

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the first half of the fiscal year ending March 31, 2016 (from April 2015 to March 2016). This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan (Japanese GAAP). If there are discrepancies between the English translation and the original document in Japanese, the Japanese version will take precedence.

kabu.com Securities Co., Ltd.

**Non-Consolidated Financial Summary under Japanese GAAP
For the 1st Half (1H) of the Fiscal Year Ending March 31, 2016**

Company name: kabu.com Securities Co., Ltd. URL: <http://kabu.com>
 Listing: 1st section of the Tokyo Stock Exchange
 Code number: 8703
 Representative: Masakatsu Saito, CEO
 Contact: Takeshi Amemiya, CFO E-mail: ir@kabu.com

1. Financial summary (April 1, 2015 to September 30, 2015)

(1) Operating results (% : change year-on-year)

	Operating revenues		Net operating revenues		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
IH of fiscal year ending March 31, 2016	13,246	24.7	11,804	24.8	6,129	45.7	6,207	43.4	5,034	55.1
IH of fiscal year ended March 31, 2015	10,622	(14.5)	9,461	(16.9)	4,207	(33.0)	4,327	(31.7)	3,246	(9.6)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
IH of fiscal year ending March 31, 2016	14.61	-	22.2
IH of fiscal year ended March 31, 2015	9.30	-	15.6

(Note) The Company implemented a two-for-one stock split on July 1, 2015. Net income per share has been calculated by assuming this stock split was executed on April 1, 2014.

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
September 30, 2015	832,462	44,181	5.3	430.0
March 31, 2015	867,769	46,632	5.4	441.5

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 2015	-	0.00	-	23.00	23.00
Fiscal year ending March 2016	-	6.00	-	-	-
Fiscal year ending March 2016 (Forecasts)	-	-	-	-	-

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2015 to March 31, 2016)

The Company's principal business is acting as a broker in transactions in financial instruments, mainly securities. Since this business is strongly influenced by conditions in equity and other financial markets, forecasting future performance is extremely difficult. Accordingly the Company does not disclose forecasts of its performance. In place of such forecasts, the Company discloses its quarterly financial results as quickly as possible. The Company also provides monthly information on fees and commissions, which account for a high percentage of operating revenues, the number of customer accounts, equity trading value, and other operating statistics that have a major impact on the Company's performance.

(1)Non-Consolidated Balance Sheets

(Unit : Millions of Yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current Assets		
Cash and bank deposits	40,115	47,358
Cash held in trust	478,749	427,934
Margin account assets	266,116	261,695
Loans receivable from customers	192,982	200,052
Cash deposited as collateral for securities borrowed from securities finance companies	73,134	61,643
Advances paid	216	252
Cash paid for offering	850	937
Short term guarantee deposits	66,838	74,973
Prepaid expenses	226	454
Accrued income	2,125	2,090
Other	2,049	7,836
Total current assets	<u>857,289</u>	<u>823,533</u>
Fixed Assets		
Tangible fixed assets	704	748
Intangible fixed assets	2,840	3,370
Investment and others	6,936	4,810
Investment securities	6,202	4,087
Long term guarantee deposits	468	505
Long-term advances paid	1,189	1,226
Other	214	179
Allowance for doubtful accounts	(1,138)	(1,188)
Total fixed assets	<u>10,480</u>	<u>8,929</u>
Total Assets	<u>867,769</u>	<u>832,462</u>

(Unit : Millions of Yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Margin account liabilities	155,021	118,108
Loans from securities finance companies	58,883	46,246
Proceeds of securities lent on customers' account	96,137	71,862
Payables on collateralized securities transactions	81,522	92,180
Deposits received	271,949	244,495
Guarantee money received	231,157	239,577
Short-term borrowings	43,000	65,000
Short-term loans payable to subsidiaries and affiliates	10,000	-
Current portion of long-term loans payable	-	10,000
Current portion of long-term loans payable to subsidiaries and affiliates	-	2,500
Accounts payable	443	627
Accrued expenses	772	913
Accrued income taxes	2,017	2,730
Deferred tax liabilities	103	83
Other	344	215
Total current liabilities	<u>796,332</u>	<u>776,432</u>
Long-term liabilities		
Long-term borrowings	15,100	5,100
Long-term loans payable to subsidiaries and affiliates	6,900	4,400
Deferred tax liabilities	758	12
Total long-term liabilities	<u>22,758</u>	<u>9,512</u>
Statutory reserves		
Reserve for financial product transaction liabilities	2,046	2,336
Total statutory reserves	<u>2,046</u>	<u>2,336</u>
Total liabilities	<u>821,137</u>	<u>788,281</u>
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	24,104	25,134
Treasury stock	(884)	(3,073)
Total shareholders' equity	<u>42,329</u>	<u>41,171</u>
Valuation and translation adjustments		
Net unrealized gain on investment securities	4,302	3,010
Total valuation and translation adjustments	<u>4,302</u>	<u>3,010</u>
Total net assets	<u>46,632</u>	<u>44,181</u>
Total liabilities and net assets	<u>867,769</u>	<u>832,462</u>

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1H of fiscal year ended March 2015 (April 1 to September 30, 2014)	1H of fiscal year ending March 2016 (April 1 to September 30, 2015)
Operating revenues		
Commissions	5,037	6,592
Brokerage commissions	4,225	5,400
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	98	172
Other	713	1,019
Net gain on trading	404	646
Financial revenues	5,180	6,006
Total operating revenues	10,622	13,246
Financial expenses	1,160	1,441
Net operating revenues	9,461	11,804
Selling, general and administrative expenses		
Transaction related expenses	2,619	2,755
Employment cost	551	579
Facilities and rentals	790	843
Outsourcing and office supplies	411	447
Depreciation and amortization	637	587
Duties and taxes other than income taxes	147	164
Provision of allowance for doubtful accounts	-	106
Other	95	190
Total selling, general and administrative expenses	5,254	5,675
Operating income	4,207	6,129
Non-operating income	138	94
Non-operating expenses	18	16
Ordinary income	4,327	6,207
Special profits		
Gain on sales of investment securities	1,107	1,619
Total special profits	1,107	1,619
Special losses		
Provision of reserve for financial product transaction liabilities	239	289
Total special losses	239	289
Income before income taxes	5,195	7,537
Income taxes - current	1,778	2,656
Income taxes - deferred	170	(154)
Income taxes	1,948	2,502
Net income	3,246	5,034

(3)Non-Consolidated Statement of Income by Quarter (Quarterly transition)

(Unit : Millions of Yen)

	1Q of FY 2015	2Q of FY 2015	3Q of FY 2015	4Q of FY 2015	1Q of FY 2016	2Q of FY 2016
Operating revenues						
Commissions	2,316	2,720	3,330	3,187	3,238	3,354
Brokerage commissions	1,926	2,299	2,694	2,602	2,655	2,744
Fees for offering, secondary distribution and solicitation for selling and others for professional investor:	49	49	105	89	71	100
Other	341	372	530	495	510	508
Net gain on trading	172	231	335	276	289	357
Financial revenues	2,551	2,628	2,856	2,765	3,224	2,782
Total operating revenues	5,041	5,580	6,523	6,229	6,752	6,493
Financial expenses	606	554	635	618	975	465
Net operating revenues	4,435	5,026	5,887	5,610	5,776	6,028
Selling, general and administrative expenses						
Transaction related expenses	1,502	1,116	1,611	1,269	1,296	1,458
Employment cost	253	298	299	308	280	299
Facilities and rentals	393	397	401	418	418	424
Outsourcing and office supplies	207	203	197	207	214	232
Depreciation and amortization	299	338	331	319	293	294
Duties and taxes other than income taxes	100	46	56	61	96	67
Other	46	49	52	50	103	193
Total selling, general and administrative expenses	2,803	2,451	2,950	2,634	2,703	2,971
Operating income	1,632	2,575	2,936	2,976	3,072	3,056
Non-operating income	103	34	(9)	36	70	23
Non-operating expenses	9	8	5	4	8	8
Ordinary income	1,726	2,600	2,921	3,008	3,135	3,071
Special profits						
Gain on sales of investment securities	-	1,107	430	-	1,038	581
Total special profits	-	1,107	430	-	1,038	581
Special losses						
Provision of reserve for financial product transaction liabilities	109	130	146	139	146	142
Total special losses	109	130	146	139	146	142
Income before income taxes	1,617	3,577	3,205	2,868	4,027	3,510
Income taxes - current	316	1,461	1,142	1,217	1,298	1,358
Income taxes - deferred	292	(122)	74	(754)	35	(189)
Net income	1,008	2,238	1,988	2,405	2,693	2,340

(4)Monthly Business Data

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Number of customer accounts *1 (at month-end)	925,776	930,094	934,662	939,375	944,447	956,224
Number of new customer accounts (monthly)	5,158	4,653	5,019	5,093	5,518	12,123
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	62,475	62,748	63,033	63,407	64,150	65,408
Number of active accounts *2	471,887	473,529	475,578	477,093	479,422	482,221
Number of margin customer accounts *1 (at month-end)	114,516	115,474	116,433	117,624	118,729	119,852
Number of future and option customer accounts *1 (at month-end)	47,394	47,726	48,040	48,432	48,877	49,358
Number of OTC FX customer accounts *1 (at month-end)	73,082	73,903	74,723	75,593	76,443	77,839
Average daily number of executed equity trades *3	119,970	118,712	115,305	117,916	118,782	98,992
Average value of equity trading (thousands of yen)	1,062	1,120	1,060	1,102	1,127	1,134
Monthly trading value of OTC FX (100 millions of yen)	46,250	46,733	59,208	57,560	65,684	54,902
Amount of customer assets *4 (at month-end) (millions of yen)	2,103,620	2,155,125	2,143,777	2,155,175	2,053,548	1,928,079
Margin trading balance *5 (at month-end) (millions of yen)	261,279	240,321	252,592	257,672	247,304	271,915
Number of automatic debit accounts *1 (at month-end)	422,614	423,450	424,278	425,278	426,283	427,938

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Number of customer accounts *1 (at month-end)	895,416	900,347	905,390	910,592	915,587	920,998
Number of new customer accounts (monthly)	4,697	5,202	5,415	5,601	5,313	5,818
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	60,298	60,563	60,861	61,181	61,609	62,071
Number of active accounts *2	457,644	459,131	460,466	465,479	467,161	470,020
Number of margin customer accounts *1 (at month-end)	107,835	108,820	109,955	110,961	112,026	113,528
Number of future and option customer accounts *1 (at month-end)	45,172	45,575	45,959	46,311	46,648	47,066
Number of OTC FX customer accounts *1 (at month-end)	66,958	68,044	69,161	70,248	71,175	72,153
Average daily number of executed equity trades *3	98,243	122,734	124,138	114,507	126,170	124,431
Average value of equity trading (thousands of yen)	1,039	1,130	1,054	995	967	1,090
Monthly trading value of OTC FX (100 millions of yen)	57,444	79,648	94,809	79,007	47,339	53,355
Amount of customer assets *4 (at month-end) (millions of yen)	1,831,553	1,942,741	1,937,292	1,956,397	2,030,508	2,026,681
Margin trading balance *5 (at month-end) (millions of yen)	215,959	211,477	227,471	229,119	243,692	289,124
Number of automatic debit accounts *1 (at month-end)	417,463	418,211	419,132	419,946	420,864	421,818

*1 : The number of accounts includes corporate accounts.

*2 : The number of accounts which hold more than 0 yen.

*3 : The number of trades includes partially executed trades.

*4 : Amount of customer assets is the value on a market price basis at month-end.

*5 : Margin trading balance is the value on a handover basis at month-end.