

Consolidated Financial Summary (for the six months ended September 30, 2016)

October 28, 2016

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: First sections of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Stock Code: 8616 URL <http://www.tokaitokyo-fh.jp/>
 Representative: Tateaki Ishida, President & CEO
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Expected date for submission of quarterly report: November 8, 2016
 Scheduled day of commencing dividend payment: November 25, 2016
 Quarterly earnings supplementary explanatory documents: Available
 Quarterly results briefing planned: Available (for financial analysts and institutional investors)

(Figures are rounded down to the nearest one million yen and those in parentheses are negative figures.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2016**(1) Consolidated Results of Operation**

(Figures in percentages denote the year-on-year change.)

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen		million yen	%	million yen	%
Six months ended										
September 30, 2016	28,554	(22.0)	27,887	(22.6)	1,775	(79.0)	4,008	(60.2)	4,428	(43.6)
September 30, 2015	36,620	(6.1)	36,037	(5.7)	8,448	(24.9)	10,062	(22.2)	7,855	(7.6)

(Note) Comprehensive income Six-month period ended September 30, 2016: 2,438 million yen [(65.0%)]

Six-month period ended September 30, 2015: 6,963 million yen [(21.5%)]

	Net income per share		Diluted net income per share	
	yen		yen	
Six months ended				
September 30, 2016	16.86		16.85	
September 30, 2015	29.56		29.52	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	million yen		million yen		%	yen		
As of								
September 30, 2016	667,804		152,252		22.5	574.26		
March 31, 2016	568,548		155,204		26.9	580.16		

(Reference) Shareholders' equity September 30, 2016: 150,268 million yen March 31, 2016: 153,089 million yen

2. Dividends

(Base date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual
Fiscal year	yen	yen	yen	yen	yen
Ended March 31, 2016	—	14.00	—	14.00	28.00
Ending March 31, 2017	—	12.00			
Ending March 31, 2017 (Forecast)		—	—	—	—

(Note) 1) Revision to the dividend forecast that has been disclosed lastly: None

2) Dividend forecast for the fiscal year ending March 31, 2017 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2016 (from April 1, 2016 to March 31, 2017)

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations.

Due to such nature of its business and consequential difficulty in predicting its performance, the Group does not disclose the forecast of operating results.

* Notes

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): None

New : None

Exclusion : None

(2) Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies or Estimates and Retrospective Restatements

1) Changes in accounting policies in accordance with revision of accounting standards: Yes

2) Changes in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(4) Number of Shares Issued (Common Stock)

1) Number of shares issued at the end of the term including treasury stock (shares)

As of September 30, 2016: 280,582,115

As of March 31, 2016: 280,582,115

2) Number of treasury stock at the end of the term (shares)

As of September 30, 2016: 18,907,419

As of March 31, 2016: 16,706,568

3) Average number of shares outstanding (for the six months)

Six months ended September 30, 2016: 262,679,691

Six months ended September 30, 2015: 265,755,004

* Quarterly review procedure implementation progress status

This quarterly earnings report is exempt from the quarterly review procedure that is required under the Financial Instruments and Exchanges Act. At the time of the disclosure of this Consolidated Financial Summary, we have not finished the review procedure process.

* Note to proper use of forecast of operating results and other special remarks

Dividends for the fiscal year ending March 31, 2017 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2016."

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	45,204	44,237
Cash segregated as deposits	28,711	28,806
Cash segregated as deposits for customers	27,905	27,800
Cash segregated as deposits for others	806	1,005
Trading products	259,234	253,971
Trading securities and other	255,620	247,818
Derivatives	3,613	6,152
Margin transaction assets	41,375	36,410
Loans on margin transactions	31,714	24,377
Cash collateral pledged for securities borrowing on margin transactions	9,660	12,032
Loans secured by securities	134,042	236,854
Cash collateral pledged for securities borrowed	134,042	236,854
Advances paid	76	61
Short-term guarantee deposits	11,696	9,546
Short-term loans receivable	115	101
Accrued income	1,944	1,537
Deferred tax assets	208	344
Other	2,680	6,839
Allowance for doubtful accounts	(31)	(24)
Total current assets	525,258	618,686
Noncurrent assets		
Property, plant and equipment	10,203	9,987
Intangible assets	2,426	2,364
Investments and other assets	30,660	36,766
Investment securities	25,071	30,762
Long-term guarantee deposits	2,089	2,406
Net defined benefit asset	2,697	2,841
Other	2,138	1,175
Allowance for doubtful accounts	(1,335)	(419)
Total noncurrent assets	43,290	49,118
Total assets	568,548	667,804

(Unit: million yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Trading products	137,111	200,928
Trading securities and other	129,790	193,770
Derivatives	7,321	7,158
Trade date accrual	15,261	20,516
Margin transaction liabilities	5,708	8,156
Borrowings on margin transactions	3,733	5,802
Cash received for securities lending on margin transactions	1,975	2,354
Loans payable secured by securities	68,538	88,831
Cash received on debt credit transaction of securities	68,538	88,831
Deposits received	18,852	26,355
Guarantee deposits received	10,605	10,028
Short-term loans payable	81,052	81,058
Short-term bonds payable	9,800	8,300
Current portion of bonds	35,855	33,535
Income taxes payable	533	610
Provision for bonuses	1,721	1,413
Provision for directors' bonuses	41	19
Other	3,575	3,053
Total current liabilities	388,658	482,808
Noncurrent liabilities		
Bonds payable	1,950	1,180
Long-term loans payable	19,700	28,200
Deferred tax liabilities	470	1,083
Provision for directors' retirement benefits	83	112
Net defined benefit liability	465	458
Other	1,576	1,279
Total noncurrent liabilities	24,245	32,313
Reserves under special laws		
Reserve for financial products transaction liabilities	440	430
Total reserves under special laws	440	430
Total liabilities	413,344	515,552
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,473	32,998
Retained earnings	85,537	86,271
Treasury stock	(6,390)	(7,583)
Total shareholders' equity	148,619	147,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	798
Foreign currency translation adjustment	(10)	(645)
Remeasurements of defined benefit plans	2,454	2,430
Total accumulated other comprehensive income	4,469	2,582
Subscription rights to shares	327	391
Non-controlling interests	1,787	1,592
Total net assets	155,204	152,251
Total liabilities and net assets	568,548	667,804

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income
 (Six months ended September 30)

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Operating revenue		
Commission received	19,008	12,692
Commission to consignees	9,126	6,150
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	232	223
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,460	3,185
Other fees received	3,189	3,132
Net trading income	16,020	14,644
Financial revenue	1,592	1,218
Total operating revenue	36,620	28,554
Financial expenses	582	667
Net operating revenue	36,037	27,887
Selling, general and administrative expenses		
Trading related expenses	6,322	5,121
Personal expenses	12,800	12,031
Real estate expenses	2,973	3,129
Office cost	3,287	3,587
Depreciation	919	884
Taxes and dues	450	572
Provision of allowance for doubtful accounts	8	—
Other	826	785
Total selling, general and administrative expenses	27,589	26,112
Operating income	8,448	1,775
Non-operating income		
Dividend income	341	410
Rent income	294	273
Share of profit of entities accounted for using equity method	714	1,374
Gain on investments in partnership	256	162
Other	75	99
Total non-operating income	1,681	2,320
Non-operating expenses		
Loss on investments in partnership	40	57
Foreign exchange losses	18	20
Other	7	10
Total non-operating expenses	67	88
Ordinary income	10,062	4,008

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Gain on sales of investment securities	1,471	1,050
Gain on transfer of business	—	850
Reversal of reserve for financial products transaction liabilities	—	10
Total extraordinary income	1,472	1,912
Extraordinary loss		
Loss on sales of investment securities	4	0
Loss on valuation of investment securities	0	0
Provision of reserve for financial products transaction liabilities	48	—
Total extraordinary loss	53	0
Income before income taxes	11,481	5,919
Income taxes-current	2,545	566
Income taxes-deferred	956	1,027
Total income taxes	3,502	1,594
Profit	7,978	4,325
Profit (loss) attributable to non-controlling interests	123	(103)
Profit attributable to owners of the parent	7,855	4,428

Consolidated Statements of Comprehensive Income
(Six months ended September 30)

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	7,978	4,325
Other comprehensive income		
Valuation difference on available-for-sale securities	(968)	(1,228)
Foreign currency translation adjustment	69	(634)
Remeasurements of defined benefit plans	(116)	(23)
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	(1,015)	(1,887)
Comprehensive income	6,963	2,438
(Comprehensive income attributable to)		
Owners of the parent	6,839	2,541
Non-controlling interests	123	(103)

Supplementary Information

(1) Breakdown of Commissions and Trading profit and loss

① Commission received

(i) By item

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	9,126	6,150	(2,975)	(32.6) %
Stocks	8,542	5,691	(2,850)	(33.4)
Bonds	15	15	(0)	(5.0)
Beneficiary certificates	567	443	(123)	(21.8)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	232	223	(8)	(3.7)
Stocks	71	71	0	0.0
Bonds	161	152	(8)	(5.3)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,460	3,185	(3,275)	(50.7)
Beneficiary certificates	6,440	3,117	(3,322)	(51.6)
Other fees received	3,189	3,132	(56)	(1.8)
Beneficiary certificates	2,386	1,926	(459)	(19.3)
Total	19,008	12,692	(6,316)	(33.2)

(ii) By product

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Yr/Yr	
			Increase (Decrease)	% change
Stocks	8,660	5,803	(2,856)	(33.0) %
Bonds	202	240	37	18.6
Beneficiary certificates	9,393	5,488	(3,905)	(41.6)
Others	751	1,160	408	54.3
Total	19,008	12,692	(6,316)	(33.2)

② Net trading income

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Yr/Yr	
			Increase (Decrease)	% change
Stocks	7,507	3,891	(3,615)	(48.2) %
Bonds and Forex	8,512	10,752	2,240	26.3
Total	16,020	14,644	(1,375)	(8.6)

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2015			Fiscal 2016	
	2nd quarter Jul. 1, 2015 - Sep. 30, 2015	3rd quarter Oct. 1, 2015 - Dec. 31, 2015	4th quarter Jan. 1, 2016 - Mar. 31, 2016	1st quarter Apr. 1, 2016 - Jun. 30, 2016	2nd quarter Jul. 1, 2016 - Sep. 30, 2016
Operating revenue					
Commission received	7,962	8,125	7,133	7,271	5,421
Commission to consignees	4,047	4,162	3,250	3,748	2,402
(Stocks)	3,694	3,757	2,849	3,454	2,237
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	116	323	327	112	111
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	2,190	2,026	1,994	1,848	1,336
(Beneficiary certificates)	2,181	2,013	1,983	1,810	1,307
Other fees received	1,607	1,613	1,560	1,561	1,570
(Beneficiary certificates)	1,184	1,124	1,009	986	940
Net trading income	7,300	7,576	6,732	6,671	7,972
(Stocks)	2,678	3,143	1,040	1,246	2,644
(Bonds and Forex)	4,621	4,433	5,692	5,424	5,327
Financial revenue	655	764	631	699	518
Total operating revenue	15,918	16,467	14,496	14,642	13,912
Financial expenses	276	406	317	352	314
Net operating revenue	15,642	16,060	14,179	14,289	13,598
Selling, general and administrative expenses					
Trading related expenses	2,903	2,794	2,675	2,654	2,466
Personal expenses	5,817	6,162	5,925	6,046	5,984
Real estate expenses	1,487	1,471	1,593	1,626	1,503
Office cost	1,709	1,650	1,743	1,675	1,912
Depreciation	470	466	462	454	430
Taxes and dues	217	216	223	266	305
Provision of allowance for doubtful accounts	8	(8)	—	—	—
Other	377	307	357	467	318
Total selling, general and administrative expenses	12,991	13,062	12,982	13,190	12,921
Operating income	2,650	2,997	1,196	1,099	676
Non-operating income	829	503	581	421	1,899
Share of profit of entities accounted for using equity method	248	242	(8)	78	1,296
Other	581	260	589	343	602
Non-operating expenses	43	7	36	8	79
Other	43	7	36	8	79
Ordinary income	3,436	3,493	1,742	1,512	2,496
Extraordinary income	677	761	450	576	1,335
Extraordinary loss	21	2	1	0	(0)
Income before income taxes	4,092	4,252	2,191	2,088	3,831
Income taxes-current	1,655	559	1,421	4	562
Income taxes-deferred	(254)	837	(885)	717	309
Profit	2,691	2,856	1,655	1,365	2,959
Profit (loss) attributable to non-controlling interests	(8)	62	(118)	(89)	(13)
Profit attributable to owners of the parent	2,700	2,793	1,773	1,455	2,973