

Consolidated Financial Summary (for the nine months ended December 31, 2016)

January 27, 2017

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: February 14, 2017
 Scheduled day of commencing dividend payment: —
 Quarterly earnings supplementary explanatory documents: Available
 Quarterly results briefing planned: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 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	%
Nine months ended										
December 31, 2016	46,345	(12.7)	45,189	(13.3)	5,555	(51.5)	8,363	(38.3)	7,691	(27.8)
December 31, 2015	53,087	(15.3)	52,098	(15.4)	11,446	(42.3)	13,555	(39.1)	10,649	(26.6)

(Note) Comprehensive income Nine-month period ended December 31, 2016: 6,417 million yen [(34.3%)]

Nine-month period ended December 31, 2015: 9,774 million yen [(38.0%)]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended		
December 31, 2016	29.32	29.30
December 31, 2015	40.17	40.13

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
December 31, 2016	730,680	153,090	20.7	576.97
March 31, 2016	568,548	155,204	26.9	580.16

(Reference) Shareholders' equity December 31, 2016: 150,979 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 December 31, 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 December 31, 2016: 18,907,064 As of March 31, 2016: 16,706,568
 - 3) Average number of shares outstanding (for the nine months)
Nine months ended December 31, 2016: 262,343,705 Nine months ended December 31, 2015: 265,104,509

* 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."

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1. Qualitative Information for the Nine Months Ended December 31, 2016

(1) Review of Operating Results

Japanese Economy During the first nine months of the consolidated fiscal year ending March 31, 2017 (April 1 to December 31, 2016), the economy temporarily stagnated, exemplified by 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. Under these circumstances, Prime Minister Abe announced that he would mobilize all possible economic measures, and declared in June the further postponement of the consumption tax hike that had been due to take effect from April 2017, with the additional announcement in August of government-led programs amounting to ¥28 trillion. Moreover, in the second supplementary budget adopted in October, he announced specific expenditures on the central and local governments totaling ¥7.5 trillion.

Following the U.S. presidential election, exports and production clearly recovered on the back of a corrective reaction to the rising yen and other favorable factors. Overall business sentiment improved as seen in the Bank of Japan's *Tankan* survey (a short-term economic survey of enterprises in Japan) announced in December, which showed that business conditions diffusion index of the large manufacturing companies rose for the first time in six quarters.

Looking Abroad While the economic trend indicated further stagnation in the first half of the consolidated fiscal year under review, the economic indicators showed a general turnaround in October and thereafter. In the United States, the economy in general maintained a robust tone due to expectations of an aggressive fiscal policy and deregulation by the new President Donald Trump of the Republican Party. Furthermore, on top of the Chinese economy, which remained in moderate deceleration, the economic trend of emerging countries in general had hit its bottom. The European economy in general also maintained stable growth despite the uncertainty brought about by the UK's decision to leave EU.

Japanese Stock Market The Nikkei Stock Average started at the ¥16,700 level in April, climbed temporarily to just over ¥17,600, but then abruptly plunged due to the fear of appreciation of the yen against the U.S. dollar triggered by the Bank of Japan's decision to shelve the implementation of additional monetary easing measures and the decision of the FRB (Federal Reserve Board) to postpone an additional interest rate hike. Subsequently, it plummeted and recorded a low of the ¥14,800 level on June 24 immediately after Brexit solidified. However, the Nikkei Stock Average then made a turnaround in July on the back of the Bank of Japan's decision to double the purchase of ETF (Exchange Traded Fund), and the supplementary budget, in which the government made clear it would implement economic measures. Furthermore, in November and thereafter, the U.S. stock prices rose and the appreciation of the U.S. dollar against the yen advanced in expectation of economic stimulus packages to be implemented by the new U.S. President Trump, which triggered a sharp rise in the Nikkei Stock Average to close December transactions at ¥19,114. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the subject nine months (i.e. April through December) was ¥2,537.5 billion, falling below the ¥2,881.1 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 in September, the Bank of Japan announced its decision to introduce Quantitative and Qualitative Monetary Easing with Yield Curve Control targeting at around 0% in the 10-year JGB yield, while in the United States, the likelihood of an interest rate hike rose and the policy interest rate was raised in December. As a result, the 10-year JGB yield rose temporarily to 0.1% on December 16. Up to December 31, the yield slightly fell due to the downward pressure of interest rates, which mostly reflected the Bank of Japan's monetary operation to purchase JGBs, closing December transactions at 0.04%.

Foreign Exchange Market The yen against the U.S. dollar continued its appreciation, starting at the ¥112 level in April due mainly to the shelving of the additional interest rate hike by the FRB, and temporarily reaching near ¥99 on June 24 amid risk-off sentiment triggered by the Brexit referendum in June. Subsequently, the yen depreciated gradually, but the trend of the weaker yen against the U.S. dollar abruptly accelerated as a result of the U.S. presidential election, temporarily reaching the ¥118.60 level on December 15, and closing December transactions at the ¥116.90 level.

Ambitious 5 Since April 2012, the Group has been executing strategies in accordance with its 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 advances in expanding its business foundation, including the following: "Hokuhoku Tokai Tokyo Securities Co., Ltd." (capital contribution ratios: 60% by Hokuhoku Financial Group, Inc. and 40% by

the Company), which the Company had been preparing to start business, finally started operation in January 2017 by taking over the financial instruments businesses—by way of a corporate split—of Tokai Tokyo Securities' Toyama, Kanazawa and Sapporo Branches, as well as of Sapporo Corporate Sales Section and its other corporate customer accounts originating from the Hokuriku region.

Furthermore, the Company entered into a basic agreement with The Tochigi Bank, Ltd. ("Tochigi Bank") in August concerning a partial stock transfer 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 a partial share acquisition in September of Ace Securities Co., Ltd. from its existing shareholders, converting the company into our equity method affiliate.

In August, for the purpose of reinforcing existing business networks, 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. In October, Senshu Ikeda Tokai Tokyo Securities Co., Ltd. established its Ikeda Branch.

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.

The Group's consolidated operating results for the period were as follows:
(Commissions received)

During the period under review, total Commissions received decreased 26.7%, to ¥19,881 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 26.4%, to ¥9,775 million, out of which Commissions to consignees on stock were ¥9,136 million, a 25.7% decrease, due to a decline in transactions by individual investors, whereas the value of stock brokered by Tokai Tokyo Securities, a subsidiary of the Company, increased 1.4%, to ¥2,953.7 billion and the volume of stock brokered increased 4.0%, to 3,671 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 ¥508 million, an 8.6% decrease, out of which Commission on stocks fell 27.0%, to ¥231 million, whereas Commission on bonds increased 15.8%, to ¥276 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 ¥4,906 million, a decrease of 42.2%. Fees from beneficiary certificates under this category decreased 42.9%, to ¥4,826 million due to a decrease in sales of investment trusts.

(iv) Other fees received:

Other fees earned under this category decreased 2.3%, to ¥4,691 million, and agency commissions from investment trusts fell to ¥2,874 million, a decrease of 18.1%.

(Net trading income)

In the period under review, trading of stocks posted a profit of ¥9,211 million, a decrease of 13.5%, which was mainly attributable to a decline in foreign stock trading. On the other hand, trading of bonds and forex recorded a profit of ¥15,156 million, an increase of 17.1%, reflecting the robust trading performance of domestic bonds, etc. As a result, Net trading income totaled ¥24,367 million, an increase of 3.3%.

(Net financial revenue)

In the period under review, Financial revenue was ¥2,095 million, down 11.1%. Financial expenses increased 16.8%, to ¥1,155 million, resulting in Net financial revenue of ¥939 million, down 31.3%.

(Selling, general and administrative expenses)

Under Selling, general and administrative expenses for the period under review, Trading related expenses decreased 13.7%, to ¥7,868 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 2.1%, to ¥18,570 million reflecting a decrease in performance-linked compensation paid; and Depreciation decreased 4.0%, to ¥1,330 million. On the other hand, Office cost increased 7.3%, to ¥5,297 million reflecting an increase in subcontracting costs of accounting systems, etc.; and Real estate expenses rose 3.3%, to ¥4,591 million. As a result, Selling, general and administrative expenses were ¥39,633 million, down 2.5%.

(Non-operating income and expenses)

Non-operating income for the period under review totaled ¥2,891 million, up 32.4%. The primary positive contributing factors were a 78.8% increase in Equity in earnings of affiliates, to ¥1,711 million, and a 10.3% increase in Dividends income, to ¥442 million. Meanwhile, Non-operating expenses totaled ¥83 million, up 10.9%.

(Extraordinary income and loss)

Regarding Extraordinary income for the period under review, the primary positive contributing factors were ¥1,115 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 12.7%, to ¥46,345 million; Net operating revenue fell 13.3%, to ¥45,189 million; Operating income shrank 51.5%, to ¥5,555 million; Ordinary income declined 38.3%, to ¥8,363 million; and Profit attributable to owners of parent after deducting Income taxes dropped 27.8%, to ¥7,691 million.

(2) Review of the Financial Statements

(Assets)

Total assets as of the end of the period increased ¥162,131 million (from the end of the previous consolidated fiscal year; the same shall apply in this section (2)), to ¥730,680 million, out of which Current assets increased ¥155,836 million, to ¥681,094 million. This was primarily the result of increases of ¥101,222 million in Loans secured by securities to ¥235,264 million, and ¥51,158 million in Trading products (assets) to ¥310,393 million, offset by a decrease of ¥1,166 million in Margin transaction assets to ¥40,208 million. Noncurrent assets increased ¥6,295 million, to ¥49,585 million due mainly to an increase of ¥6,335 million in Investment securities, to ¥31,406 million.

(Liabilities)

Total liabilities as of the end of the period increased ¥164,245 million, to ¥577,589 million, out of which Current liabilities increased ¥147,361 million, to ¥536,020 million. This was mainly the result of increases of ¥91,484 million in Trading products (liabilities) to ¥228,596 million, ¥31,759 million in Trade date accrual (liabilities) to ¥47,021 million, and ¥15,597 million in Loans payable secured by securities to ¥84,136 million. Noncurrent liabilities increased ¥16,893 million, to ¥41,139 million reflecting an increase of ¥12,100 million in Long-term loans payable, to ¥31,800 million.

(Net assets)

Total net assets as of the end of the period decreased ¥2,113 million, to ¥153,090 million. This was mainly the result of an increase of ¥856 million in Retained earnings to ¥86,393 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 ¥493 million in Valuation difference on available-for-sale securities to ¥1,532 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 Nine Months Ended December 31, 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 nine months ended December 31, 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 December 31, 2016
Assets		
Current assets		
Cash and deposits	45,204	46,318
Cash segregated as deposits	28,711	31,606
Cash segregated as deposits for customers	27,905	30,700
Cash segregated as deposits for others	806	905
Trading products	259,234	310,393
Trading securities and other	255,620	306,451
Derivatives	3,613	3,941
Margin transaction assets	41,375	40,208
Loans on margin transactions	31,714	26,060
Cash collateral pledged for securities borrowing on margin transactions	9,660	14,148
Loans secured by securities	134,042	235,264
Cash collateral pledged for securities borrowed	134,042	235,264
Advances paid	76	5
Short-term guarantee deposits	11,696	11,679
Short-term loans receivable	115	136
Accrued income	1,944	1,724
Deferred tax assets	208	629
Other	2,680	3,154
Allowance for doubtful accounts	(31)	(26)
Total current assets	525,258	681,094
Noncurrent assets		
Property, plant and equipment	10,203	9,844
Intangible assets	2,426	2,290
Investments and other assets	30,660	37,451
Investment securities	25,071	31,406
Long-term guarantee deposits	2,089	2,366
Net defined benefit asset	2,697	2,912
Other	2,138	1,170
Allowance for doubtful accounts	(1,335)	(405)
Total noncurrent assets	43,290	49,585
Total assets	568,548	730,680

(Unit: million yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Trading products	137,111	228,596
Trading securities and other	129,790	222,401
Derivatives	7,321	6,194
Trade date accrual	15,261	47,021
Margin transaction liabilities	5,708	9,816
Borrowings on margin transactions	3,733	6,299
Cash received for securities lending on margin transactions	1,975	3,517
Loans payable secured by securities	68,538	84,136
Cash received on debt credit transaction of securities	68,538	84,136
Deposits received	18,852	34,610
Guarantee deposits received	10,605	8,876
Short-term loans payable	81,052	75,786
Short-term bonds payable	9,800	11,300
Current portion of bonds	35,855	30,623
Income taxes payable	533	366
Provision for bonuses	1,721	1,235
Provision for directors' bonuses	41	36
Other	3,575	3,615
Total current liabilities	388,658	536,020
Noncurrent liabilities		
Bonds payable	1,950	6,110
Long-term loans payable	19,700	31,800
Deferred tax liabilities	470	1,394
Provision for directors' retirement benefits	83	127
Net defined benefit liability	465	462
Other	1,576	1,244
Total noncurrent liabilities	24,245	41,139
Reserves under special laws		
Reserve for financial products transaction liabilities	440	430
Total reserves under special laws	440	430
Total liabilities	413,344	577,589
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,473	32,998
Retained earnings	85,537	86,393
Treasury stock	(6,390)	(7,583)
Total shareholders' equity	148,619	147,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	1,532
Foreign currency translation adjustment	(10)	(777)
Remeasurements of defined benefit plans	2,454	2,417
Total accumulated other comprehensive income	4,469	3,171
Subscription rights to shares	327	419
Non-controlling interests	1,787	1,691
Total net assets	155,204	153,090
Total liabilities and net assets	568,548	730,680

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Operating revenue		
Commission received	27,133	19,881
Commission to consignees	13,288	9,775
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	555	508
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	8,486	4,906
Other fees received	4,802	4,691
Net trading income	23,596	24,367
Financial revenue	2,356	2,095
Total operating revenue	53,087	46,345
Financial expenses	989	1,155
Net operating revenue	52,098	45,189
Selling, general and administrative expenses		
Trading related expenses	9,117	7,868
Personal expenses	18,963	18,570
Real estate expenses	4,445	4,591
Office cost	4,938	5,297
Depreciation	1,386	1,330
Taxes and dues	667	895
Other	1,133	1,079
Total selling, general and administrative expenses	40,652	39,633
Operating income	11,446	5,555
Non-operating income		
Dividend income	401	442
Rent income	466	398
Share of profit of entities accounted for using equity method	957	1,711
Gain on investments in partnership	257	186
Other	101	152
Total non-operating income	2,184	2,891
Non-operating expenses		
Loss on investments in partnership	41	46
Foreign exchange losses	24	24
Other	9	12
Total non-operating expenses	75	83
Ordinary income	13,555	8,363

(Unit: million yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Extraordinary income		
Gain on sales of noncurrent assets	0	22
Gain on sales of investment securities	2,233	1,115
Gain on reversal of subscription rights to shares	—	1
Gain on transfer of business	—	850
Reversal of reserve for financial products transaction liabilities	—	10
Total extraordinary income	2,233	2,000
Extraordinary loss		
Loss on sales of investment securities	4	0
Loss on valuation of investment securities	—	0
Provision of reserve for financial products transaction liabilities	51	—
Total extraordinary loss	55	0
Income before income taxes	15,733	10,362
Income taxes-current	3,104	1,877
Income taxes-deferred	1,793	771
Total income taxes	4,898	2,648
Profit	10,835	7,714
Profit attributable to non-controlling interests	185	23
Profit attributable to owners of the parent	10,649	7,691

Consolidated Statements of Comprehensive Income
(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	10,835	7,714
Other comprehensive income		
Valuation difference on available-for-sale securities	(827)	(508)
Foreign currency translation adjustment	(56)	(763)
Remeasurements of defined benefit plans	(176)	(35)
Share of other comprehensive income of entities accounted for using equity method	—	11
Total other comprehensive income	(1,060)	(1,296)
Comprehensive income	9,774	6,417
(Comprehensive income attributable to)		
Owners of the parent	9,587	6,393
Non-controlling interests	186	24

(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' meetings 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 purchased 3,476,000 shares (purchase price: ¥1,692 million) of the Company. Additionally, the Company acquired the approval from the 104th Regular General Shareholders Meeting held on the 29th 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 disposal. As a result, treasury stock increased ¥1,193 million during the nine-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)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	13,288	9,775	(3,512)	(26.4) %
Stocks	12,300	9,136	(3,164)	(25.7)
Bonds	21	21	0	0.3
Beneficiary certificates	965	617	(347)	(36.0)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	555	508	(47)	(8.6)
Stocks	317	231	(85)	(27.0)
Bonds	238	276	37	15.8
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	8,486	4,906	(3,580)	(42.2)
Beneficiary certificates	8,453	4,826	(3,627)	(42.9)
Other fees received	4,802	4,691	(110)	(2.3)
Beneficiary certificates	3,510	2,874	(636)	(18.1)
Total	27,133	19,881	(7,252)	(26.7)

(ii) By product

(Unit: million yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Yr/Yr	
			Increase (Decrease)	% change
Stocks	12,680	9,432	(3,247)	(25.6) %
Bonds	301	384	83	27.8
Beneficiary certificates	12,930	8,319	(4,611)	(35.7)
Others	1,221	1,744	522	42.8
Total	27,133	19,881	(7,252)	(26.7)

② Net trading income

(Unit: million yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Yr/Yr	
			Increase (Decrease)	% change
Stocks	10,650	9,211	(1,439)	(13.5) %
Bonds and Forex	12,946	15,156	2,210	17.1
Total	23,596	24,367	770	3.3

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2015		Fiscal 2016		
	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	3rd quarter Oct. 1, 2016 - Dec. 31, 2016
Operating revenue					
Commission received	8,125	7,133	7,271	5,421	7,189
Commission to consignees	4,162	3,250	3,748	2,402	3,624
(Stocks)	3,757	2,849	3,454	2,237	3,444
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	323	327	112	111	284
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	2,026	1,994	1,848	1,336	1,720
(Beneficiary certificates)	2,013	1,983	1,810	1,307	1,709
Other fees received	1,613	1,560	1,561	1,570	1,559
(Beneficiary certificates)	1,124	1,009	986	940	948
Net trading income	7,576	6,732	6,671	7,972	9,723
(Stocks)	3,143	1,040	1,246	2,644	5,319
(Bonds and Forex)	4,433	5,692	5,424	5,327	4,403
Financial revenue	764	631	699	518	877
Total operating revenue	16,467	14,496	14,642	13,912	17,790
Financial expenses	406	317	352	314	488
Net operating revenue	16,060	14,179	14,289	13,598	17,301
Selling, general and administrative expenses					
Trading related expenses	2,794	2,675	2,654	2,466	2,747
Personal expenses	6,162	5,925	6,046	5,984	6,538
Real estate expenses	1,471	1,593	1,626	1,503	1,461
Office cost	1,650	1,743	1,675	1,912	1,710
Depreciation	466	462	454	430	446
Taxes and dues	216	223	266	305	322
Provision of allowance for doubtful accounts	(8)	—	—	—	—
Other	307	357	467	318	293
Total selling, general and administrative expenses	13,062	12,982	13,190	12,921	13,521
Operating income	2,997	1,196	1,099	676	3,779
Non-operating income	503	581	421	1,899	570
Share of profit of entities accounted for using equity method	242	(8)	78	1,296	337
Other	260	589	343	602	233
Non-operating expenses	7	36	8	79	(4)
Other	7	36	8	79	(4)
Ordinary income	3,493	1,742	1,512	2,496	4,354
Extraordinary income	761	450	576	1,335	88
Extraordinary loss	2	1	0	(0)	(0)
Income before income taxes	4,252	2,191	2,088	3,831	4,442
Income taxes-current	559	1,421	4	562	1,310
Income taxes-deferred	837	(885)	717	309	(256)
Profit	2,856	1,655	1,365	2,959	3,388
Profit (loss) attributable to non-controlling interests	62	(118)	(89)	(13)	126
Profit attributable to owners of the parent	2,793	1,773	1,455	2,973	3,262