

**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/>  
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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."

## Accompanying Materials – Contents

1. Qualitative Information for the Second Quarter Ended September 30, 2016 .....	2
(1) Review of Operating Results .....	2
(2) Review of the Financial Statements .....	4
(3) Explanation of Forecasts such as Consolidated Financial Forecasts .....	4
2. Summary Information (*Notes) .....	5
(1) Changes in Significant Subsidiaries during the First Six Months Ended September 30, 2016 .....	5
(2) Application of Special Accounting Methods Peculiar to the Preparation of Quarterly Financial Statements .....	5
(3) Changes in Accounting Principles and Estimates, and Retrospective Restatement .....	5
(4) Additional Information .....	5
3. Consolidated Financial Statements .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Comprehensive Income .....	8
(3) Notes to Quarterly Consolidated Financial Statements .....	11
(Notes on Going Concern Assumption) .....	11
(Notes for Material Changes in Shareholders' Equity) .....	11
4. Supplementary Information .....	12
(1) Breakdown of Commissions and Trading profit and loss .....	12
(2) Comparative Quarterly Consolidated Statements of Income .....	13

## 1. Qualitative Information for the Second Quarter Ended September 30, 2016

### (1) Review of Operating Results

**Japanese Economy** During the first six months of the consolidated fiscal year ending March 31, 2017 (April 1 to September 30, 2016), the economy showed a slight deceleration, as was observed in the corporate sector, which suffered a decrease in earnings affected by the rising yen, and the household sector, which also showed a tendency to withhold consumption amid concerns about the future. Additionally, inbound tourism consumption by foreigners also declined as the higher yen steeply reduced the per tourist spending. In response to such development, Prime Minister Abe announced that he would mobilize all possible economic measures, and declared in June the further postponement of the consumption tax hike of which enforcement had been slated for April 2017 to October 2019, with an additional announcement in August of government-led programs amounting to ¥28 trillion.

**Looking Abroad** The overall economic trend also indicated further stagnation. In the United States, in general, economy maintained a robust tone, but the pace of employment growth slowed down, and the likelihood of an interest rate hike receded, suggesting that 7-year long economic expansion was finally losing its steam. While China and emerging countries dragged stagnant mood from the previous year, the UK's decision to leave EU most remarkably cast the cloud of uncertainty spreading over the European economy.

**Japanese Stock Market** The Nikkei Stock Average started in the ¥16,700 level in April, climbed temporarily to just over ¥17,600, but then the following turn of events abruptly reversed the trend: the Bank of Japan's decision to shelve the implementation of additional monetary easing measures; significant breakthrough by Mr. Donald Trump as a "for real" U.S. presidential candidate of the Republican Party; and the receding likelihood of an additional interest rate hike by the FRB (Federal Reserve Board) all resulting in appreciation of the yen against the U.S. dollar. As a result, the Nikkei Stock Average plunged sharply and recorded a low of the ¥14,800 level on June 24, immediately following the outcome of Brexit referendum decision. However, the Nikkei Stock Average picked up slightly, closing September transactions at ¥16,449, reflecting the decision of the Bank of Japan on July 29 to double the purchase of ETF (Exchange Traded Fund), favorable market reaction to the economic measures taken by the government, and the record high U.S. Dow Jones Industrial Average, attributable mainly to the rise of high-tech stocks. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the subject six months (i.e. April through September) was ¥2,433.8 billion, falling below the ¥2,970.5 billion recorded during the same period last year.

**Japanese Bond Market** Starting at negative 0.04% in April, the yield on the 10-year JGB, the benchmark for long-term interest rates, continued to fall on the back of the appreciation of the yen, lower stock prices and the fallen long-term interest rates in the U.S., temporarily reaching negative 0.30% on July 8. Subsequently, the yield slightly turned upward to close at negative 0.085% at the end of September, due to the Bank of Japan's announcement in September of quantitative and qualitative monetary easing with yield curve control by shelving further advancement of negative interest rate measures while setting the target yield on the 10-year JGB at around 0%.

**Foreign Exchange Market** The Yen against the U.S. dollar continued being appreciated, starting at the ¥112 level in April due mainly to the shelving of the additional interest rate hike by the FRB, temporarily reaching near ¥99 on June 24 before gradually rising and closing September transactions at the ¥101 level.

**Ambitious 5:** Since April 2012, the Group has been executing strategies in accordance with the business plan, "Ambitious 5," under which it positions the fiscal year ended March 31, 2015 and thereafter as the second stage of the plan, in order to implement further advanced measures.

At the second stage of the plan, the Group aims to become the "Leading Player in Asia" as a unique and comprehensive financial group by way of introducing new service capabilities and expanding global network for better customer convenience to be offered while upholding its fundamental philosophy intact.

**Alliance Move:** As the fulfillment of domestic alliance strategies, Tokai Tokyo Financial Holdings, Inc. ("the Company") made several forward movements to expand business foundation, including the following: establishment of "Hokuhoku Tokai Tokyo Securities Preparation Co., Ltd." in April with the aim of creating a new securities firm through joint investment with Hokuhoku Financial Group, Inc. ("Hokuhoku FG"); signing of the basic agreement with The Tochigi Bank, Ltd. ("Tochigi Bank") in August concerning a partial transfer of the stock of Utsunomiya Securities Co. Ltd., the Company's consolidated subsidiary, to Tochigi Bank with the aim of converting Utsunomiya Securities Co., Ltd. into a joint corporation to be owned by the Company and Tochigi Bank; and partial acquisition in September of the shares of Ace Securities Co., Ltd. from its existing shareholders, converting the company into our equity method affiliate.

Furthermore, in August, for the purpose of providing more community-focused services to customers, the Company assigned its financial instruments businesses conducted by three branches of Tokai Tokyo Securities Co., Ltd. ("Tokai Tokyo Securities") (Kumamoto, Miyazaki and Kagoshima Branches) located in southern Kyushu to

Nishi-Nippon City Tokai Tokyo Securities Co., Ltd. by way of corporate split.

Meanwhile, under the overseas alliance strategy, the Company established “TOKAI TOKYO GLOBAL INVESTMENTS PTE. LTD.” in Singapore in May for the purpose of improving the Group’s both efficiency of investment management and the competence of proprietary investment operation.

In October, the Company reached an agreement to start operation of “Hokuhoku Tokai Tokyo Securities Co., Ltd.” (trade name changed from Hokuhoku Tokai Tokyo Securities Preparation Co., Ltd.), the joint venture established by the Company and Hokuhoku FG. The new company, Hokuhoku Tokai Tokyo Securities Co., Ltd., will start operation in January 2017 by assuming the financial instruments businesses by way of corporate split of Tokai Tokyo Securities’ Toyama, Kanazawa and Sapporo Branches, as well as Sapporo Corporate Sales Section and its other corporate customer accounts of Hokuriku-region origin.

The Group’s consolidated operating results for the period were as follows:

(Commissions received)

During the period under review, total Commissions received decreased 33.2%, to ¥12,692 million (Percentage indicates a year-on-year change. The same shall apply hereinafter in this section (1).):

(i) Commission to consignees:

Total Commissions to consignees earned by the Group decreased 32.6%, to ¥6,150 million, out of which Commissions to consignees on stock were ¥5,691 million, a 33.4% decrease, due to a decline in transactions by individual investors. The value of stock brokered by Tokai Tokyo Securities, a subsidiary of the Company, decreased 8.2%, to ¥1,788.2 billion while the volume of stock brokered decreased 16.8%, to 2,013 million shares.

(ii) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors:

Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥223 million, a 3.7% decrease, out of which Commission on stocks was ¥71 million, almost the same level on a year-on-year basis, whereas Commission on bonds fell 5.3%, to ¥152 million.

(iii) Fee for offering, secondary distribution and solicitation for selling and others for professional investors:

Fees for offering, secondary distribution and solicitation for selling and others for professional investors totaled ¥3,185 million, a decrease of 50.7%. Fees from beneficiary certificates under this category decreased 51.6%, to ¥3,117 million due to a decrease in sales of investment trusts.

(iv) Other fees received:

Other fees earned under this category decreased 1.8%, to ¥3,132 million, and agency commissions from investment trusts fell to ¥1,926 million, a decrease of 19.3%.

(Net trading income)

In the period under review, trading of stocks posted a profit of ¥3,891 million, a decrease of 48.2%, which was mainly attributable to a decline in foreign stock trading. On the other hand, trading of bonds and forex recorded a profit of ¥10,752 million, an increase of 26.3%, reflecting the robust trading performance of domestic bonds, etc. As a result, Net trading income totaled ¥14,644 million, a decrease of 8.6%.

(Net financial revenue)

In the period under review, Financial revenue was ¥1,218 million, down 23.5%. Financial expenses increased 14.5%, to ¥667 million, resulting in Net financial revenue of ¥551 million, down 45.4%.

(Selling, general and administrative expenses)

Under Selling, general and administrative expenses for the period under review, Trading related expenses decreased 19.0%, to ¥5,121 million, due to a decrease in broker commissions paid to JV securities firms in line with decreases in sales volume of foreign bonds; Personnel expenses decreased 6.0%, to ¥12,031 million reflecting a decrease in performance-linked compensation paid; and Depreciation decreased 3.8%, to ¥884 million. On the other hand, Office cost increased 9.1%, to ¥3,587 million reflecting an increase in subcontracting costs of accounting systems, etc.; and Real estate expenses rose 5.2%, to ¥3,129 million. As a result, Selling, general and administrative expenses were ¥26,112 million, down 5.4%.

(Non-operating income and expenses)

Non-operating income for the period under review totaled ¥2,320 million, up 38.0%. The primary positive

contributing factors were a 92.5% increase in Equity in earnings of affiliates, to ¥1,374 million, and a 20.5% increase in Dividends income, to ¥410 million. Meanwhile, Non-operating expenses totaled ¥88 million, up 30.3%.

(Extraordinary income and loss)

Regarding Extraordinary income for the period under review, the primary positive contributing factors were ¥1,050 million in Gain on sales of investment securities and ¥850 million in Gain on transfer of business.

As a result, Operating revenue for the period under review decreased 22.0%, to ¥28,554 million; Net operating revenue fell 22.6%, to ¥27,887 million; Operating income shrank 79.0%, to ¥1,775 million; Ordinary income declined 60.2%, to ¥4,008 million; and Profit attributable to owners of parent after deducting Income taxes dropped 43.6%, to ¥4,428 million.

## (2) Review of the Financial Statements

(Assets)

Total assets as of the end of the period increased ¥99,256 million (from the end of the previous consolidated fiscal year; the same shall apply in this section (2)), to ¥667,804 million, out of which Current assets increased ¥93,427 million, to ¥618,686 million. This was primarily the result of an increase of ¥102,811 million in Loans secured by securities to ¥236,854 million, offset by the decreases of ¥5,263 million in Trading products (assets) to ¥253,971 million, and ¥4,964 million in Margin transaction assets to ¥36,410 million. Noncurrent assets increased ¥5,828 million, to ¥49,118 million.

(Liabilities)

Total liabilities as of the end of the period increased ¥102,207 million, to ¥515,552 million, out of which Current liabilities increased ¥94,150 million, to ¥482,808 million. This was mainly the result of increases of ¥63,816 million in Trading products (liabilities) to ¥200,928 million, and ¥20,292 million in Loans payable secured by securities to ¥88,831 million. Noncurrent liabilities increased ¥8,068 million, to ¥32,313 million reflecting an increase of ¥8,500 million in Long-term loans payable, to ¥28,200 million.

(Net assets)

Total net assets as of the end of the period decreased ¥2,951 million, to ¥152,252 million. This was mainly the result of an increase of ¥734 million in Retained earnings to ¥86,271 million, offset by an increase of ¥1,193 million in Treasury stock (resulting in a decrease in net assets) to negative ¥7,583 million following the purchase of treasury stock according to the resolution made by the Board of Directors, and a decrease of ¥1,227 million in Valuation difference on available-for-sale securities to ¥798 million.

## (3) Explanation of Forecasts such as Consolidated Financial Forecasts

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Because of the nature of its business and the consequent difficulty in predicting its future performance, the Company does not disclose forecasts of operating results.

## 2. Summary Information (\*Notes)

(1) Changes in Significant Subsidiaries during the First Six Months Ended September 30, 2016  
Not applicable.

(2) Application of Special Accounting Methods Peculiar to the Preparation of Quarterly Financial Statements  
Not applicable.

(3) Changes in Accounting Principles and Estimates, and Retrospective Restatement

(Changes in Accounting Principles)

Pursuant to an amendment to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Issues Task Force (PITF) No.32, June 17, 2016) to the first quarter of the consolidated fiscal year under review, thereby changing the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this adoption on the quarterly financial statements for the first six months ended September 30, 2016, is immaterial.

(4) Additional Information

The “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Implementation Guidance No. 26, March 28, 2016) has been applied from the beginning of the first quarter of the consolidated fiscal year under review.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
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)
<b>Total current assets</b>	<b>525,258</b>	<b>618,686</b>
<b>Noncurrent assets</b>		
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)
<b>Total noncurrent assets</b>	<b>43,290</b>	<b>49,118</b>
<b>Total assets</b>	<b>568,548</b>	<b>667,804</b>

(Unit: million yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>388,658</b>	<b>482,808</b>
<b>Noncurrent liabilities</b>		
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
<b>Total noncurrent liabilities</b>	<b>24,245</b>	<b>32,313</b>
<b>Reserves under special laws</b>		
Reserve for financial products transaction liabilities	440	430
<b>Total reserves under special laws</b>	<b>440</b>	<b>430</b>
<b>Total liabilities</b>	<b>413,344</b>	<b>515,552</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,000	36,000
Capital surplus	33,473	32,998
Retained earnings	85,537	86,271
Treasury stock	(6,390)	(7,583)
<b>Total shareholders' equity</b>	<b>148,619</b>	<b>147,686</b>
<b>Accumulated other comprehensive income</b>		
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
<b>Total accumulated other comprehensive income</b>	<b>4,469</b>	<b>2,582</b>
<b>Subscription rights to shares</b>	<b>327</b>	<b>391</b>
<b>Non-controlling interests</b>	<b>1,787</b>	<b>1,592</b>
<b>Total net assets</b>	<b>155,204</b>	<b>152,251</b>
<b>Total liabilities and net assets</b>	<b>568,548</b>	<b>667,804</b>

(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
<b>Operating revenue</b>		
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
<b>Total operating revenue</b>	<b>36,620</b>	<b>28,554</b>
<b>Financial expenses</b>	<b>582</b>	<b>667</b>
<b>Net operating revenue</b>	<b>36,037</b>	<b>27,887</b>
<b>Selling, general and administrative expenses</b>		
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
<b>Total selling, general and administrative expenses</b>	<b>27,589</b>	<b>26,112</b>
<b>Operating income</b>	<b>8,448</b>	<b>1,775</b>
<b>Non-operating income</b>		
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
<b>Total non-operating income</b>	<b>1,681</b>	<b>2,320</b>
<b>Non-operating expenses</b>		
Loss on investments in partnership	40	57
Foreign exchange losses	18	20
Other	7	10
<b>Total non-operating expenses</b>	<b>67</b>	<b>88</b>
<b>Ordinary income</b>	<b>10,062</b>	<b>4,008</b>

(Unit: million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Extraordinary income</b>		
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
<b>Total extraordinary income</b>	<b>1,472</b>	<b>1,912</b>
<b>Extraordinary loss</b>		
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	—
<b>Total extraordinary loss</b>	<b>53</b>	<b>0</b>
<b>Income before income taxes</b>	<b>11,481</b>	<b>5,919</b>
<b>Income taxes-current</b>	<b>2,545</b>	<b>566</b>
<b>Income taxes-deferred</b>	<b>956</b>	<b>1,027</b>
<b>Total income taxes</b>	<b>3,502</b>	<b>1,594</b>
<b>Profit</b>	<b>7,978</b>	<b>4,325</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>123</b>	<b>(103)</b>
<b>Profit attributable to owners of the parent</b>	<b>7,855</b>	<b>4,428</b>

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
<b>Profit</b>	7,978	4,325
<b>Other comprehensive income</b>		
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)
<b>Comprehensive income</b>	<b>6,963</b>	<b>2,438</b>
<b>(Comprehensive income attributable to)</b>		
Owners of the parent	6,839	2,541
Non-controlling interests	123	(103)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

The Company made a resolution at the Board of Directors' Meeting held on February 22, 2016 to repurchase the Company's own shares based on the provisions set forth in Article 156 of the Companies Act, which shall apply by reading it in accordance with Article 165 Section 3 of the Companies Act, and subsequently purchased 3,476,000 shares (purchase price: ¥1,692 million) of the Company. Additionally, the Company acquired the approval from the 104<sup>th</sup> Regular General Shareholders Meeting held on the 29<sup>th</sup> of June in 2016 on the proposal to execute the treasury share disposition based on the provisions set forth in Article 199 and Article 200 of the Companies Act, and to entrust the Board of Directors Meeting with the task of finalizing the details of the subject matter. On September 5, 2016, the Company disposed 1,200,000 shares (disposal price: ¥ 1 million) in the form of third party allocation. Mainly due to such transactions, treasury stock increased ¥1,193 million during the first six-month period of the consolidated fiscal year ending March 31, 2017

#### 4. 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)
<b>Total</b>	<b>19,008</b>	<b>12,692</b>	<b>(6,316)</b>	<b>(33.2)</b>

###### ( 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
<b>Total</b>	<b>19,008</b>	<b>12,692</b>	<b>(6,316)</b>	<b>(33.2)</b>

###### 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
<b>Total</b>	<b>16,020</b>	<b>14,644</b>	<b>(1,375)</b>	<b>(8.6)</b>

## (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