

Consolidated Financial Summary (for the year ended March 31, 2017)

April 28, 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/>
 Representative: Tateaki Ishida, President & CEO
 Contact: Tetsuji Oono
 Executive officer, General Manager - Finance Planning Department
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Scheduled date for general meeting of shareholders: June 29, 2017
 Scheduled date for filing securities report: June 29, 2017
 Scheduled day of commencing dividend payment: June 30, 2017
 Earnings supplementary explanatory documents: Available
 Earnings presentation for the fiscal year: 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 Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)**(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	%
Year ended										
March 31, 2017	65,412	(3.2)	63,728	(3.8)	9,497	(24.9)	13,269	(13.3)	11,990	(3.5)
March 31, 2016	67,584	(18.3)	66,277	(18.6)	12,643	(49.6)	15,297	(46.4)	12,423	(32.8)

(Note) Comprehensive income: March 31, 2017: 10,709 million yen [4.0%]
 March 31, 2016: 10,295 million yen [(53.6)%]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/ Operating revenue
	yen	yen	%	%	%
Year ended					
March 31, 2017	45.73	45.72	7.8	2.0	14.5
March 31, 2016	46.92	46.87	8.1	3.0	18.7

(Reference) Equity in earnings of affiliates March 31, 2017: 2,058 million yen March 31, 2016: 948 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
As of				
March 31, 2017	741,935	157,229	20.9	593.47
March 31, 2016	568,548	155,204	26.9	580.16

(Reference) Shareholders' equity March 31, 2017: 155,312 million yen March 31, 2016: 153,089 million yen

(3) Consolidated Cash Flows Position

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended				
March 31, 2017	2,944	(8,507)	35,864	72,043
March 31, 2016	12,302	(775)	(21,829)	44,615

2. Dividends

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Ended March 31, 2016	—	14.00	—	14.00	28.00	7,387	59.7	4.8
Ended March 31, 2017	—	12.00	—	14.00	26.00	6,803	56.9	4.4
Ending March 31, 2018 (Forecast)	—	—	—	—	—		—	

3. Forecast of Consolidated Operating Results for Fiscal 2017 (from April 1, 2017 to March 31, 2018)

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.

4. Others

(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) 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

(3) Number of Shares Issued (Common Stock)

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

As of March 31, 2017: 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 March 31, 2017: 18,877,456 As of March 31, 2016: 16,706,568

3) Average number of shares outstanding

Year ended March 31, 2017: 262,181,966 Year ended March 31, 2016: 264,796,756

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2017(from April 1, 2016 to March 31, 2017)

(1) Non-consolidated Results of Operations

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
March 31,2017	13,520	(12.4)	6,554	(35.8)	7,927	(30.1)	8,231	(34.9)
March 31,2016	15,425	(20.3)	10,203	(25.2)	11,335	(22.3)	12,640	(8.3)

	Net income per share	Diluted net income per share
	yen	yen
Year ended		
March 31,2017	31.39	31.38
March 31,2016	47.74	47.69

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
March 31,2017	185,931	110,087	59.0	418.96
March 31,2016	161,343	110,912	68.5	419.08

(Reference) Shareholders' equity March 31, 2017: 109,643 million yen March 31, 2016: 110,585 million yen

* This consolidated financial summary is exempt from audit procedure

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

Dividends payments for the fiscal year ending March 31, 2018 have not been determined because it is difficult to forecast operating results, similarly as described in "3.Forecast of Consolidated Operating Results for Fiscal 2017."

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	45,204	72,683
Cash segregated as deposits	28,711	37,506
Cash segregated as deposits for customers	27,905	36,900
Cash segregated as deposits for others	806	606
Trading products	259,234	292,495
Trading securities and other	255,620	289,264
Derivatives	3,613	3,230
Margin transaction assets	41,375	44,610
Loans on margin transactions	31,714	31,880
Cash collateral pledged for securities borrowing on margin transactions	9,660	12,730
Loans secured by securities	134,042	214,992
Cash collateral pledged for securities borrowed	134,042	214,992
Advances paid	76	1,252
Short-term guarantee deposits	11,696	18,995
Short-term loans receivable	115	156
Short-term investment securities	—	0
Accrued income	1,944	1,725
Deferred tax assets	208	1,254
Other	2,680	2,912
Allowance for doubtful accounts	(31)	(32)
Total current assets	525,258	688,551
Noncurrent assets		
Property, plant and equipment	10,203	8,561
Buildings	3,031	2,887
Equipment	2,246	2,011
Land	4,925	3,663
Intangible assets	2,426	5,196
Goodwill	—	2,804
Software	2,283	2,262
Telephone subscription right	142	129
Investments and other assets	30,660	39,627
Investment securities	25,071	34,054
Long-term guarantee deposits	2,089	2,416
Net defined benefit asset	2,697	2,317
Other	2,138	1,244
Allowance for doubtful accounts	(1,335)	(405)
Total noncurrent assets	43,290	53,384
Total assets	568,548	741,935

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Trading products	137,111	192,454
Trading securities and other	129,790	185,261
Derivatives	7,321	7,192
Trade date accrual	15,261	7,540
Margin transaction liabilities	5,708	9,132
Borrowings on margin transactions	3,733	6,182
Cash received for securities lending on margin transactions	1,975	2,950
Loans payable secured by securities	68,538	131,164
Cash received on debt credit transaction of securities	68,538	131,164
Deposits received	18,852	32,925
Guarantee deposits received	10,605	8,360
Short-term loans payable	81,052	80,488
Short-term bonds payable	9,800	9,300
Current portion of bonds	35,855	31,044
Income taxes payable	533	1,860
Provision for bonuses	1,721	2,244
Provision for directors' bonuses	41	46
Other	3,575	3,836
Total current liabilities	388,658	510,399
Noncurrent liabilities		
Bonds payable	1,950	8,983
Long-term loans payable	19,700	61,731
Deferred tax liabilities	470	1,241
Provision for directors' retirement benefits	83	103
Net defined benefit liability	465	458
Other	1,576	1,338
Total noncurrent liabilities	24,245	73,857
Reserves under special laws		
Reserve for financial products transaction liabilities	440	449
Total reserves under special laws	440	449
Total liabilities	413,344	584,706
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,473	33,016
Retained earnings	85,537	90,693
Treasury stock	(6,390)	(7,572)
Total shareholders' equity	148,619	152,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	1,439
Foreign currency translation adjustment	(10)	(251)
Remeasurements of defined benefit plans	2,454	1,986
Total accumulated other comprehensive income	4,469	3,175
Subscription rights to shares	327	443
Non-controlling interests	1,787	1,472
Total net assets	155,204	157,229
Total liabilities and net assets	568,548	741,935

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Unit: million yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Operating revenue		
Commission received	34,267	26,934
Commission to consignees	16,538	12,930
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	883	738
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,481	6,916
Other fees received	6,363	6,349
Net trading income	30,329	35,737
Financial revenue	2,987	2,741
Total operating revenue	67,584	65,412
Financial expenses	1,306	1,684
Net operating revenue	66,277	63,728
Selling, general and administrative expenses		
Trading related expenses	11,793	11,187
Personal expenses	24,888	25,336
Real estate expenses	6,039	6,071
Office cost	6,681	7,215
Depreciation	1,849	1,770
Taxes and dues	890	1,258
Other	1,491	1,389
Total selling, general and administrative expenses	53,634	54,230
Operating income	12,643	9,497
Non-operating income		
Dividend income	736	833
Rent income	637	526
Equity in earnings of affiliates	948	2,058
Gain on investments in partnership	299	298
Other	143	218
Total non-operating income	2,765	3,935
Non-operating expenses		
Loss on investments in partnership	69	103
Foreign exchange losses	26	36
Other	16	23
Total non-operating expenses	111	163
Ordinary income	15,297	13,269

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Extraordinary income		
Gain on sales of noncurrent assets	0	43
Gain on sales of investment securities	2,602	1,189
Gain on changes in equity	80	851
Gain on transfer of business	—	850
Gain on reversal of subscription rights to shares	1	1
Total extraordinary income	2,684	2,935
Extraordinary loss		
Loss on sales of investment securities	4	0
Loss on valuation of securities	1	—
Loss on valuation of golf club membership	—	0
Provision of reserve for financial products transaction liabilities	51	9
Total extraordinary loss	56	9
Income before income taxes	17,925	16,195
Income taxes-current	4,526	3,989
Income taxes-deferred	908	204
Total income taxes	5,434	4,193
Profit	12,490	12,002
Profit attributable to non-controlling interests	67	11
Profit attributable to owners of parent	12,423	11,990

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Profit	12,490	12,002
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,954)	(604)
Foreign currency translation adjustment	(80)	(237)
Remeasurements of defined benefit plans	(160)	(509)
Share of other comprehensive income of entities accounted for using equity method	—	58
Total other comprehensive income	(2,195)	(1,292)
Comprehensive income	10,295	10,709
(Comprehensive income attributable to)		
Owners of the parent	10,229	10,696
Non-controlling interests	65	13

(3) Consolidated Statements of Changes in Equity
Year ended March 31, 2016 (Fiscal 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	36,000	33,469	82,140	(3,639)	147,970
Changes of items during the period					
Dividends from surplus			(9,026)		(9,026)
Profit attributable to owners of parent			12,423		12,423
Purchase of treasury stock				(2,824)	(2,824)
Disposal of treasury stock		3		73	77
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	3	3,396	(2,750)	649
Balance at the end of current period	36,000	33,473	85,537	(6,390)	148,619

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for sale	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	3,978	69	2,614	6,663	196	2,522	157,351
Changes of items during the period							
Dividends from surplus							(9,026)
Profit attributable to owners of parent							12,423
Purchase of treasury stock							(2,824)
Disposal of treasury stock							77
Change in treasury shares of parent arising from transactions with non-controlling shareholders							—
Net changes of items other than shareholders' equity	(1,952)	(80)	(160)	(2,193)	131	(734)	(2,797)
Total changes of items during period	(1,952)	(80)	(160)	(2,193)	131	(734)	(2,147)
Balance at the end of current period	2,026	(10)	2,454	4,469	327	1,787	155,204

Year ended March 31, 2017 (Fiscal 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	36,000	33,473	85,537	(6,390)	148,619
Changes of items during the period					
Dividends from surplus			(6,834)		(6,834)
Profit attributable to owners of parent			11,990		11,990
Purchase of treasury stock				(1,693)	(1,693)
Disposal of treasury stock		(477)		512	34
Change in treasury shares of parent arising from transactions with non-controlling shareholders		20			20
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(456)	5,155	(1,181)	3,517
Balance at the end of current period	36,000	33,016	90,693	(7,572)	152,137

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for sale	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	2,026	(10)	2,454	4,469	327	1,787	155,204
Changes of items during the period							
Dividends from surplus							(6,834)
Profit attributable to owners of parent							11,990
Purchase of treasury stock							(1,693)
Disposal of treasury stock							34
Change in treasury shares of parent arising from transactions with non-controlling shareholders							20
Net changes of items other than shareholders' equity	(586)	(240)	(467)	(1,293)	116	(314)	(1,492)
Total changes of items during period	(586)	(240)	(467)	(1,293)	116	(314)	2,025
Balance at the end of current period	1,439	(251)	1,986	3,175	443	1,472	157,229

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Cash flows from operating activities		
Income before income taxes	17,925	16,195
Depreciation	1,849	1,770
Equity in (earnings) losses of affiliates	(948)	(2,058)
Increase (decrease) in net defined benefit liability	(695)	(318)
Increase (decrease) in provision for directors' retirement benefits	(20)	20
Increase (decrease) in allowance for doubtful accounts	(17)	(929)
Interest and dividend income	(3,724)	(3,575)
Interest expenses	1,306	1,684
Loss (gain) on valuation of investment securities	1	—
Loss (gain) on sale of investment securities	(2,598)	(1,188)
Loss (gain) on transfer of business	—	(850)
Loss (gain) on sales of noncurrent assets	(0)	(43)
Loss on valuation of golf club memberships	—	0
Loss (gain) on change in equity	(80)	(851)
Gain on reversal of subscription rights to shares	(1)	(1)
Decrease (increase) in cash segregated as deposits for customers	(2,800)	(9,635)
Decrease (increase) in trading products -assets	(61,181)	(33,260)
Increase (decrease) in trading products -liabilities	66,986	55,342
Decrease (increase) in margin transaction assets	(2,616)	(4,065)
Increase (decrease) in margin transaction liabilities	(4,966)	4,254
Decrease (increase) in loans secured by securities	(54,574)	(80,949)
Increase (decrease) in borrowings secured by securities	63,732	62,625
Increase (decrease) in deposits received	(5,613)	14,647
Increase (decrease) in guarantee deposits received	3,375	(2,170)
Decrease (increase) in other assets	(308)	(6,211)
Increase (decrease) in other liabilities	1,955	(6,820)
Subtotal	16,984	3,613
Interest and dividend income received	3,189	3,682
Interest expenses paid	(1,190)	(1,566)
Income taxes paid	(6,680)	(2,785)
Net cash provided by (used in) operating activities	12,302	2,944

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,137)	(761)
Proceeds from sales of property, plant and equipment	23	1,497
Purchase of intangible assets	(1,423)	(592)
Purchase of investment securities	(1,204)	(3,710)
Proceeds from sales of investment securities	3,971	4,536
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,118)
Purchase of shares of subsidiaries and associates	—	(4,947)
Payments for guarantee deposits	(380)	(446)
Proceeds from collection of guarantee deposits	80	97
Other, net	(704)	(1,060)
Net cash provided by (used in) investing activities	(775)	(8,507)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(17,176)	(760)
Proceeds from long-term loans payable	14,200	42,900
Repayments of long-term loans payable	(2,300)	(1,200)
Proceeds from issuance of short-term bonds	49,200	48,200
Redemption of short-term bonds	(47,700)	(48,700)
Proceeds from issuance of bonds	33,829	43,995
Redemption of bonds	(39,827)	(41,861)
Proceeds from exercise of stock option	64	29
Purchase of treasury stock	(2,822)	(1,692)
Net decrease (increase) in treasury stock	(2)	(1)
Cash dividends paid	(9,026)	(6,834)
Proceeds from share issuance to non-controlling shareholders	800	2,400
Repayments to non-controlling shareholders	(782)	(106)
Dividends paid to non-controlling interests	(17)	(32)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(166)
Other, net	(268)	(305)
Net cash provided by (used in) financing activities	(21,829)	35,864
Effect of exchange rate changes on cash and cash equivalents	(75)	(396)
Net increase (decrease) in cash and cash equivalents	(10,377)	29,903
Cash and cash equivalents at beginning of period	56,039	44,615
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(1,046)	(2,475)
Cash and cash equivalents at end of period	44,615	72,043

Supplementary Information

(1) Breakdown of Commissions and Trading profit and loss

① Commission received

(i) By item

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	16,538	12,930	(3,608)	(21.8) %
Stocks	15,149	12,194	(2,955)	(19.5)
Bonds	28	26	(2)	(7.8)
Beneficiary certificates	1,357	708	(649)	(47.8)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	883	738	(145)	(16.4)
Stocks	550	360	(190)	(34.5)
Bonds	333	378	44	13.4
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,481	6,916	(3,565)	(34.0)
Beneficiary certificates	10,437	6,804	(3,632)	(34.8)
Other fees received	6,363	6,349	(13)	(0.2)
Beneficiary certificates	4,520	3,812	(707)	(15.6)
Total	34,267	26,934	(7,332)	(21.4)

(ii) By product

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Yr/Yr	
			Increase (Decrease)	% change
Stocks	15,784	12,635	(3,148)	(19.9) %
Bonds	419	529	110	26.4
Beneficiary certificates	16,315	11,326	(4,989)	(30.6)
Others	1,748	2,442	694	39.7
Total	34,267	26,934	(7,332)	(21.4)

② Net trading income

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Yr/Yr	
			Increase (Decrease)	% change
Stocks	11,691	13,779	2,088	17.9 %
Bonds and Forex	18,638	21,957	3,319	17.8
Total	30,329	35,737	5,407	17.8

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2016				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total of FY 2016
	Apr. 1, 2016 - Jun. 30, 2016	Jul. 1, 2016 - Sep. 30, 2016	Oct. 1, 2016 - Dec. 31, 2016	Jan. 1, 2017 - Mar. 31, 2017	Apr. 1, 2016 - Mar. 31, 2017
Operating revenues					
Commissions received	7,271	5,421	7,189	7,052	26,934
Commission to consignees	3,748	2,402	3,624	3,154	12,930
(Stocks)	3,454	2,237	3,444	3,058	12,194
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	112	111	284	230	738
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,848	1,336	1,720	2,010	6,916
(Beneficiary certificates)	1,810	1,307	1,709	1,978	6,804
Other fees received	1,561	1,570	1,559	1,657	6,349
(Beneficiary certificates)	986	940	948	938	3,812
Net trading income	6,671	7,972	9,723	11,369	35,737
(Stocks)	1,246	2,644	5,319	4,567	13,779
(Bonds and Forex)	5,424	5,327	4,403	6,801	21,957
Financial revenues	699	518	877	645	2,741
Total operating revenue	14,642	13,912	17,790	19,067	65,412
Financial expenses	352	314	488	528	1,684
Net operating revenue	14,289	13,598	17,301	18,538	63,728
Selling, general and administrative expenses					
Trading related expenses	2,654	2,466	2,747	3,318	11,187
Personnel expenses	6,046	5,984	6,538	6,766	25,336
Real estate expenses	1,626	1,503	1,461	1,480	6,071
Office cost	1,675	1,912	1,710	1,917	7,215
Depreciation	454	430	446	440	1,770
Taxes and dues	266	305	322	363	1,258
Other	467	318	293	309	1,389
Total selling, general and administrative expenses	13,190	12,921	13,521	14,596	54,230
Operating income	1,099	676	3,779	3,942	9,497
Non-operating income	421	1,899	570	1,043	3,935
Equity in earnings of affiliates	78	1,296	337	346	2,058
Other	343	602	233	697	1,877
Non-operating expenses	8	79	(4)	79	163
Other	8	79	(4)	79	163
Ordinary income	1,512	2,496	4,354	4,906	13,269
Extraordinary income	576	1,335	88	935	2,935
Extraordinary loss	0	(0)	(0)	9	9
Income before income taxes	2,088	3,831	4,442	5,832	16,195
Income taxes-current	4	562	1,310	2,111	3,989
Income taxes-deferred	717	309	(256)	(566)	204
Profit	1,365	2,959	3,388	4,287	12,002
Profit attributable to non-controlling interests	(89)	(13)	126	(11)	11
Profit attributable to owners of parent	1,455	2,973	3,262	4,299	11,990