Member of the Financial Accounting Standards Foundation

Consolidated Financial Summary (for the year ended March 31, 2018)

April 27, 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/
Representative: Tateaki Ishida, President & CEO
Contact: Tetsuji Oono
Executive officer, General Manager - Finance Planning Department
Telephone: (03) 3517-8391

Scheduled date for general meeting of shareholders: June 28, 2018
Scheduled date for filing securities report: June 28, 2018
Scheduled day of commencing dividend payment: June 29, 2018
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, 2018(from April 1, 2017 to March 31, 2018)

(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	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
March 31,2018	85,261	30.3	82,919	30.1	17,446	83.7	20,939	57.8	25,397	111.8
March 31,2017	65,412	(3.2)	63,728	(3.8)	9,497	(24.9)	13,269	(13.3)	11,990	(3.5)

(Note) Comprehensive income: March 31, 2018: 27,436 million yen [156.2%]
March 31, 2017: 10,709 million yen [4.0%]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/ Operating revenue
Year ended	yen	yen	%	%	%
March 31,2018	97.27	97.18	15.5	2.5	20.5
March 31,2017	45.73	45.72	7.8	2.0	14.5

(Reference) Share of profit of entities accounted for using equity me March 31, 2018: 1,963 million yen March 31, 2017: 2,058 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
As of	million yen	million yen	%	yen
March 31,2018	965,621	174,849	17.9	668.18
March 31,2017	742,435	157,229	20.9	593.47

(Reference) Shareholders' equity March 31, 2018: 172,629 million yen March 31, 2017: 155,312 million yen

(Note) In the consolidated fiscal year ended March 31, 2018, the Company determined a provisional accounting method for business combinations. The figures for the consolidated fiscal year ended March 31, 2017, have been restated according to this method.

(3) Consolidated Cash Flows Position

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
Year ended	million yen	million yen	million yen	million yen
March 31,2018	19,332	(588)	(1,617)	89,204
March 31,2017	2,944	(8,507)	35,864	72,043

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, 2017	—	12.00	—	14.00	26.00	6,803	56.9	4.4
Ended March 31, 2018	—	14.00	—	24.00	38.00	9,865	39.1	6.0
Ending March 31, 2019 (Forecast)	—	—	—	—	—		—	

3. Forecast of Consolidated Operating Results for Fiscal 2018 (from April 1, 2018 to March 31, 2019)

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): Yes

New : 1 company (Takagi Securities Co.,Ltd.)
Exclusion : None

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

1) Changes in accounting policies in accordance with 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

(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, 2018: 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 March 31, 2018: 12,225,394 As of March 31, 2017: 18,877,456
3) Average number of shares outstanding
Year ended March 31, 2018: 261,106,441 Year ended March 31, 2017: 262,181,966

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2018(from April 1, 2017 to March 31, 2018)

(1) Non-consolidated Results of Operations (Figures in percentages denote the year-on-year change.)

	Operating revenue		Operating income		Ordinary income		Net income	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31,2018	14,014	3.7	6,239	(4.8)	7,380	(6.9)	7,090	(13.9)
March 31,2017	13,520	(12.4)	6,554	(35.8)	7,927	(30.1)	8,231	(34.9)

	Net income per share	Diluted net income per share
Year ended	yen	yen
March 31,2018	27.15	27.13
March 31,2017	31.39	31.38

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31,2018	210,412	107,440	50.8	413.71
March 31,2017	185,931	110,087	59.0	418.96

(Reference) Shareholders' equity March 31, 2018: 106,884 million yen March 31, 2017: 109,643 million yen

* This consolidated financial summary is exempt from certified public accountant and audit corporations

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

Dividends payments for the fiscal year ending March 31, 2019 have not been determined because it is difficult to forecast operating results, similarly as described in "3.Forecast of Consolidated Operating Results for Fiscal 2018."

Accompanying Materials – Contents

1. Qualitative Information for the Consolidated Fiscal Year Ended March 31, 2018

(1) Review of Operating Results

Japanese Economy During the consolidated fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018), the economy performed well amid global growth. While the economy slowed down somewhat toward the end of the fiscal year, the GDP in October–December 2017 was up for the eighth consecutive quarter.

Looking Abroad Overseas economies remained firm overall. The U.S. economy maintained a high growth rate, achieving around 3% year-on-year growth for three consecutive quarters beginning in the period from April 1 to June 30. Economic growth was further fueled by measures passed in December, including major tax cuts and an expanded limit on government expenditure. As for China, public-works projects and buoyant exports underpinned the economy. Meanwhile, Europe's economy achieved better-than-expected growth, which was supported primarily by exports to the U.S. and Asia. Emerging economies also performed well, buoyed by advanced economies.

Japanese Stock Market Starting at the ¥18,900 level in April, the Nikkei Stock Average fell temporarily to just over ¥18,200, reflecting heightened geopolitical risks associated with the U.S. airstrike on Syria and tensions over North Korea. The Nikkei then rebounded in tandem with rising stock prices in the U.S. and improved corporate earnings in Japan. From September 1 onward, the Japanese economy and 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, and in January this year, it surpassed the ¥24,000 mark for the first time in 26 years and 2 months. However, the Nikkei started falling again in February, pressured by rising long-term interest rates in the U.S., the high yen against the dollar, U.S. tech stocks moving into correction phase, and concerns about a US-China trade war. Consequently, the Nikkei fell again and ended at ¥21,400 in March. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the consolidated fiscal year under review was ¥2,957 billion, exceeding the previous fiscal year's figure of ¥2,542.4 billion.

Japanese Bond Market The yield on 10-year JGB, the indicator of long-term interest rates, temporarily turned negative, at -0.01%, due to heightened geopolitical risk mentioned above. However, it subsequently trended around 0.05% thanks to the Bank of Japan's yield curve control (YCC) policy, and ended at 0.04% in March.

Foreign Exchange Market After opening in April at ¥111 to the U.S. dollar, the yen-dollar exchange rate temporarily strengthened due to the concerns about heightened geopolitical risk. It then weakened to the mid ¥114 level in May after the U.S. Federal Reserve Board (FRB) appeared set to raise interest rates. For the rest of 2017, it hovered in the ¥108 to ¥114 range. After the start of 2018, the yen appreciated while the dollar weakened, with the yen ending at ¥106.2 to the dollar in March. This trend was spurred by the prospects for monetary normalization in Japan and the U.S. Treasury Secretary's statement that he preferred a "weaker dollar." Other factors include rising U.S. interest rates and the U.S. administration's protectionist policies.

Under this business environment, the Group achieved a strong performance underpinned by its efforts to raise customers' investment appetite and to provide financial products that suit their needs.

New Age's Flag Bearer 5 The Group also launched a new business plan, "New Age's Flag Bearer 5," in April. While maintaining the basic approaches of the previous business plan, "New Age's Flag Bearer 5" highlights fresh challenges and sets out a unique business model through which the Group will advance to the next stage: becoming a comprehensive financial group.

To this end, our Retail Sales Unit is strengthening the Group's services so that we can better meet the needs of each client segment. For the Wealth Segment customers, we have worked to establish the Orque d'or brand image. Orque d'or offers these customers comprehensive solutions for inheritance and business succession in addition to asset management. Through these services, we are steadily growing Orque d'or's membership and its members' assets-in-custody. Next spring will see the opening of "Orque d'or Salon Tokyo" (tentative name) on the top floor of Nihonbashi Takashimaya Mitsui Building. The salon will help expand Orque d'or's services in Tokyo.

We also stepped up our business efforts to cater to the Matured Segment customers. For example, we promoted an asset checkup service designed to meet inheritance-related needs. Other products and services we promoted for this segment include a professional consultation service for those with high risk appetite.

For our Asset Forming Segment customers, most of whom are in the younger generation, we provided consulting services related to asset building options, including the Tsumitate NISA. We also promoted our MONEQUE brand, opening a total of four MONEQUE outlets in Aichi and Tokyo. MONEQUE, an innovative concept in finance, is an all-encompassing solutions service that helps customers identify the optimum insurance policy, home loan, or any other key financial option for their particular life stage. Another business that caters to this segment is Eternal Co. Ltd, which became a consolidated subsidiary last year. This year, Eternal continued to promote its chain of walk-in insurance counters (Insurance Terrace) for young asset-builders. Eternal worked with Tokai Tokyo Securities Co., Ltd. to increase the synergy between the two companies, sharing skills and knowledge related to insurance services.

Regarding our accelerated alliance strategy in Japan, we have accomplished steady growth at all the six existing securities JVs that were established with six leading regional banks and expanded our platform service users to encompass as many as 57 companies that conduct securities brokerage operations. On top of these efforts, in March, we reached a basic agreement on general business alliance with The Juroku Bank, Ltd. When the alliance materializes, Juroku will become the seventh bank with whom we have a securities JV.

Regarding Takagi Securities, which became a consolidated subsidiary of ours in April last year, Takagi reviewed the way it allocates corporate resources and strove to streamline its operations. These efforts led to improved earnings, particularly in the second half. To effectively accommodate customers' increasingly diverse and complex needs, we acquired as our subsidiary Pinnacle, Inc., an M&A advisory firm with an excellent track record, in September. We are also investing in high-quality financial technology so as to acquire new services such as trust services.

As a Group, we strive to provide products and services to satisfy our customers in line with one of our mission statements, which reads: "We will help customers realize affluent lives and promote their corporate values by advising about appropriate use of wealth and asset. Toward that end, we will keep striving to be the group with full commitment and devotion." As part of this mission, we are trying to make our services even more customer-centered. For this purpose, we have established the Guidelines for Customers-First Business Practices, which provide detailed action plans for our staff to follow and the organizational frameworks to ensure effective oversight. We will continue our efforts to make our business practices more customer-centered.

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

(Commissions received)

During the fiscal year under review, total commissions received increased 33.3%, to ¥35,907 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 34.7%, to ¥17,415 million. Under this category, the volume of stock brokered by Tokai Tokyo Securities, a subsidiary of the Company, decreased 5.9%, to 4,763 million shares; the value of stock brokered increased 22.8%, to ¥4,906.3 billion; and Commissions to consignees on stock increased 39.0%, to ¥16,952 million, after Takagi Securities was included in the scope of consolidation.

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

Net equity trading income totaled ¥450 million, an increase of 25.2%, reflecting an increase in trading volume. Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥811 million, an increase of 9.8%. Under this category, Commission on bonds decreased 4.8%, to ¥360 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 ¥7,844 million, an increase of 13.4%. Under this category, Fees from beneficiary certificates increased 14.1%, to ¥7,762 million, reflecting the contribution from sales of investment trusts by Takagi Securities Co., Ltd.

(iv) Other fees received:

Other fees earned totaled ¥9,836 million, an increase of 54.9%. Agency commissions from investment trusts in this category rose 18.6%, to ¥4,522 million, while insurance commissions and consultant fees also increased.

(Net trading income)

In the consolidated fiscal year under review, trading of stocks posted a profit of ¥22,227 million, an increase of 61.3%, which was attributable to the increase in the trading of foreign stock (centering on U.S. Stocks). Foreign bonds (particularly structured bonds) performing well in this fiscal year as in the previous one, trading of bonds and forex reached ¥22,867 million, an increase of 4.1%. As a result, Net trading income totaled ¥45,095 million, an increase of 26.2%.

(Net financial revenue)

In the consolidated fiscal year under review, Financial revenue increased 55.4%, to ¥4,258 million, while Financial expenses increased 39.0%, to ¥2,342 million. As a result, Net financial revenue was ¥1,916 million, up 81.4%.

(Selling, general and administrative expenses)

In the consolidated fiscal year under review, Trading-related expenses increased 23.6%, to ¥13,827 million, due to an increase in broker commissions paid to securities JV in line with their increased sales of foreign bonds. Additionally, Real estate expenses increased 12.0%, to ¥6,797 million, following an increase in the number of group companies; Office cost increased 11.5%, to ¥8,043 million; Depreciation increased 9.8%, to ¥1,944 million; Taxes and duties increased 20.9%, to ¥1,521 million; and Personnel expenses increased 22.8%, to ¥31,110 million, reflecting the contribution from the new group companies. As a result, Selling, general and administrative expenses totaled ¥65,472 million, up 20.7%.

(Non-operating income and expenses)

In the consolidated fiscal year under review, Share of profit of entities accounted for using equity method decreased 4.6%, to ¥1,963 million. This result was chiefly due to a comparison with the previous fiscal year, during which a one-time isolated investment gain was recorded as gain on bargain purchase. Another factor was a 16.1% decrease in Dividends income to ¥699 million. As a result, Non-operating income totaled ¥3,693 million, a decrease of 6.1%. Non-operating expenses totaled ¥200 million, an increase of 23.0%.

(Extraordinary income and loss)

Extraordinary income for the consolidated fiscal year under review primarily comprised ¥11,160 million in Gain on bargain purchase and ¥881 million in Gain on sales of investment securities. Extraordinary loss totaled ¥626 million.

As a result, Operating revenue for the fiscal year under review increased 30.3%, to ¥85,261 million; Net operating revenue increased 30.1%, to ¥82,919 million; Operating income increased 83.7%, to ¥17,446 million; Ordinary income increased 57.8%, to ¥20,939 million; and Profit attributable to owners of parent after deducting income taxes increased 111.8%, to ¥25,397 million.

(2) Review of the Financial Statements

(Assets)

Total assets as of the end of the fiscal year increased ¥223,185 million (all comparisons in this section are with the end of the previous consolidated fiscal year), to ¥965,621 million. Under this category, Current assets increased ¥214,781 million, to ¥903,332 million. The main contributors to this result were as follows: Cash and deposits, which increased ¥17,910 million, to ¥90,594 million; Trading products (assets), which increased ¥95,604 million, to ¥388,099 million; and Loans secured by securities, which increased ¥74,125 million, to ¥289,117 million. Noncurrent assets increased ¥8,404 million, to ¥62,289 million, reflecting the fact that Investment securities increased ¥6,915 million, to ¥40,969 million.

(Liabilities)

Total liabilities as of the end of the fiscal year increased ¥205,565 million, to ¥790,771 million. Under this category, Current liabilities increased ¥194,108 million, to ¥704,507 million. The main contributors to this result were Trading products (liabilities), which increased ¥89,254 million, to ¥281,709 million, and Loans secured by securities, which increased ¥66,374 million, to ¥197,538 million. Noncurrent liabilities increased ¥11,294 million, to ¥85,652 million. The main contributors to this result were Bonds payable, which increased ¥7,217 million, to ¥16,200 million, and Long-term loans payable, which increased ¥3,174 million, to ¥64,906 million.

(Net assets)

Net assets as of the end of the fiscal year increased ¥17,619 million, to ¥174,849 million. The main contributor was Retained earnings, which increased ¥18,068 million, to ¥108,761 million.

(3) Review of the Statements of Cash Flows

Net cash provided by operating activities was ¥19,332 million. Regarding the factors behind this net inflow, Income before income taxes was positive, at ¥31,742 million; Loans payable secured by securities increased ¥66,374 million; and Trading products (liabilities) increased ¥89,254 million. Partially offsetting these increases were Loans secured by securities, which increased ¥74,125 million, and Trading products (assets), which increased by ¥91,890 million.

Net cash flow resulted from investment activities was ¥588 million. Regarding the main factors behind the net outflow, an inflow of ¥10,772 million under Proceeds from sales of investment securities was offset by the following outflows: ¥1,802 million for the Purchase of noncurrent assets, ¥3,776 million for the Purchase of investment securities, ¥4,059 million for the Purchase of shares of subsidiaries resulting in a change in the scope of consolidation, and ¥796 million for Payments for sales of shares of subsidiaries resulting in change in scope of consolidation.

Net cash flow resulted from financing activities was ¥1,617 million. This net outflow was attributable to an inflow of ¥4,300 million in Long-term loans payable being offset by an outflow of ¥7,329 million for the Payment of dividends. As a result, the balance of Cash and cash equivalents increased ¥17,160 million from the previous year, to ¥89,204 million, at the end of the consolidated fiscal year under review.

(4) Basic Policy Concerning Profit Distribution and Dividend Payment for the Current and Next Fiscal Years

Revenues from the operation of the financial instruments business, in which the Group is primarily engaged, tend to be significantly affected by market trend. So, the Group’s basic policy in determining dividend payment is to return profits to shareholders in a steady and appropriate amount while at the same time trying to increase retained earnings.

The Company’s basic policy on the frequency of dividend payments is to make two payments in each fiscal year—one as an interim dividend and the other as a year-end payment. The interim dividend payment is decided by the Board of Directors and the year-end payment is decided at a general meeting of shareholders. The Company’s Articles of Incorporation stipulate that the Company may pay interim dividend in accordance with the provisions of Article 454, Paragraph 5, of the Companies Act.

The year-end dividend per share for the fiscal year under review will be ¥24 of ordinary dividends, which will make an annual total dividend of ¥38 combined with the interim dividend of ¥24 that was already paid. As a result, the payout ratio will be 39.1% on a consolidated basis.

2. Basic Concept regarding the Selection of Accounting Standards

The Group engages in the financial instruments business mainly for domestic customers. Moreover, its shareholders principally consist of domestic shareholders. Under these circumstances, the Company consistently applies Japanese generally accepted accounting principles.

Regarding IFRS (International Financial Reporting Standards), the Company will consider the application based on the progress of the Group’s business at home and abroad as well as the shareholding ratio in addition to the increased possibility of international comparison of financial information in the capital market.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	72,683	90,594
Cash segregated as deposits	37,506	45,830
Cash segregated as deposits for customers	36,900	45,000
Cash segregated as deposits for others	606	830
Trading products	292,495	388,099
Trading securities and other	289,264	384,823
Derivatives	3,230	3,276
Margin transaction assets	44,610	57,297
Loans on margin transactions	31,880	52,161
Cash collateral pledged for securities borrowing on margin transactions	12,730	5,135
Loans secured by securities	214,992	289,117
Cash collateral pledged for securities borrowed	214,992	289,117
Advances paid	1,252	1,170
Short-term guarantee deposits	18,995	15,411
Short-term loans receivable	156	157
Short-term investment securities	0	3,000
Accrued income	1,725	2,417
Deferred tax assets	1,254	1,228
Other	2,912	9,058
Allowance for doubtful accounts	(32)	(50)
Total current assets	688,551	903,332
Non-current assets		
Property, plant and equipment	8,561	8,127
Buildings	2,887	2,538
Equipment	2,011	1,811
Land	3,663	3,777
Intangible assets	5,696	5,486
Goodwill	1,671	2,060
Software	2,262	2,198
Telephone subscription right	129	36
Other	1,633	1,190
Investments and other assets	39,627	48,674
Investment securities	34,054	40,969
Long-term guarantee deposits	2,416	3,161
Net defined benefit asset	2,317	3,542
Other	1,244	1,386
Allowance for doubtful accounts	(405)	(385)
Total non-current assets	53,884	62,289
Total assets	742,435	965,621

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Trading products	192,454	281,709
Trading securities and other	185,261	276,368
Derivatives	7,192	5,340
Trade date accrual	7,540	21,952
Margin transaction liabilities	9,132	19,413
Borrowings on margin transactions	6,182	17,879
Cash received for securities lending on margin transactions	2,950	1,534
Loans payable secured by securities	131,164	197,538
Cash received on debt credit transaction of securities	131,164	197,538
Deposits received	32,925	35,794
Guarantee deposits received	8,360	12,794
Short-term loans payable	80,488	78,752
Short-term bonds payable	9,300	12,000
Current portion of bonds	31,044	29,594
Income taxes payable	1,860	4,090
Provision for bonuses	2,244	3,222
Provision for directors' bonuses	46	61
Other	3,836	7,583
Total current liabilities	510,399	704,507
Non-current liabilities		
Bonds payable	8,983	16,200
Long-term loans payable	61,731	64,906
Deferred tax liabilities	1,741	2,804
Provision for directors' retirement benefits	103	63
Net defined benefit liability	458	208
Other	1,338	1,468
Total non-current liabilities	74,357	85,652
Reserves under special laws		
Reserve for financial products transaction liabilities	449	611
Total reserves under special laws	449	611
Total liabilities	585,206	790,771

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,016	28,958
Retained earnings	90,693	108,761
Treasury shares	(7,572)	(6,188)
Total shareholders' equity	152,137	167,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,439	2,519
Foreign currency translation adjustment	(251)	(168)
Remeasurements of defined benefit plans	1,986	2,745
Total accumulated other comprehensive income	3,175	5,097
Subscription rights to shares	443	556
Non-controlling interests	1,472	1,664
Total net assets	157,229	174,849
Total liabilities and net assets	742,435	965,621

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Operating revenue		
Commission received	26,934	35,907
Commission to consignees	12,930	17,415
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	738	811
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,916	7,844
Other fees received	6,349	9,836
Net trading income	35,737	45,095
Financial revenue	2,741	4,258
Total operating revenue	65,412	85,261
Financial expenses	1,684	2,342
Net operating revenue	63,728	82,919
Selling, general and administrative expenses		
Trading related expenses	11,187	13,827
Personnel expenses	25,336	31,110
Real estate expenses	6,071	6,797
Office cost	7,215	8,043
Depreciation	1,770	1,944
Taxes and dues	1,258	1,521
Other	1,389	2,227
Total selling, general and administrative expenses	54,230	65,472
Operating income	9,497	17,446
Non-operating income		
Dividend income	833	699
Rent income	526	518
Share of profit of entities accounted for using equity method	2,058	1,963
Gain on investments in partnership	298	289
Other	218	222
Total non-operating income	3,935	3,693
Non-operating expenses		
Loss on investments in partnership	103	127
Foreign exchange losses	36	18
Other	23	54
Total non-operating expenses	163	200
Ordinary income	13,269	20,939

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Extraordinary income		
Gain on sales of non-current assets	43	—
Gain on sales of investment securities	1,189	881
Gain on changes in equity	851	—
Gain on bargain purchase	—	11,160
Gain on transfer of business	850	—
Gain on reversal of subscription rights to shares	1	0
Total extraordinary income	2,935	12,042
Extraordinary loss		
Impairment loss	—	626
Loss on sales of shares of subsidiaries and associates	—	173
Loss on sales of investment securities	0	44
Loss on valuation of investment securities	—	63
Loss on valuation of golf club membership	0	34
Commission based representative retirement benefits	—	152
Provision of reserve for financial products transaction liabilities	9	146
Total extraordinary loss	9	1,240
Income before income taxes	16,195	31,742
Income taxes-current	3,989	8,831
Income taxes for prior periods	—	99
Income taxes-deferred	204	(2,697)
Total income taxes	4,193	6,233
Profit	12,002	25,509
Profit attributable to non-controlling interests	11	111
Profit attributable to owners of the parent	11,990	25,397

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Profit	12,002	25,509
Other comprehensive income		
Valuation difference on available-for-sale securities	(604)	1,059
Foreign currency translation adjustment	(237)	82
Remeasurements of defined benefit plans	(509)	738
Share of other comprehensive income of entities accounted for using equity method	58	47
Total other comprehensive income	(1,292)	1,927
Comprehensive income	10,709	27,436
(Comprehensive income attributable to)		
Owners of the parent	10,696	27,325
Non-controlling interests	13	111

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2018（Fiscal 2017）

(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 shares				(1,693)	(1,693)
Disposal of treasury shares		(477)		512	34
Retirement of treasury shares					―
Change in ownership interest of parent due to transactions with non-controlling interests		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

(Unit: million yen)

	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 shares							(1,693)
Disposal of treasury shares							34
Retirement of treasury shares							―
Change in ownership interest of parent due to transactions with non-controlling interests							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

Year ended March 31, 2018（Fiscal 2017）

(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	33,016	90,693	(7,572)	152,137
Changes of items during the period					
Dividends from surplus			(7,329)		(7,329)
Profit attributable to owners of parent			25,397		25,397
Purchase of treasury shares				(2,673)	(2,673)
Disposal of treasury shares		(5)		45	39
Retirement of treasury shares		(4,011)		4,011	―
Change in ownership interest of parent due to transactions with non-controlling interests		(40)			(40)
Net changes of items other than shareholders' equity					
Total changes of items during period	―	(4,057)	18,068	1,383	15,394
Balance at the end of current period	36,000	28,958	108,761	(6,188)	167,531

(Unit: million yen)

	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	1,439	(251)	1,986	3,175	443	1,472	157,229
Changes of items during the period							
Dividends from surplus							(7,329)
Profit attributable to owners of parent							25,397
Purchase of treasury shares							(2,673)
Disposal of treasury shares							39
Retirement of treasury shares							―
Change in ownership interest of parent due to transactions with non-controlling interests							(40)
Net changes of items other than shareholders' equity	1,079	82	758	1,921	112	191	2,224
Total changes of items during period	1,079	82	758	1,921	112	191	17,619
Balance at the end of current period	2,519	(168)	2,745	5,097	556	1,664	174,849

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	16,195	31,742
Depreciation	1,770	1,944
Amortization of goodwill	—	202
Share of (profit) loss of entities accounted for using equity method	(2,058)	(1,963)
Increase (decrease) in net defined benefit liability	(318)	(173)
Increase (decrease) in provision for directors' retirement benefits	20	(25)
Increase (decrease) in allowance for doubtful accounts	(929)	(9)
Interest and dividend income	(3,575)	(4,958)
Interest expenses	1,684	2,342
Impairment loss	—	626
Loss (gain) on sales of non-current assets	(43)	—
Loss (gain) on sale of investment securities	(1,188)	(837)
Loss (gain) on valuation of investment securities	—	63
Loss (gain) on change in equity	(851)	—
Gain on bargain purchase	—	(11,160)
Loss (gain) on transfer of business	(850)	—
Loss on valuation of golf club memberships	0	34
Gain on reversal of subscription rights to shares	(1)	(0)
Commission based representative retirement benefits	—	152
Decrease (increase) in cash segregated as deposits for customers	(9,635)	(7,300)
Decrease (increase) in trading products -assets	(33,260)	(91,890)
Increase (decrease) in trading products -liabilities	55,342	89,254
Decrease (increase) in margin transaction assets	(4,065)	(7,849)
Increase (decrease) in margin transaction liabilities	4,254	7,863
Decrease (increase) in loans secured by securities	(80,949)	(74,125)
Increase (decrease) in loans payable secured by securities	62,625	66,374
Increase (decrease) in deposits received	14,647	3,212
Increase (decrease) in guarantee deposits received	(2,170)	4,087
Decrease (increase) in other assets	(6,211)	(3,280)
Increase (decrease) in other liabilities	(6,820)	19,114
Subtotal	3,613	23,439
Interest and dividend income received	3,682	4,884
Interest expenses paid	(1,566)	(2,312)
Income taxes paid	(2,785)	(6,679)
Net cash provided by (used in) operating activities	2,944	19,332

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(761)	(540)
Proceeds from sales of property, plant and equipment	1,497	5
Purchase of intangible assets	(592)	(1,262)
Purchase of investment securities	(3,710)	(3,776)
Proceeds from sales of investment securities	4,536	10,772
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,118)	(4,059)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(796)
Purchase of shares of subsidiaries and associates	(4,947)	—
Payments for guarantee deposits	(446)	(191)
Proceeds from collection of guarantee deposits	97	139
Other, net	(1,060)	(879)
Net cash provided by (used in) investing activities	(8,507)	(588)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(760)	(3,104)
Proceeds from long-term loans payable	42,900	4,300
Repayments of long-term loans payable	(1,200)	(1,240)
Proceeds from issuance of short-term bonds	48,200	54,800
Redemption of short-term bonds	(48,700)	(52,100)
Proceeds from issuance of bonds	43,995	45,940
Redemption of bonds	(41,861)	(40,123)
Proceeds from exercise of stock option	29	33
Purchase of treasury shares	(1,692)	(2,671)
Net decrease (increase) in treasury shares	(1)	(1)
Cash dividends paid	(6,834)	(7,329)
Proceeds from share issuance to non-controlling shareholders	2,400	50
Repayments to non-controlling shareholders	(106)	—
Dividends paid to non-controlling interests	(32)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(166)	(50)
Other, net	(305)	(111)
Net cash provided by (used in) financing activities	35,864	(1,617)
Effect of exchange rate changes on cash and cash equivalents	(396)	34
Net increase (decrease) in cash and cash equivalents	29,903	17,160
Cash and cash equivalents at beginning of period	44,615	72,043
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(2,475)	—
Cash and cash equivalents at end of period	72,043	89,204

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Basis of Presenting Consolidated Financial Statements)

1) Scope of consolidation

Number of consolidated subsidiaries: 24 companies (as at the end of the consolidated fiscal year under review)

Consolidated subsidiaries:

- Tokai Tokyo Securities Co., Ltd.
- Tokai Tokyo Asset Management Co., Ltd.
- Tokai Tokyo Wealth Consulting Co., Ltd.
- Tokai Tokyo Investment Co., Ltd.
- Tokai Tokyo Research Institute Co., Ltd.
- Tokai Tokyo Academy Co., Ltd.
- Tokai Tokyo Services Co., Ltd.
- Tokai Tokyo Business Service Co., Ltd.
- Eternal Co., Ltd.
- Takagi Securities Co., Ltd.
- Pinnacle Inc.
- M2Capital Inc.
- Mebius. Co., Ltd.
- Tokai Tokyo Securities (Asia) Limited
- Tokai Tokyo Securities Europe Limited
- Tokai Tokyo Securities (USA), Inc.
- Tokai Tokyo Investment Management Singapore Pte. Ltd.
- Tokai Tokyo Global Investments Pte. Ltd.
- TTI Chubu Venture No.1 Investment Business Limited Partnership
- Value-Up Investment Limited Partnership
- Tokai Tokyo Japan Phoenix Fund Limited
- Tokai Tokyo Japan Phoenix Master Fund Limited
- Asia-Pacific Rising Fund Limited
- Asia-Pacific Rising Master Fund Limited

Regarding changes to the scope of consolidation in the consolidated fiscal year under review, in April 2017, Utsunomiya Securities Co., Ltd. was removed from the scope of consolidation and converted into an equity method affiliate. This was because the Company’s holding rate in the said company declined after the Company ceded a portion of its shares in April 2017.

In April 2017, Takagi Securities Co., Ltd. and its subsidiary, Takagi Business Services Co., Ltd., were brought into the scope of consolidation after the Company acquired the former by public tender. Takagi Securities Co., Ltd. is a Specified Subsidiary Company. Takagi Business Services Co., Ltd. was removed from the scope of consolidation in January 2018 after it completed liquidation procedures.

In September 2017, Pinnacle, Inc. and its subsidiary, M2Capital Inc., were brought into the scope of consolidation after the Company acquired shares in the former.

In October 2017, Mebius. Co., Ltd. was brought into the scope of consolidation after Eternal Co., Ltd., a subsidiary of the Company, acquired shares therein.

2) Application of equity method

Major affiliates to which the equity method is applied: nine companies

Name of the subject companies:

YM Securities Co., Ltd.
Hamagin Tokai Tokyo Securities Co., Ltd.
Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.
Senshu Ikeda Tokai Tokyo Securities Co., Ltd.
Hokuhoku Tokai Tokyo Securities Co., Ltd.
Ace Securities Co., Ltd.
Utsunomiya Securities Co., Ltd.
All Nippon Asset Management Co., Ltd.
Phillip Tokai Tokyo Investment Management Pte. Ltd.

Regarding changes to the scope of consolidation in the consolidated fiscal year under review, in April 2017, Utsunomiya Securities Co., Ltd. was removed from the scope of consolidation and converted into an equity method affiliate. This was because the Company’s holding rate in the said company declined after the Company ceded a portion of its shares in April 2017.

3) Fiscal period of consolidated subsidiaries

Of the consolidated subsidiaries, the nine that are based overseas and the two that are investment limited partnerships have December 31 as their closing date. Financial statements pertaining to these subsidiaries are as of the said closing date, and any material transactions occurring between then and the consolidated closing date are adjusted as necessary for the purposes of consolidated reporting. Additionally, Pinnacle, Inc. and M2Capital Inc. have August 31 as their closing date. Financial statements pertaining to these subsidiaries are prepared on the basis of their estimated performance as of the consolidated closing date. The remaining 11 subsidiaries have March 31 as their closing date.

4) Accounting policies

(i) Objectives and scope of trading

The objectives of trading are to generate profits in the exchanges of securities by taking advantage of the short-term fluctuation or arbitrage of market prices, interest rates, currency value and other indexes, and to minimize losses that may be caused by the above transactions. The scope of these transactions includes trading of securities, exchange-traded derivatives transactions, foreign-exchange-traded derivatives transactions, and over-the-counter derivatives transactions.

(ii) Valuation of trading assets and liabilities

Trading assets and liabilities, including securities and financial derivatives for trading purposes are recorded at current market value.

(iii) Valuation of non-trading assets and liabilities

The valuation of non-trading assets and liabilities is recorded by the policies and the methods described below.

Other securities:

a) Other securities with market values

Other securities with market values are recorded on the consolidated balance sheets at market value, based on quoted market prices on the consolidated closing date. The valuation difference between the cost, using the moving average method, and market value is recorded directly as net increase or decrease in net assets on the balance sheets.

b) Other securities with no market value

Other securities with no market value are recorded at cost using the moving average method.

(iv) Depreciation of significant depreciable assets

a) Tangible fixed assets (excluding lease assets):

Tangible fixed assets are primarily depreciated under the declining-balance method. However, the Company and its domestic consolidated subsidiaries apply the straight line method to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and the facilities attached to buildings and structures acquired on or after April 1, 2016.

b) Intangible fixed assets (excluding lease assets):

Intangible fixed assets are primarily amortized under the straight-line method. However, software for in-house use is amortized under the straight-line method based on internal estimations of useful lives.

Intangible fixed assets acquired following acquisition of subsidiaries are amortized over the period during which they are assumed to have an effect and in a manner that accords with the pattern of said effect.

(v) Accounting policies for significant provisions

Allowance for doubtful accounts:

The Company provides an allowance for possible losses on credit. For performing credit, an allowance is calculated based on the historical default rate. For loans with default possibility, it is based on the individual assessment of the recoverability of each receivable, and the amount expected to be irrecoverable is provided for.

Accrued bonuses:

The Company and its domestic consolidated subsidiaries appropriate estimated amount to be paid as bonus to employees as computed by the prescribed methods.

Accrued bonuses for directors and executive officers:

An allowance is appropriated for bonus payments to directors and executive officers based on the estimated future payments.

Retirement benefits for directors and executive officers:

Some of the Company's domestic consolidated subsidiaries record an allowance for retirement benefits for directors and executive officers based on estimated future retirement benefits at the end of the consolidated fiscal year under review in accordance with their internal regulations.

(vi) Accounting method for retirement benefits

The Company and its domestic consolidated subsidiaries record an allowance for retirement benefits for employees based on an estimated amount of the liability for retirement benefits and plan assets at the end of the consolidated fiscal year under review.

a) Allocation of estimated amount of retirement benefits for the period

In calculating net defined benefit liabilities, the estimated amount of retirement benefits for the period up to the end of the consolidated fiscal year under review is calculated by the straight-line method.

b) Accounting method for actuarial differences and prior service costs

Actuarial differences are to be expensed from the following consolidated fiscal year, respectively, using the straight-line method over the specific number of years (10 years) proportionately within the average remaining period of service of the employees when incurred.

Prior service costs are expensed using the straight-line method over the specific number of years (10 years) and the average remaining period of service of the employees when incurred.

(vii) Accounting policies for statutory reserves

Financial product transaction liabilities reserve:

Financial product transaction liabilities reserve is appropriated for losses caused by transactions involving securities, derivatives, or other instruments. The amount recorded was calculated based on the provisions of Article 175 of the Cabinet Office Ordinance Concerning the Financial Instruments Business, etc. pursuant to the provisions of Article 46-5 of the Financial Instruments and Exchange Act.

(viii) Policies for the conversion of significant assets or liabilities in foreign currencies into yen

The Company and its domestic consolidated subsidiaries primarily convert assets or liabilities in foreign currencies into yen at the spot exchange rate on the consolidated closing date and record the exchange difference as profits or losses. Assets, liabilities, revenues and expenses of overseas subsidiaries are converted into yen at the spot exchange rate on the consolidated closing date. The exchange difference is included in the translation adjustments of net assets.

(ix) The method and period for amortizing goodwill

The method for amortizing goodwill is determined on a case-by-case basis, and goodwill is amortized over reasonable periods of no more than 20 years.

(x) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(xi) Adoption of consolidated tax return system

The Company and its domestic subsidiaries have adopted the consolidated tax return system.

(xii) Scope of “Cash and cash equivalents” in consolidated cash flow statements

Cash and cash equivalents included in the consolidated statements of cash flows consist of cash on hand, current deposits, ordinary deposits and other which can be withdrawn on demand.

(Consolidated Statements of Changes in Net Assets)

FY 2017 (April 1, 2017 to March 31, 2018)

1) Outstanding shares

Type of Shares	As of March 31, 2017	Increase	Decrease	As of March 31, 2018
Common stock (Shares)	280,582,115	—	10,000,000	270,582,115

Note: The decrease (October 27, 2017) occurred after the Company disposed of a portion of its treasury stock pursuant to Article 178 of the Companies Act.

2) Treasury stocks

Type of Shares	As of March 31, 2017	Increase	Decrease	As of March 31, 2018
Common stock (Shares)	18,877,456	3,461,938	10,114,000	12,225,394

Notes: 1. The increase of 3,461,938 in treasury stock (common stock) occurred when, following a resolution of the Board of Directors (October 27, 2017), the Company purchased 3,459,200 shares of treasury stock and requested the purchase of 2,738 fractional shares.

2. The decrease of 10,114,000 in treasury stock (common stock) occurred when the Company disposed of 10,000,000 shares of treasury stock and, by exercising stock options, ceded 114,000 shares in lieu of issuing new shares.

3) Information regarding subscription rights to shares

Company Name	Item	Balance as of March 31, 2018 (million yen)
The Company (Parent company)	Stock options	556
Total		556

4) Dividends

(i) Dividend payment

Resolution	Type of Shares	Total cash dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 29, 2017 Ordinary General Meeting of Shareholders	Common stock	3,663	14.00	March 31, 2017	June 30, 2017
October 27, 2017 Meeting of the Board of Directors	Common stock	3,665	14.00	September 30, 2017	November 24, 2017

(ii) Dividends, the record date of which falls in the consolidated fiscal year under review with the effective date falling in the following fiscal year

Resolution	Type of Shares	Resource of Dividends	Total cash dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 28, 2018 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	6,200	24.00	March 31, 2018	June 29, 2018

(Consolidated Statements of Cash Flows)

Reconciliation for “Cash and cash equivalents” and “Cash and deposits” on the consolidated balance sheets

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash and deposits	72,683	90,594
Time deposits to be matured in 3 months or longer	(640)	(1,390)
Cash and cash equivalents	72,043	89,204

(Segment Information)

For the consolidated fiscal year ended March 31, 2017

As the Group operates within a single segment of the “Investment and financial services business,” we do not state segment information.

For the consolidated fiscal year ended March 31, 2018

As the Group operates within a single segment of the “Investment and financial services business,” we do not state segment information.

(Per Share Information)

Year ended March 31, 2017		Year ended March 31, 2018	
Net assets per share	593.46 yen	Net assets per share	668.18 yen
Net income per share	45.73 yen	Net income per share	97.27 yen
Diluted net income per share	45.72 yen	Diluted net income per share	97.18 yen

Notes: 1. Net Assets per share are calculated on the following bases.

	Year ended March 31, 2017	Year ended March 31, 2018
Total net assets (million yen)	157,229	174,849
Amount to be deducted from total net assets (million yen)	1,916	2,220
(Subscription rights to shares (million yen))	(443)	(556)
(Non-controlling interests (million yen))	(1,472)	(1,664)
Net assets associated with common stock at the end of the year (million yen)	155,312	172,629
Number of shares of common stock at the end of the year, which was used for the calculation of net assets per share (thousand shares)	261,704	258,356

2. Net income per share and diluted net income per share are calculated on the following bases.

	Year ended March 31, 2017	Year ended March 31, 2018
Net income per share		
Profit attributable to owners of parent (million yen)	11,990	25,397
Amount not belonging to common stock (million yen)	—	—
Profit attributable to owners of parent belonging to common stock (million yen)	11,990	25,397
Average number of shares of common stock outstanding during the year (thousand shares)	262,181	261,106
Diluted net income per share		
Adjusted profit attributable to owners of parent (million yen)	—	—
Increase in common stock (thousand shares)	99	232
(Subscription rights to shares (thousand shares))	(99)	(232)

	Year ended March 31, 2017	Year ended March 31, 2018
The description of dilutive stocks that were not included in calculation of diluted net income per share due to its lack of dilution effect	Category of dilutive stocks; Number of dilutive stocks to be caused by stock subscription rights, if exercised Series 7 stock subscription rights 1,060,000 shares Series 8 stock subscription rights 1,136,000 shares	Category of dilutive stocks; Number of dilutive stocks to be caused by stock subscription rights, if exercised Series 8 stock subscription rights 1,120,000 shares Series 9 stock subscription rights 1,198,000 shares

Note: The number of stock option is described in terms of number of shares.

4. Supplementary Information

(1) Breakdown of Commissions and Trading profit and loss

① Commission received

(i) By item (Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	12,930	17,415	4,485	34.7 %
Stocks	12,194	16,952	4,758	39.0
Bonds	26	19	(7)	(26.3)
Beneficiary certificates	708	443	(265)	(37.4)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	738	811	72	9.8
Stocks	360	450	90	25.2
Bonds	378	360	(18)	(4.8)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,916	7,844	927	13.4
Beneficiary certificates	6,804	7,762	957	14.1
Other fees received	6,349	9,836	3,487	54.9
Beneficiary certificates	3,812	4,522	709	18.6
Total	26,934	35,907	8,973	33.3

(ii) By product (Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Yr/Yr	
			Increase (Decrease)	% change
Stocks	12,635	17,652	5,016	39.7 %
Bonds	529	477	(52)	(9.9)
Beneficiary certificates	11,326	12,728	1,402	12.4
Others	2,442	5,049	2,606	106.7
Total	26,934	35,907	8,973	33.3

② Net trading income (Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Yr/Yr	
			Increase (Decrease)	% change
Stocks	13,779	22,227	8,448	61.3 %
Bonds and Forex	21,957	22,867	909	4.1
Total	35,737	45,095	9,357	26.2

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2017 1st quarter Apr. 1, 2017 - Jun. 30, 2017	Fiscal 2017 2nd quarter Jul. 1, 2017 - Sep. 30, 2017	Fiscal 2017 3rd quarter Oct. 1, 2017 - Dec. 31, 2017	Fiscal 2017 4th quarter Jan. 1, 2018 - Mar. 31, 2018	Total of FY 2017 Apr. 1, 2017 - Mar. 31, 2018
Operating revenues					
Commission received	8,464	7,914	10,076	9,452	35,907
Commission to consignees	4,198	3,792	5,089	4,334	17,415
(Stocks)	4,061	3,720	5,002	4,167	16,952
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	200	236	239	134	811
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,909	1,705	2,179	2,050	7,844
(Beneficiary certificates)	1,894	1,685	2,153	2,029	7,762
Other fees received	2,156	2,178	2,567	2,933	9,836
(Beneficiary certificates)	1,080	1,117	1,159	1,164	4,522
Net trading income	10,143	11,465	12,547	10,938	45,095
(Stocks)	4,953	6,600	5,767	4,905	22,227
(Bonds and Forex)	5,190	4,864	6,779	6,033	22,867
Financial revenue	973	870	1,185	1,230	4,258
Total operating revenue	19,581	20,249	23,808	21,621	85,261
Financial expenses	659	467	691	524	2,342
Net operating revenue	18,922	19,782	23,117	21,096	82,919
Selling, general and administrative expenses					
Trading related expenses	3,292	3,377	3,786	3,369	13,827
Personnel expenses	7,196	7,741	7,971	8,201	31,110
Real estate expenses	1,715	1,718	1,694	1,668	6,797
Office cost	1,976	1,987	2,026	2,052	8,043
Depreciation	424	505	468	545	1,944
Taxes and dues	548	269	382	321	1,521
Other	648	507	497	574	2,227
Total selling, general and administrative expenses	15,802	16,107	16,828	16,734	65,472
Operating income	3,120	3,674	6,289	4,362	17,446
Non-operating income	843	709	937	1,203	3,693
Share of profit of entities accounted for using equity method	392	328	687	555	1,963
Other	451	380	249	648	1,730
Non-operating expenses	32	68	13	85	200
Other	32	68	13	85	200
Ordinary income	3,931	4,315	7,213	5,480	20,939
Extraordinary income	11,161	524	39	316	12,042
Extraordinary loss	177	22	108	932	1,240
Income before income taxes	14,915	4,817	7,144	4,864	31,742
Income taxes-current	3,173	1,951	2,031	1,774	8,931
Income taxes-deferred	(1,469)	(940)	280	(568)	(2,697)
Profit	13,211	3,806	4,831	3,658	25,509
Profit attributable to non-controlling interests	13	41	41	15	111
Profit attributable to owners of the parent	13,198	3,764	4,790	3,643	25,397

(Note) In the consolidated fiscal year ended March 31, 2018, the Company determined a provisional accounting method for business combinations. The figures for each quarter of the consolidated fiscal year ended March 31, 2018, have been restated according to this method.