	9,471
Accounts receivable-monetary claims	137,786	Unearned revenue	968
Advance payments-other	9,728	Accounts payable-other	340,873
Prepaid xpenses	1,036	Accrued expenses	1,953
Accounts receivable	103,423	Income taxes payable	197,457
Deferred tax assets	410,884	Provision for bonuses	75,426
Other current assets	17	Provision for directors' bonuses	65,000
Allowance for doubtful accounts	△20,176	Provision for directors' retirement benefits	40,000
		Other current liabilities	240,406
<b>Noncurrent Assets</b>	<b>579,280</b>	<b>Noncurrent Liabilities</b>	<b>71,622</b>
Tangible fixed assets	97,523	Deferred tax liabilities	47,016
Buildings	83,897	Provision for retirement benefits	15,606
Furniture and fixtures	12,663	Other noncurrent liabilities	9,000
Vehicles	962		
Intangible fixed assets	14,927	<b>Reserves Under the Special Laws</b>	<b>12,916</b>
Investments and other assets	466,828	Reserve for financial products transaction liabilities	12,916
Investment securities	235,455		
Stocks of subsidiaries and affiliates	500	<b>Total Liabilities</b>	<b>15,798,083</b>
Investments in capital of subsidiaries and affiliates	173,712	<b>Net Assets</b>	
Investments in capital	3,630	<b>Shareholders' Equity</b>	5,015,515
Long-term loans receivable	64,445	Capital stock	500,000
Long-term guarantee deposits	38,794	Retained earnings	4,714,751
Long-term prepaid expenses	4,216	Legal retained earnings	69,715
Other investments	2,727	Other retained earnings	4,645,035
Allowance for doubtful accounts	△56,652	Reserve	3,894,554
		Retained earnings brought forward	750,481
		Treasury stock	△199,236
		<b>Total Net Assets</b>	<b>5,015,515</b>
<b>Total Assets</b>	<b>20,813,599</b>	<b>Total Liabilities and Net Assets</b>	<b>20,813,599</b>

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

## Financial Highlights





Company Executives (From June 2015 to June 2016)



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



Yuji Nakao / Senior 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



Tatehito Kadokura / Executive Managing Director

1991 Graduated from the Faculty of Economics at Chuo University  
1991 Joined Nikko Securities (currently SMBC Nikko Securities)  
2002 Joined Japan Global Securities  
2004 Joined Mita Securities  
2009 Managing Director of the Company



David Atkinson / Outside Director

1987 Graduated from the Faculty of Japanese Language at Oxford University  
1987 Joined Andersen Consulting  
1990 Joined Solomon Brothers Securities  
1992 Joined Goldman Sachs  
1998 Managing Director of Goldman Sachs  
2006 Partner of Goldman Sachs  
2007 Resigned from Goldman Sachs  
2009 Joined Konishi Decorative Arts & Crafts as Executive Director  
2010 Chairman of Konishi Decorative Arts & Crafts  
2011 President & Chairman of Konishi Decorative Arts & Crafts  
2014 President of Konishi Decorative Arts & Crafts



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 (currently 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.)



Yukihiro Shimizu / Company Auditor

1995 Graduated from the Faculty of Engineering at Hokkaido University  
1995 Joined Hokkaido Takushoku Bank  
1998 Joined IBJ Securities (currently Mizuho Securities)  
2000 Joined Nikko Solomon Smith Barney (currently City Group Securities)  
2005 Joined Livedoor  
2006 Vice President of Livedoor  
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



Tadashi Chaki / Operating Officer

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



Tsukasa Nakamoto / 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



Yoshiki Iida / 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



Tatsuya Otsuki / Operating Officer

1991 Graduated from the Faculty of Business at Doshisha University  
1991 Joined Fuji Bank (currently Mizuho Bank)  
2000 Joined HSBC  
2005 Joined Deutsche Bank  
2006 Joined Capital Partners Securities  
2016 Joined Mita Securities



Kenzo Sugiyama / Operating Officer

1994 Graduated from the Faculty of Horticulture at Chiba University  
1994 Joined Yuraku Real Estate (currently Taisei-Yuraku Real Estate Sales)  
2003 Joined Nomura Real Estate Development  
2009 Joined Tokai Tokyo Securities  
2015 Joined Mita Securities



Keisuke Tomoyori / Operating Officer

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



Nobuhiro Miyashita / Operating Officer

1991 Graduated from the Faculty of Economics at Keio University  
1991 Joined Toyo Trust and Banking (currently 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



Kiyoshi Hayashi / Operating Officer

1989 Graduated from the Faculty of Literature at Doshisha University  
1989 Joined Nikko Securities (currently SMBC Nikko Securities)  
2005 Joined Rakuten Securities  
2011 Joined SBI Securities  
2015 Joined Mita Securities

We are also hiring two certified public accountants, one assistant accountant, one lawyer, and one tax accountant, and they are supporting our directors and operating officers for specialized business services.

Mission / Business Principles

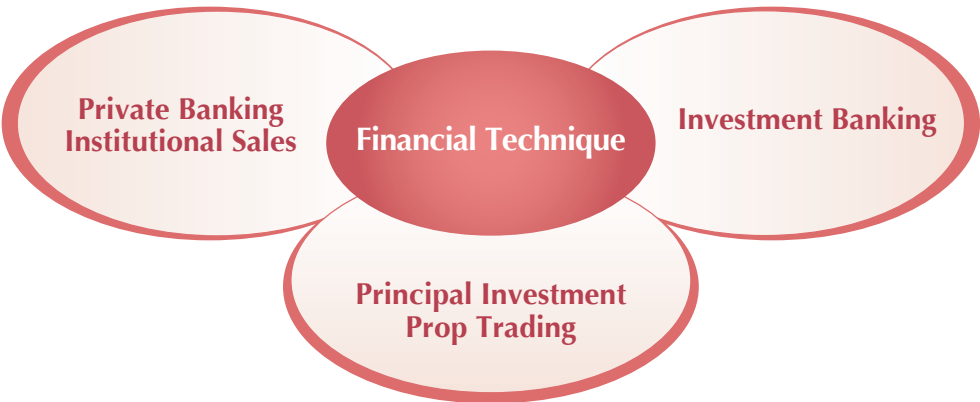
Mission

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



## Main Business Achievements after April, 2015

- We served as the TOB agent for a Cookpad Inc.’s tender offer for shares of Minnano Wedding Co., Ltd. in April 2015.
- We were engaged in the advisory business of Japan Wind Development Co., Ltd.’s MBO for Bain Capital in May 2015.
- We launched an investment fund supporting the restoration of Kyoto Machiya (townhouses in Kyoto) under the Real Estate Specified Joint Enterprise Act in July 2015.
- We were an underwriter for the 12th subscription warrants of MEGANESUPER Co., Ltd. issued as the third-party allocation of shares in March 2016.
- We were an underwriter for the 27th subscription warrants of AnGes MG, Inc. in April 2016.

We were also engaged in 2 M&A advisory deals, 14 financial advisory deals, 2 block trades, and 6 real estate brokerage deals.

## Corporate Social Responsibility (CSR)

Our mission is to contribute to the development of Japanese economy from the financial side as a financial instruments business operator. It is our wish that the lives of people become affluent with the development of economy. However, if that affluence means material satisfaction without mental fulfillment, we believe it is not true affluence. There are a variety of culture and art, and this culture and art are indispensable elements which would enrich our lives mentally. We need both material gains and mental benefits in order to feel real affluence. We have been making donations of a certain portion of our profits every year as one of the CSR mainly for the development and maintenance of culture and art.

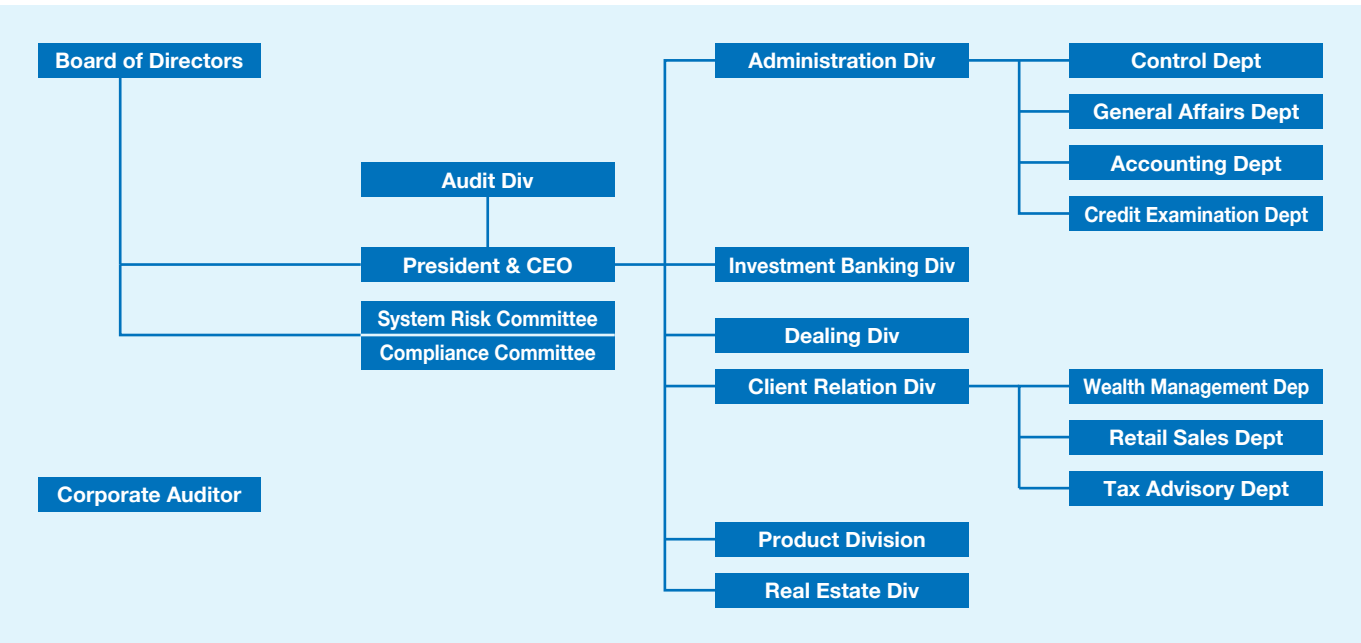
CSR after April 2015

We supported a charity concert played by Japan’s leading young musicians, aiming to support the people in Tochigi, who were affected by heavy rain from the typhoon No.18.

We supported the specified nonprofit organization called Ozawa International Chamber Music Academy Okushiga. With a broad perspective not only to European region but also to Asian region, this music academy holds music lessons for Asian students studying music and aims to nurture string players to be world-class.



## Organization Chart



## 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 commit 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, bonds, 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 difficulty. (Tax payment measures) We especially need to be careful if the portion of assets with low liquidity in major proportions. 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 fund raising 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.

**•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.

**•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.

**•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.

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.

Introduction and Arrangement of Financial Products

Financial Products of Mita Securities

Our Product Division introduces and arranges various financial products including foreign bonds, structured bonds, hedge funds, and our original securitized products for our clients.

Foreign Bonds

We deal with Euroclear and have been participating in both domestic and international bond markets directly. We are engaged in not only providing individuals, corporate clients and foundations with foreign bonds, but also the wholesale business for institutional investors

Structured Bonds

Our employees who are experts of derivative products arrange structured bonds liked to stocks and foreign exchange. We also purchase structured bonds which are difficult to be valued or estimated with significant cheap values, with our appropriate prices. We provide institutional investors with reports based on the risk analysis of structured bonds, securitized products, and structured finance.

Hedge Funds

We select attractive funds on our own way among a number of hedge funds existing in the world, and connect our clients with the funds which are usually unreachable for individual investors. Clients can receive our various supports in Japanese when buying one of those foreign hedge funds as we arrange it to our original fund after our fund managers’ interviews and necessary due diligences.

Real Estate Services

Real Estate Services of Mita Securities

We try to meet our clients’ needs for searches and selling of real estate properties and other requests relating to real estate in our Real Estate Division. We are qualified as a registered real estate broker, and as a real estate specified joint enterprise operator, and we are making approaches toward the real estate market from a fair and neutral point of view as a securities firm. We also develop real estate investment products originally and are increasing the investment choices of our clients as we try to provide unique real estate businesses.

Real Estate Intermediary

We search buyers or properties for our clients’ needs of selling or purchase of real estate, and give our clients the one-stop services including negotiations and executions. We try to gather original information given from our special sources or from our close relationship with real estate companies, other than Internet information already on the market.

Intermediary of Real Estate Trust Beneficiary Rights

We deal with intermediary services of real estate trust beneficiary. We support a series of transactions including research for real estate and submitting its report, preparation of documents based on the Financial Instruments and Exchange Law, preparation of transaction agreements, settlement services, etc.

Forming and Selling of Real Estate Funds

We are a securities company qualified as a real estate specified joint enterprise operator, and we provide smaller-sized real estate products based on the aforementioned regulations. Foaming original funds which meet our clients’ needs is one of our strengths, and we deal with other securitization needs based on laws other than Real Estate Specified Joint Enterprise Law. Creating the schemes is supported by our tax accountants, lawyers, etc. and is achieved with a high-level of performance.

Real Estate Loans

We provide loans backed by clients’ real estate properties which can be both domestic and overseas, and that is the most significant feature among our services. We try to grant loans with a term of a minimum of one week from receiving loan applications, so please contact us for any urgent requests.

Other Real Estate Solution Business

We provide solutions relating to various real estate businesses including effective use and value-up of clients’ properties.

Proprietary Trading

Proprietary Trading of Mita Securities

Dealing Business

We have a number of dealers in our Dealing Division, and they are investing in stock and futures markets actively. They are contributing to our company’s profit, and at the same time, they are playing very important roles for increasing liquidity to the markets. They also deal with foreign bonds.

Proprietary Investment

We have been acting on investments with our own funds actively as one of players in capital markets. We are showing the excellent investment performance as an investment expert by searching more attractive investment opportunities globally.

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.

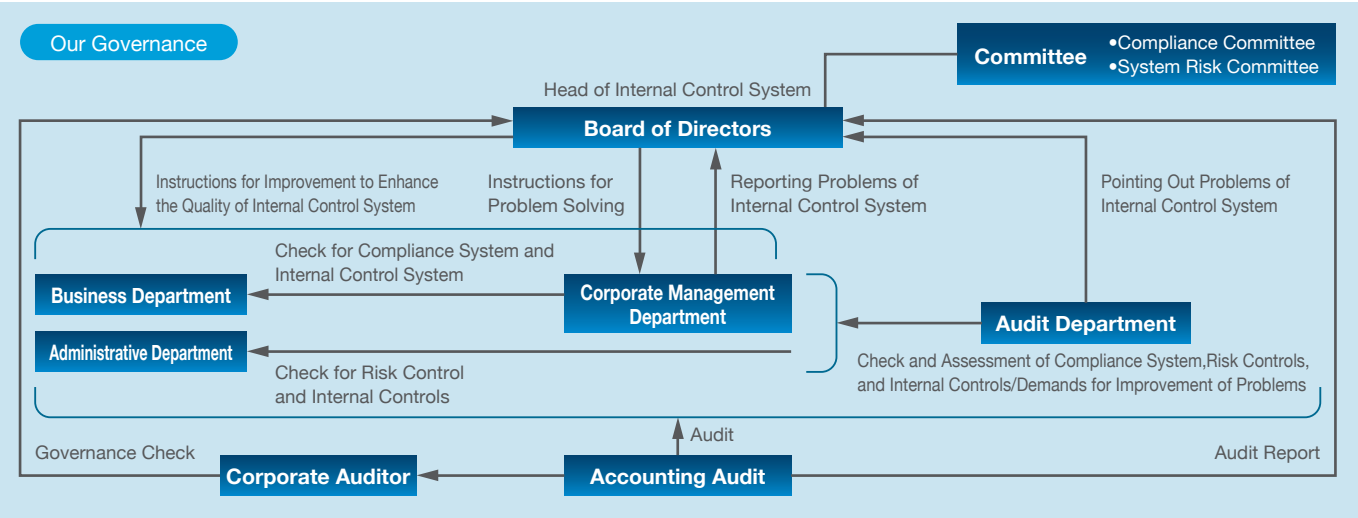
The Board of Directors has a role with a full responsibility for the internal control system. It has a responsibility to enhance the quality of the internal controls by receiving reports and evaluations from the corporate management department, the audit department, the auditors, the accounting auditor, 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
Office addresses:	(Head Office) 3-11, Nihonbashi-kabutocho, Chuo-ku, Tokyo 〒103-0026 Tel +81-3-3666-0011 Fax +81-3-3668-7350 (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 Tel +65-9429-4723
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:	Seishinshisei & Co. / SCS Global PAC(Singapore Branch)
(As of July, 2016)	

