

# Consolidated Financial Summary (for the nine months ended December 31, 2017)

January 30, 2018

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, 2018

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, 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	%
Nine months ended										
December 31, 2017	63,639	37.3	61,822	36.8	13,339	140.1	15,714	87.9	21,904	184.8
December 31, 2016	46,345	(12.7)	45,189	(13.3)	5,555	(51.5)	8,363	(38.3)	7,691	(27.8)

(Note) Comprehensive income Nine-month period ended December 31, 2017: 23,315 million yen [263.3%]

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

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended		
December 31, 2017	83.70	83.65
December 31, 2016	29.32	29.30

### (2) Consolidated Financial Position

	Total assets	Total net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
December 31, 2017	940,756	172,911	18.1	653.69
March 31, 2017	741,935	157,229	20.9	593.47

(Reference) Shareholders' equity December 31, 2017: 170,733 million yen March 31, 2017: 155,312 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, 2017	—	12.00	—	14.00	26.00
Ending March 31, 2018	—	14.00	—	—	—
Ending March 31, 2018 (Forecast)	—	—	—	—	—

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

2) Dividend forecast for the fiscal year ending March 31, 2018 has not been determined.

## 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.

\* Notes

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): Yes

New : 1 company ( Takagi Securities Co.,Ltd. )

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 the revision of accounting standards: None

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, 2017: 270,582,115 As of March 31, 2017: 280,582,115

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

As of December 31, 2017: 9,395,880 As of March 31, 2017: 18,877,456

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

Nine months ended December 31, 2017: 261,687,397 Nine months ended December 31, 2016: 262,343,705

\* 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.

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

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

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## 1. Qualitative Information for Nine Months Ended December 31, 2017

### (1) Review of Operating Results

**Japanese Economy** During the first nine months of the consolidated fiscal year ending March 31, 2018 (April 1 to December 31, 2017), the economy performed well amid synchronous global growth. During the period from July 1 to September 30, the Japanese economy experienced a seventh consecutive quarter of positive GDP growth for the first time in 16 years and it maintained momentum since then, indicating that the economy is on a favorable course.

**Looking Abroad** Overseas economies remained firm overall. The U.S. economy achieved more than 3% year-on-year growth for two consecutive quarters (April 1 to June 30, and July 1 to September 30). The U.S. also experienced growing capital investment as well as strong consumer spending, particularly during the year-end sales season. Additionally, the U.S. administration is expected to lower corporate tax in 2018 as part of a tax overhaul. China's economy benefited from expenditure on public works as well as from exports. Meanwhile, Europe's economy achieved better-than-expected growth, which was underpinned primarily by exports to the U.S. and Asia.

**Japanese Stock Market** The Nikkei Stock Average started at the ¥18,900 level in April, and fell temporarily to just over ¥18,200, reflecting the geopolitical risks arising from the U.S. airstrike on Syria and tensions over North Korea. The Nikkei then rebounded, rising above the ¥20,000 level in June, amid rising stock prices in the U.S. and strong corporate performance in Japan. Thereafter, the Nikkei occasionally dipped below the ¥20,000 mark, reflecting anxieties about North Korea. From September 1 onward, the improvements in the Japanese economy and in Japanese corporate performance started being favorably reappraised, prompting a late surge of investments in Japanese stocks. Consequently, in October, the Nikkei achieved a record 16 consecutive days of gain. The Nikkei continued to perform well in November. During intra-day trading, the Nikkei climbed above the ¥23,000 mark for the first time in 25 years and 10 months. At the end of December, the Nikkei closed down at above ¥22,700. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the cumulative period under review (April 1 to December 31) was ¥2,834.5 billion, exceeding the ¥2,537.5 billion recorded during the same period last year.

**Japanese Bond Market** The yield on 10-year JGB, the indicator of long-term interest rates, temporarily turned negative due to heightened geopolitical risk. However, it has trended in a range of -0.015% to 0.105%, owing to introduction of Bank of Japan monetary policy guidance on keeping the long-term rate at around 0%. From October 1 onward, the yield settled around the 0.05% mark, and it closed at 0.045% at the end of December.

**Foreign Exchange Market** After opening April at ¥111 to the U.S. dollar, the Yen exchange rate temporarily strengthened on concerns over heightened geopolitical risk before weakening to the mid ¥114 level in May on the prospect of another interest rate hike by the U.S. Federal Reserve Board (FRB). It has trended in the ¥108 to ¥114 range since then. Heightened geopolitical risk, mainly in regard to North Korea, caused the yen to briefly break through the ¥108 level in September. However, the rate switched back because of an anticipated early interest rate hike in the U.S., and from October 1 onward, the yen generally remained at around ¥112–113 to the dollar, closing at ¥112 at the end of December.

**New Age's, Flag Bearer 5** Amid the above said environment, the Group launched a new business plan, "New Age's, Flag Bearer 5" in April. While maintaining and expanding the basic lines of what it meant to accomplish under the

previous business plan, the Group will build its new original business model in 5 years. As we do so, we will aim to evolve into the comprehensive financial group that customers select first out from all other rivals and become the new age's flag bearer in the financial industry.

To this end, the Group has taken the following actions: in April, it acquired Takagi Securities, as its consolidated subsidiary; in September, it acquired shares in M&A advisory firm Pinnacle, Inc., making it a consolidated subsidiary; and in October, Group subsidiary Eternal Co., Ltd. acquired shares in insurance telemarketer Mebius, making it a consolidated subsidiary.

In this way, the Group is strengthening the Group's operating foundations with a view to expanding operations, forging new business opportunities, and ultimately enhancing the Group's corporate value.

The Group's consolidated operating results on accumulated basis up to the period were as follows:

(Commissions received)

During the period under review, total commissions received increased 33.1%, to ¥26,455 million (in this section, all percentages changes indicate year-on-year comparisons):

(i) Commission to consignees:

Total commissions to consignees earned by the Group increased 33.8%, to ¥13,080 million. Under this category, the volume of stock brokered by Tokai Tokyo Securities, a subsidiary of the Company, increased 1.4%, to 3,724 million shares, due to an increase in transactions by individual investors; the value of stock brokered increased 23.2%, to ¥3,637.9 billion; and commissions to consignees on stock increased 39.9%, to ¥12,784 million, reflecting the Group's acquisition of Takagi Securities Co., Ltd.

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

Net equity trading income totaled ¥370 million, an increase of 60.1%. Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥676 million, an increase of 33.2%. Under this category, Commission on bonds increased 10.7%, to ¥305 million.

(iii) Fees 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 ¥5,794 million, an increase of 18.1%. Under this category, Fees from beneficiary certificates increased 18.8%, to ¥5,733 million, reflecting the contribution from sales of investment trusts by Takagi Securities Co., Ltd.

(iv) Other fees received:

Other fees earned totaled ¥6,903 million, an increase of 47.1%. Agency commissions from investment trusts in this category rose 16.8%, to ¥3,357 million, while insurance commissions and consultant fees also increased.

(Net trading income)

In the period under review, trading of stocks posted a profit of ¥17,322 million, an increase of 88.0%, which was attributable to the increase in the trading of foreign stock (centering on U.S. Stocks). On the other hand, trading of bonds and forex recorded a profit of ¥16,833 million, an increase of 11.1%. As a result, Net trading income totaled ¥34,156 million, an increase of 40.2%.

(Net financial revenue)

In the period under review, Financial revenue increased 44.5%, to ¥3,028 million, while Financial expenses increased 57.2%, to ¥1,817 million. As a result, Net financial revenue was ¥1,211 million, up 28.9%.

(Selling, general and administrative expenses)

In the period under review, Trading-related expenses increased 32.9%, to ¥10,457 million, due to an increase in broker commissions paid to JV securities firms in line with their increased sales of foreign bonds. An increase in the number of group companies also resulted in a 23.4% increase in Personnel expenses, to ¥22,908 million, a 11.7% increase in Real estate expenses, to ¥5,128 million; a 13.1% increase in Office cost, to ¥5,990 million; a 5.1% increase in Depreciation, to ¥1,399 million; and a 34.1% increase in Taxes and duties, to ¥1,200 million. As a result, Selling, general and administrative expenses totaled ¥48,483 million, up 22.3%.

(Non-operating income and expenses)

Non-operating income in the period under review, Share of profit of entities accounted for using equity method decreased 17.7%, to ¥1,408 million. This was chiefly due to the comparison with the same 6 month-period of previous year during which the one-time isolated investment gain was realized associated with Gain on bargain purchase. Another factor was a 9.3% decrease in Dividends income to ¥401 million. As a result, non-operating income totaled ¥2,490 million, down 13.9%, while non-operating expenses totaled ¥115 million, up 38.2%.

(Extraordinary income and loss)

Extraordinary income for the period under review was accounted for mainly by ¥11,160 million in Gain on bargain purchase and ¥564 million in Gain on sales of investment securities.

As a result, Operating revenue for the period under review increased 37.3%, to ¥63,639 million; Net operating revenue increased 36.8%, to ¥61,822 million; Operating income increased 140.1%, to ¥13,339 million; Ordinary income increased 87.9%, to ¥15,714 million; and Profit attributable to owners of parent after deducting Income taxes increased 184.8%, to ¥21,904 million.

## (2) Review of the Financial Statements

(Assets)

Total assets as of the end of the period increased ¥198,820 million (all comparisons in this section (2) are with the end of the previous consolidated fiscal year), to ¥940,756 million, of which Current assets increased ¥190,046 million, to ¥878,597 million. This was primarily attributable to increases of ¥13,548 million in Cash and deposits, to ¥86,232 million; ¥111,932 million in Trading products (assets), to ¥404,427 million; ¥11,161 million in Margin transaction assets, to ¥55,772 million; and ¥53,633 million in Loans secured by securities, to ¥268,625 million. Noncurrent assets increased ¥8,774 million, to ¥62,158 million, reflecting an increase of ¥7,483 million in Investment securities, to ¥41,538 million.

(Liabilities)

Total liabilities as of the end of the period increased ¥183,138 million, to ¥767,845 million, of which Current liabilities increased ¥176,899 million, to ¥687,298 million. Regarding the main contributors to this result, Trading

products (liabilities) increased ¥61,251 million, to ¥253,705 million; Margin transaction liabilities increased ¥11,471 million, to ¥20,604 million; Loans secured by securities increased ¥73,225 million, to ¥204,390 million; and Deposits received increased ¥22,229 million, to ¥55,155 million. Noncurrent liabilities increased ¥6,224 million, to ¥80,081 million. A key contributor to this result was Bonds payable, which increased ¥4,624 million, to ¥13,607 million; another was Deferred tax liabilities, which increased ¥1,116 million, to ¥2,357 million.

(Net assets)

Total net assets as of the end of the period increased ¥15,681 million, to ¥172,911 million. This was mainly the result of increases of ¥14,575 million in Retained earnings, to ¥105,268 million; and ¥1,331 million in Valuation difference on available-for-sale securities, to ¥2,771 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, 2017

Takagi Securities has been included in the scope of consolidation from the first quarter of the consolidated fiscal year under review due to the acquisition of shares etc. of Takagi Securities by means of a tender offer. Takagi Securities is a specified subsidiary.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	72,683	86,232
Cash segregated as deposits	37,506	39,630
Cash segregated as deposits for customers	36,900	38,700
Cash segregated as deposits for others	606	930
Trading products	292,495	404,427
Trading securities and other	289,264	402,951
Derivatives	3,230	1,476
Margin transaction assets	44,610	55,772
Loans on margin transactions	31,880	43,948
Cash collateral pledged for securities borrowing on margin transactions	12,730	11,823
Loans secured by securities	214,992	268,625
Cash collateral pledged for securities borrowed	214,992	268,625
Advances paid	1,252	1,545
Short-term guarantee deposits	18,995	14,994
Short-term loans receivable	156	230
Short-term investment securities	0	—
Accrued income	1,725	2,613
Deferred tax assets	1,254	877
Other	2,912	3,691
Allowance for doubtful accounts	(32)	(43)
<b>Total current assets</b>	<b>688,551</b>	<b>878,597</b>
<b>Non-current assets</b>		
Property, plant and equipment	8,561	8,430
Intangible assets	5,196	5,677
Investments and other assets	39,627	48,050
Investment securities	34,054	41,538
Long-term guarantee deposits	2,416	3,165
Net defined benefit asset	2,317	2,294
Other	1,244	1,445
Allowance for doubtful accounts	(405)	(392)
<b>Total non-current assets</b>	<b>53,384</b>	<b>62,158</b>
<b>Total assets</b>	<b>741,935</b>	<b>940,756</b>



(Unit: million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	192,454	253,705
Trading securities and other	185,261	247,579
Derivatives	7,192	6,126
Trade date accrual	7,540	16,627
Margin transaction liabilities	9,132	20,604
Borrowings on margin transactions	6,182	18,034
Cash received for securities lending on margin transactions	2,950	2,569
Loans payable secured by securities	131,164	204,390
Cash received on debt credit transaction of securities	131,164	204,390
Deposits received	32,925	55,155
Guarantee deposits received	8,360	10,870
Short-term loans payable	80,488	75,768
Short-term bonds payable	9,300	14,500
Current portion of bonds	31,044	27,236
Income taxes payable	1,860	2,200
Provision for bonuses	2,244	1,579
Provision for directors' bonuses	46	39
Other	3,836	4,620
<b>Total current liabilities</b>	<b>510,399</b>	<b>687,298</b>
<b>Non-current liabilities</b>		
Bonds payable	8,983	13,607
Long-term loans payable	61,731	62,233
Deferred tax liabilities	1,241	2,357
Provision for directors' retirement benefits	103	120
Net defined benefit liability	458	234
Other	1,338	1,528
<b>Total non-current liabilities</b>	<b>73,857</b>	<b>80,081</b>
<b>Reserves under special laws</b>		
Reserve for financial products transaction liabilities	449	465
<b>Total reserves under special laws</b>	<b>449</b>	<b>465</b>
<b>Total liabilities</b>	<b>584,706</b>	<b>767,845</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,000	36,000
Capital surplus	33,016	28,956
Retained earnings	90,693	105,268
Treasury shares	(7,572)	(3,975)
<b>Total shareholders' equity</b>	<b>152,137</b>	<b>166,249</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,439	2,771
Foreign currency translation adjustment	(251)	(197)
Remeasurements of defined benefit plans	1,986	1,910
<b>Total accumulated other comprehensive income</b>	<b>3,175</b>	<b>4,484</b>
<b>Subscription rights to shares</b>	443	528
<b>Non-controlling interests</b>	1,472	1,649
<b>Total net assets</b>	<b>157,229</b>	<b>172,911</b>
<b>Total liabilities and net assets</b>	<b>741,935</b>	<b>940,756</b>

## (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, 2016	Nine months ended December 31, 2017
<b>Operating revenue</b>		
Commission received	19,881	26,455
Commission to consignees	9,775	13,080
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	508	676
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,906	5,794
Other fees received	4,691	6,903
Net trading income	24,367	34,156
Financial revenue	2,095	3,028
<b>Total operating revenue</b>	<b>46,345</b>	<b>63,639</b>
<b>Financial expenses</b>	<b>1,155</b>	<b>1,817</b>
<b>Net operating revenue</b>	<b>45,189</b>	<b>61,822</b>
<b>Selling, general and administrative expenses</b>		
Trading related expenses	7,868	10,457
Personnel expenses	18,570	22,908
Real estate expenses	4,591	5,128
Office cost	5,297	5,990
Depreciation	1,330	1,399
Taxes and dues	895	1,200
Other	1,079	1,398
<b>Total selling, general and administrative expenses</b>	<b>39,633</b>	<b>48,483</b>
<b>Operating income</b>	<b>5,555</b>	<b>13,339</b>
<b>Non-operating income</b>		
Dividends income	442	401
Rent income	398	402
Share of profit of entities accounted for using equity method	1,711	1,408
Gain on investments in partnership	186	141
Other	152	136
<b>Total non-operating income</b>	<b>2,891</b>	<b>2,490</b>
<b>Non-operating expenses</b>		
Loss on investments in partnership	46	65
Foreign exchange losses	24	25
Other	12	24
<b>Total non-operating expenses</b>	<b>83</b>	<b>115</b>
<b>Ordinary income</b>	<b>8,363</b>	<b>15,714</b>

(Unit: million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Extraordinary income</b>		
Gain on sales of non-current assets	22	—
Gain on sales of investment securities	1,115	564
Gain on bargain purchase	—	11,160
Gain on reversal of subscription rights to shares	1	0
Gain on transfer of business	850	—
Reversal of reserve for financial products transaction liabilities	10	0
<b>Total extraordinary income</b>	<b>2,000</b>	<b>11,726</b>
<b>Extraordinary loss</b>		
Impairment loss	—	79
Loss on sales of shares of subsidiaries and associates	—	173
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	0	54
<b>Total extraordinary loss</b>	<b>0</b>	<b>308</b>
<b>Income before income taxes</b>	<b>10,362</b>	<b>27,132</b>
<b>Income taxes-current</b>	<b>1,877</b>	<b>7,157</b>
<b>Income taxes-deferred</b>	<b>771</b>	<b>(2,025)</b>
<b>Total income taxes</b>	<b>2,648</b>	<b>5,131</b>
<b>Profit</b>	<b>7,714</b>	<b>22,000</b>
<b>Profit attributable to non-controlling interests</b>	<b>23</b>	<b>96</b>
<b>Profit attributable to owners of the parent</b>	<b>7,691</b>	<b>21,904</b>

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

(Unit: million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Profit</b>	7,714	22,000
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(508)	1,265
Foreign currency translation adjustment	(763)	49
Remeasurements of defined benefit plans	(35)	(58)
Share of other comprehensive income of entities accounted for using equity method	11	58
<b>Total other comprehensive income</b>	<u>(1,296)</u>	<u>1,314</u>
<b>Comprehensive income</b>	<u>6,417</u>	<u>23,315</u>
<b>(Comprehensive income attributable to)</b>		
Owners of the parent	6,393	23,219
Non-controlling interests	24	96

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

At a meeting of the Board of Directors on October 27, 2017, it was resolved to acquire treasury stock (total shares subject to acquisition: 5,000,000; total acquisition value [upper limit]: ¥3,500 million) in accordance with Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Section 3 of the same Act. Accordingly, the Company acquired 626,000 of its shares (acquisition price: ¥457 million). The Board of Directors further resolved to dispose of treasury stock in accordance with Article 178 of the Companies Act, and the Company disposed of 10,000,000 shares on November 10, 2017. As a result, during the nine-month period of the consolidated fiscal year ending March 31, 2018, treasury stock and capital surplus each decreased by ¥4,011 million.

Thus, as of the end of the nine-month period of the consolidated fiscal year ending March 31, 2018, treasury stock is ¥28,956 million, and capital surplus is ¥3,975 million.

#### 4. Supplementary Information

##### (1) Breakdown of Commission received and Net trading income

###### ① Commission received

###### ( i ) By item

(Unit: million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	9,775	13,080	3,305	33.8 %
Stocks	9,136	12,784	3,648	39.9
Bonds	21	15	(6)	(29.1)
Beneficiary certificates	617	280	(336)	(54.5)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	508	676	168	33.2
Stocks	231	370	139	60.1
Bonds	276	305	29	10.7
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,906	5,794	888	18.1
Beneficiary certificates	4,826	5,733	906	18.8
Other fees received	4,691	6,903	2,211	47.1
Beneficiary certificates	2,874	3,357	483	16.8
<b>Total</b>	<b>19,881</b>	<b>26,455</b>	<b>6,573</b>	<b>33.1</b>

###### ( ii ) By product

(Unit: million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Yr/Yr	
			Increase (Decrease)	% change
Stocks	9,432	13,310	3,877	41.1 %
Bonds	384	394	9	2.4
Beneficiary certificates	8,319	9,372	1,052	12.7
Other	1,744	3,378	1,633	93.7
<b>Total</b>	<b>19,881</b>	<b>26,455</b>	<b>6,573</b>	<b>33.1</b>

###### ② Net trading income

(Unit: million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Yr/Yr	
			Increase (Decrease)	% change
Stocks	9,211	17,322	8,110	88.0 %
Bonds and Forex	15,156	16,833	1,677	11.1
<b>Total</b>	<b>24,367</b>	<b>34,156</b>	<b>9,788</b>	<b>40.2</b>

## (2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2016		Fiscal 2017		
	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
	Oct. 1, 2016 - Dec. 31, 2016	Jan. 1, 2017 - Mar. 31, 2017	Apr. 1, 2017 - Jun. 30, 2017	Jul. 1, 2017 - Sep. 30, 2017	Oct. 1, 2017 - Dec. 31, 2017
Operating revenues					
Commission received	7,189	7,052	8,464	7,914	10,076
Commission to consignees	3,624	3,154	4,198	3,792	5,089
(Stocks)	3,444	3,058	4,061	3,720	5,002
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	284	230	200	236	239
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,720	2,010	1,909	1,705	2,179
(Beneficiary certificates)	1,709	1,978	1,894	1,685	2,153
Other fees received	1,559	1,657	2,156	2,178	2,567
(Beneficiary certificates)	948	938	1,080	1,117	1,159
Net trading income	9,723	11,369	10,143	11,465	12,547
(Stocks)	5,319	4,567	4,953	6,600	5,767
(Bonds and Forex)	4,403	6,801	5,190	4,864	6,779
Financial revenue	877	645	973	870	1,185
Total operating revenue	17,790	19,067	19,581	20,249	23,808
Financial expenses	488	528	659	467	691
Net operating revenue	17,301	18,538	18,922	19,782	23,117
Selling, general and administrative expenses					
Trading related expenses	2,747	3,318	3,292	3,377	3,786
Personnel expenses	6,538	6,766	7,196	7,741	7,971
Real estate expenses	1,461	1,480	1,715	1,718	1,694
Office cost	1,710	1,917	1,976	1,987	2,026
Depreciation	446	440	424	505	468
Taxes and dues	322	363	548	269	382
Other	293	309	563	422	412
Total selling, general and administrative expenses	13,521	14,596	15,717	16,022	16,743
Operating income	3,779	3,942	3,204	3,759	6,374
Non-operating income	570	1,043	843	709	937
Share of profit of entities accounted for using equity method	337	346	392	328	687
Other	233	697	451	380	249
Non-operating expenses	(4)	79	32	68	13
Other	(4)	79	32	68	13
Ordinary income	4,354	4,906	4,015	4,400	7,297
Extraordinary income	88	935	11,161	524	39
Extraordinary loss	(0)	9	177	22	108
Income before income taxes	4,442	5,832	15,000	4,902	7,229
Income taxes-current	1,310	2,111	3,173	1,951	2,031
Income taxes-deferred	(256)	(566)	(1,435)	(905)	315
Profit	3,388	4,287	13,261	3,856	4,882
Profit attributable to non-controlling interests	126	(11)	13	41	41
Profit attributable to owners of the parent	3,262	4,299	13,248	3,814	4,841