

Consolidated Financial Summary (for the six months ended September 30, 2019)

October 30, 2019

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: First sections of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Stock Code: 8616 URL: <http://www.tokaitokyo-fh.jp/>
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Expected date for submission of quarterly report: November 12, 2019
 Scheduled day of commencing dividend payment: November 22, 2019
 Supplementary explanation documents for quarterly earnings: Yes
 Quarterly results briefing planned: Yes (for financial analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2019**(1) Consolidated Results of Operation**

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

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended										
September 30, 2019	28,638	(20.1)	27,695	(20.2)	(3,017)	—	(2,532)	—	644	(78.9)
September 30, 2018	35,842	(10.0)	34,714	(10.3)	3,066	(54.9)	3,985	(51.7)	3,060	(82.0)

(Note) Comprehensive income

Six-month period ended September 30, 2019: (234) million yen [-]

Six-month period ended September 30, 2018: 2,381 million yen [(86.6%)]

	Net income per share	Diluted net income per share
	yen	yen
Six months ended		
September 30, 2019	2.56	—
September 30, 2018	11.85	11.84

(Note) We post no figure of diluted net income per share as the Company has no potential stock that has dilution effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
September 30, 2019	1,099,401	160,813	14.3	631.12
March 31, 2019	1,391,076	164,300	11.6	625.05

(Reference) Shareholders' equity September 30, 2019: 156,749 million yen March 31, 2019: 161,491 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, 2019	—	12.00	—	4.00	16.00
Ending March 31, 2020	—	4.00			
Ending March 31, 2020 (Forecast)			—	—	—

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

2) Dividend forecast for the fiscal year ending March 31, 2020 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2019 (from April 1, 2019 to March 31, 2020)

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 : None

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

(2) Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements: None

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

1) Changes in accounting policies in accordance with revision of accounting standards: 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 shares

As of September 30, 2019:	260,582,115	As of March 31, 2019:	270,582,115
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2) Number of treasury shares at the end of the term

As of September 30, 2019:	12,215,839	As of March 31, 2019:	12,215,435
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3) Average number of shares outstanding (for the six months)

Six months ended September 30, 2019:	251,983,758	Six months ended September 30, 2018:	258,357,441
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* 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 for the fiscal year ending March 31, 2020 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2019."

* How to view supplementary explanation documents for quarterly earnings

Supplementary explanation documents for quarterly earnings will be available on both Timely Disclosure network and our website on Wednesday, October 30, 2019.

Accompanying Materials – Contents

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1. Qualitative Information for the Six Months Ended September 30, 2019

(1) Review of Operating Results

Japanese Economy: During the first six months of the consolidated fiscal year ending March 31, 2020 (April 1 to September 30, 2019), the economy overall continued on a moderate recovery path. Although exports and production were lackluster and the diffusion index in manufacturing was low, R&D expenditure and investments in labor-saving innovations remained brisk. Employment remained positive on the whole, although the active openings ratio has dipped somewhat in manufacturing and other sectors. The consumer price index is up 0.5% year on year as of this report, reflecting sluggish wage growth and falling oil prices. This figure is still short of the Bank of Japan's price stability target of 2%. The Bank of Japan's program to meet this target remains ongoing.

Looking Abroad: The U.S.-China trade friction has slowed down global economic growth, especially in manufacturing. The U.S. generally experienced favorable economic conditions, particularly in personal consumption, thanks in large part to improved wages and more favorable business taxes. European economies remained on a weak note with lackluster exports and production in Germany and elsewhere in the continent. As for China, the economy continued to lose steam on the whole, but Beijing's fiscal and monetary stimulus package has proven somewhat effective in restoring business confidence.

Japanese Stock Market: Throughout the period under review, the Nikkei Stock Average reacted sensitively to the state of U.S.-Chinese trade talks. Having started at around ¥21,500 in April, the NSA recovered by the middle of the month, reflecting market optimism over such talks. However, in May, the Nikkei plummeted below ¥20,500 following the Trump administration's sudden hardening of attitudes toward China. The NSA then rebounded after a meeting between Trump and Xi held at the end of June, and generally remained steady in July. It plummeted once more in August, when Trump announced a fresh tariff against China. In September, the NSA bounced upward again amid renewed progress in trade talks. Against this backdrop, the NSA finished at around ¥21,700 at the end of September. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the first half of fiscal year (April 1 to September 30) was ¥2,413.9 billion, far short of ¥2,828.6 billion, which was the figure for the same period of the previous fiscal year.

Japanese Bond Market: The yield on 10-year JGB, the indicator of long-term interest rates, started at minus 0.085% in April. The bond then rose, reaching minus 0.01% in the middle of that month. However, in early September, the yield dropped to minus 0.295%, its lowest point in the period. This development followed a decline in the US 10-year treasury yield, which itself reflected expectations of a cut in interest rates as well as a risk averse tendency in the face of mounting U.S.-China tensions. The yield then experienced a temporary bounce, rising to minus 0.15%, after a break in capital inflows to European bonds and the Bank of Japan's announcement that it would reduce its long/super-long-term bond buying. At the end of September, the yield finished at minus 0.215% after all.

Foreign Exchange Market: The dollar-to-yen exchange rate opened in mid-April at around 1 USD to 110 JPY. During the same month, the rate hit its highest point in the period, at 1 USD to 112 JPY. The dollar then depreciated against the yen amid factors such as Washington and Beijing's escalating retaliatory duties, a global economic slowdown, and a growing prospect of a cut in US interest rates. In late August, one dollar exchanged at a rate of 104 yen. September saw both heightened expectation of the progress in U.S.-China trade talks and an initial trade deal actually reached between the US and Japan. Markets reacted positively to these developments, and the dollar appreciated against the yen throughout the month, finishing at around 108 JPY.

Under this business environment, the Group embarked on the third year of its business plan, New Age's Flag Bearer 5. June 3 saw the start of operations at Juroku Tokai Tokyo Securities Co., Ltd. (Juroku TT), our seventh joint venture securities company. Under the company spin-off practice, Tokai Tokyo Securities Co., Ltd., a wholly owned subsidiary of the Company, transferred four Gifu-based branches to Juroku TT, generating ¥2 billion in extraordinary income. Juroku TT will work with both Tokai Tokyo group and The Juroku Bank, Ltd., to develop the venture as a locally grounded securities

company, ensuring that it contributes to the local economy and wellbeing of its customers by offering various high-quality financial products and services that align with local customers' needs.

On September 1, Tokai Tokyo Securities merged with Takagi Securities Co., Ltd., a wholly owned subsidiary of the Company, as the former being a surviving entity. The newly merged entity will promote Tokai Tokyo Group's corporate value more effectively. Building on the strong operating base Takagi Securities built in Kansai, it will consolidate branches and operations to further enhance services. It will also reorganize the Independent Financial Advisory business to enable new business development.

In April, Tokai Tokyo Securities opened "Orque d'or Salon Tokyo," a facility for members of Orque d'or, the subsidiary's financial services tailored to high-net-worth customers. Orque d'or Salon Tokyo serves as a hub for developing business among the wealthy clientele. In conjunction with the relocation of our headquarters, we overhauled our intranet systems, consolidating all IT operations into a single system. This overhaul formed part of a workstyle reform program that promotes, among other things, more flexible workstyles, better employee communication, more efficient meetings, and more user-friendly IT systems. Alongside this, in April, Tokai Tokyo Securities started offering loans secured by securities. This new service is intended to meet the demand for short-term funding of our customers. The service was introduced into some branches, and it will be rolled out to all branches in the future.

In this year, which marks the midway stage of our five-year plan, we continue our efforts to break the mold of a conventional securities firm and forge a new business model, whereby we will become a third pillar in the securities brokerage industry, rivaling the megabank groups and giant peers.

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

(Commission received)

(Percentage indicates a year-on-year change. The same shall apply hereinafter in this section (1).) During the period under review, total commissions received decreased 9.9%, to ¥13,275 million.

(i) Commission to consignees:

Total commissions to consignees earned by the Group decreased 15.7%, to ¥4,968 million. Under this category, commissions to consignees on stocks decreased 22.1%, to ¥4,436 million. Primary factor causing the decrease was that the volume of stocks brokered by Tokai Tokyo Securities, our core subsidiary, decreased 51.7%, to 1,011 million shares, and the value of stocks brokered decreased 18.6%, to ¥1,764.1 billion due to reduced transactions with individual investors.

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

The total was ¥432 million, a decrease of 16.5%. Commission earned by handling of stocks decreased 75.1%, to ¥82 million, reflecting a decrease in underwriting volume of public offerings. Commission earned by handling of bonds increased 86.2%, to ¥350 million.

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

The total was ¥3,145 million, a decrease of 7.2%. Under this category, fees from beneficiary certificates decreased 6.1%, to ¥3,131 million, reflecting the decline in sales of investment trusts—particularly to individuals.

(iv) Other fees received:

Other fees earned totaled ¥4,728 million, a decrease of 4.1%. Under this category, agency commissions from investment trusts declined 11.3%, to ¥2,077 million, while insurance commissions increased 3.1%, to ¥1,507 million.

(Net trading income)

Net trading income totaled ¥13,870 million, a decrease of 28.0%. Under this category net trading income from equity decreased 29.2%, to ¥7,828 million, due mainly to a decrease in the trading of foreign stock centering on U.S. Stocks. Additionally, trading of bonds and foreign exchanges, which primarily comprises foreign currency-denominated bonds and structure bonds decreased 26.3%, to ¥6,041 million.

(Net financial revenue)

Net financial revenue totaled ¥549 million, a decrease of 23.7%. Under this category, financial revenue decreased 19.2%, to ¥1,492 million. On the other hand, financial expenses decreased 16.4%, to ¥943 million.

(Selling, general and administrative expenses)

Selling, general and administrative expenses totaled ¥30,713 million, a decrease of 3.0%.

Under this category, trading-related expenses decreased 9.3% to ¥5,577 million, as our joint venture securities companies sold fewer foreign bonds. Similarly, personnel costs decreased 5.9%, to ¥14,140 million, after a reduction in performance-linked bonus pay. However, depreciation costs increased 38.8%, to ¥1,488 million, due to the amortization of the Nihonbashi office.

(Non-operating income and expenses)

In the period under review, non-operating income totaled ¥915 million, down 17.0%. This result reflects the fact that the consolidated share of profit of entities accounted for using equity method turned negative, resulting in dividends income falling 16.9%, to ¥221 million. Non-operating expenses totaled ¥430 million, an increase of 134.8%. This result reflects the ¥219 million in share of losses accounted for using equity method. This amount was recorded after an increase in the amortization of goodwill pertaining to equity investment in FinTech firms and other costs incurred in anticipation of future income.

(Extraordinary income and losses)

In the period under review, we recorded extraordinary income, the main component of which was ¥2,054 million resulting from gain on change in equity in relation to the launch of Juroku TT.

Consequently, in the period under review, operating revenue decreased 20.1%, to ¥28,638 million; net operating revenue decreased 20.2%, to ¥27,695 million; operating losses totaled ¥3,017 million (compared to operating income of ¥3,066 million in the previous year); ordinary losses totaled ¥2,532 million (compared to ordinary income of ¥3,985 million in the previous year); finally, profit attributable to owners of parent after deducting income taxes and others decreased 78.9%, to ¥644 million.

(2) Review of the Financial Statements

(all comparisons hereunder are with the end of the previous consolidated fiscal year)

(Assets)

As of the end of the period under review, total assets were ¥1,099,401 million, a decrease of ¥291,674 million. Under this category, current assets decreased ¥294,777 million to ¥1,028,754 million. The key contributors were trading products (assets), which decreased ¥178,215 million to ¥479,309 million, and loans secured by securities, which decreased ¥133,922 million to ¥358,935 million. These decreases more than offset a change in cash and deposits, which increased ¥18,640 million, to ¥66,561 million. Non-current assets increased ¥3,102 million to ¥70,646 million. The main contributor was investment securities, which increased ¥1,801 million, to ¥43,891 million.

(Liabilities)

As of the end of the period under review, total liabilities were ¥938,587 million, a decrease of ¥288,188 million. Under this category, current liabilities decreased ¥297,789 million to ¥839,936 million. The main decreases were in trading products

(liabilities), which decreased ¥200,006 million, to ¥346,493 million; loans payable secured by securities, which decreased ¥69,818 million, to ¥275,481 million; and short-term loans payable, which decreased ¥23,846 million, to ¥100,120 million. Noncurrent liabilities increased ¥9,601 million to ¥98,033 million. The main factor was long-term loans payable, which increased ¥13,789 million, to ¥81,919 million. Partially offsetting this increase was bonds payable, which decreased ¥5,164 million, to ¥12,409 million.

(Net assets)

Total net assets for the period under review were ¥160,813 million, a decrease of ¥3,486 million. Under this category, the quarter-end retained earnings decreased ¥388 million, to ¥100,151 million. Also, in this category, capital surplus decreased ¥4,332 million, to ¥24,629 million, following a cancellation of treasury shares.

(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. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	47,920	66,561
Cash segregated as deposits	42,030	38,421
Cash segregated as deposits for customers	41,400	37,600
Cash segregated as deposits for others	630	821
Trading products	657,524	479,309
Trading securities and other	654,224	474,343
Derivatives	3,300	4,965
Margin transaction assets	49,406	50,308
Loans on margin transactions	30,929	26,036
Cash collateral pledged for securities borrowing on margin transactions	18,477	24,271
Loans secured by securities	492,858	358,935
Cash collateral pledged for securities borrowed	39,663	30,641
Loans on Gensaki transactions	453,194	328,294
Advances paid	3,412	147
Short-term guarantee deposits	14,927	15,049
Short-term loans receivable	219	556
Accrued income	2,820	2,386
Other	12,442	17,105
Allowance for doubtful accounts	(30)	(28)
Total current assets	1,323,532	1,028,754
Non-current assets		
Property, plant and equipment	12,037	12,803
Intangible assets	5,218	5,016
Investments and other assets	50,288	52,826
Investment securities	42,090	43,891
Long-term guarantee deposits	4,608	4,139
Deferred tax assets	33	986
Net defined benefit asset	2,397	2,573
Other	1,526	1,597
Allowance for doubtful accounts	(366)	(362)
Total non-current assets	67,544	70,646
Total assets	1,391,076	1,099,401

(Unit: million yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Trading products	546,499	346,493
Trading securities and other	540,357	339,954
Derivatives	6,142	6,539
Trade date accrual	15,973	9,353
Margin transaction liabilities	11,655	13,915
Borrowings on margin transactions	9,627	9,115
Cash received for securities lending on margin transactions	2,028	4,799
Loans payable secured by securities	345,299	275,481
Cash received on debt credit transaction of securities	17,788	18,757
Borrowings on Gensaki transactions	327,510	256,724
Deposits received	34,723	35,046
Guarantee deposits received	9,733	10,734
Short-term loans payable	123,967	100,120
Short-term bonds payable	16,000	17,000
Current portion of bonds	24,443	25,106
Income taxes payable	348	562
Provision for bonuses	2,016	1,104
Other	7,065	5,016
Total current liabilities	1,137,726	839,936
Non-current liabilities		
Bonds payable	17,573	12,409
Long-term loans payable	68,129	81,919
Deferred tax liabilities	388	91
Provision for directors' retirement benefits	75	49
Net defined benefit liability	191	185
Other	2,073	3,376
Total non-current liabilities	88,431	98,033
Reserves under special laws		
Reserve for financial products transaction liabilities	618	618
Total reserves under special laws	618	618
Total liabilities	1,226,776	938,587
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	28,961	24,629
Retained earnings	100,540	100,151
Treasury shares	(6,183)	(5,291)
Total shareholders' equity	159,318	155,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,077	475
Foreign currency translation adjustment	(405)	(525)
Remeasurements of defined benefit plans	1,500	1,309
Total accumulated other comprehensive income	2,172	1,259
Share acquisition rights	539	596
Non-controlling interests	2,268	3,467
Total net assets	164,300	160,813
Total liabilities and net assets	1,391,076	1,099,401

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Six months ended September 30)

(Unit: million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Operating revenue		
Commission received	14,736	13,275
Commission to consignees	5,895	4,968
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	518	432
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	3,389	3,145
Other fees received	4,933	4,728
Net trading income	19,258	13,870
Financial revenue	1,848	1,492
Total operating revenue	35,842	28,638
Financial expenses	1,128	943
Net operating revenue	34,714	27,695
Selling, general and administrative expenses		
Trading related expenses	6,145	5,577
Personnel expenses	15,023	14,140
Real estate expenses	3,699	3,904
Office cost	3,962	3,931
Depreciation	1,072	1,488
Taxes and dues	659	687
Other	1,085	984
Total selling, general and administrative expenses	31,648	30,713
Operating income (loss)	3,066	(3,017)
Non-operating income		
Dividend income	266	221
Rent income	245	231
Share of profit of entities accounted for using equity method	415	—
Gain on investments in partnership	71	183
Other	104	278
Total non-operating income	1,103	915
Non-operating expenses		
Share of loss of entities accounted for using equity method	—	219
Loss on investments in partnership	75	96
Foreign exchange losses	55	47
Other	52	67
Total non-operating expenses	183	430
Ordinary income (loss)	3,985	(2,532)

(Unit: million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Extraordinary income		
Gain on sales of non-current assets	—	96
Gain on sales of investment securities	305	154
Gain on change in equity	—	2,054
Reversal of reserve for financial instruments transaction liabilities	—	0
Total extraordinary income	305	2,306
Extraordinary losses		
Loss on sales of non-current assets	—	16
Impairment loss	14	0
Loss on sales of investment securities	52	48
Loss on valuation of investment securities	—	1
Provision of reserve for financial instruments transaction liabilities	5	—
Total extraordinary losses	73	67
Income (loss) before income taxes	4,217	(293)
Income taxes-current	964	96
Income taxes-prior periods	(141)	(46)
Income taxes-deferred	263	(1,022)
Total income taxes	1,087	(972)
Profit	3,129	678
Profit attributable to non-controlling interests	69	33
Profit attributable to owners of parent	3,060	644

Consolidated Statements of Comprehensive Income
(Six months ended September 30)

(Unit: million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	3,129	678
Other comprehensive income		
Valuation difference on available-for-sale securities	(343)	(590)
Foreign currency translation adjustment	(206)	(117)
Remeasurements of defined benefit plans	(176)	(201)
Share of other comprehensive income of entities accounted for using equity method	(22)	(3)
Total other comprehensive income	(748)	(912)
Comprehensive income	2,381	(234)
(Comprehensive income attributable to)		
Owners of parent	2,312	(268)
Non-controlling interests	69	33

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

A total of 10,000,000 shares of the Company's stock were repurchased (for ¥3,440 million). The terms of the share repurchase were determined at a meeting of the Board of Directors, held on May 20, 2019, pursuant to Article 156 of the Companies Act, the term "shareholders meeting" being read as "board of director's meeting" in accordance with Article 165 (3) of said act. With a resolution of the Board of Directors pursuant to Article 178 of the same act, 10,000,000 treasury shares were canceled on August 30, 2019. Consequently, in the period under review, capital surplus and treasury stock both decreased ¥4,332 million. Thus, as of the end of the period under review, capital surplus totaled ¥24,629 million and treasury stock totaled ¥5,291 million.

(Material Changes in Subsidiaries during This Period)

During the second cumulative quarter, Tokai Tokyo Securities Co., Ltd. (a "specified subsidiary") merged with Takagi Securities Co., Ltd. (a "specified subsidiary") as the former being a surviving entity. Consequently, Takagi Securities has been removed from the scope of consolidation.

(Additional Information)

(Change in account presentation format)

(Quarterly consolidated statements of income)

Previously, gains (losses) on derivatives included in bonds issued by the Company were stated as "financial revenue (expense)." As of the first quarter, they are now stated as "net trading income." This new format more accurately reflects the realities of the Group operations, in which derivative trading for bonds issued by the Company has grown increasingly important in monetary terms amid business diversification.

As a result of the change, the ¥783 million, which would previously have been stated as "financial revenue," is stated as "net trading income" in the consolidated statements for the period under review (the six months ended September 30, 2018).

3. Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	5,895	4,968	(926)	(15.7) %
Stocks	5,698	4,436	(1,261)	(22.1)
Bonds	17	21	3	21.3
Beneficiary certificates	178	510	331	185.5
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	518	432	(85)	(16.5)
Stocks	329	82	(247)	(75.1)
Bonds	188	350	162	86.2
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	3,389	3,145	(243)	(7.2)
Beneficiary certificates	3,335	3,131	(203)	(6.1)
Other fees received	4,933	4,728	(204)	(4.1)
Beneficiary certificates	2,342	2,077	(265)	(11.3)
Total	14,736	13,275	(1,460)	(9.9)

(ii) By product

(Unit: million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Yr/Yr	
			Increase (Decrease)	% change
Stocks	6,085	4,551	(1,534)	(25.2) %
Bonds	258	390	132	51.2
Beneficiary certificates	5,856	5,718	(137)	(2.4)
Others	2,536	2,615	79	3.1
Total	14,736	13,275	(1,460)	(9.9)

②Net trading income

(Unit: million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Yr/Yr	
			Increase (Decrease)	% change
Stocks	11,056	7,828	(3,227)	(29.2) %
Bonds and Forex	8,201	6,041	(2,159)	(26.3)
Total	19,258	13,870	(5,387)	(28.0)

(Note) The Company has made changes in the presentation method of the financial revenue and the net trading income in the consolidated financial statements for the 2nd Quarter of FYE March 2020. The breakdown of the net trading income for the 2nd Quarter of FYE March 2019 reflects this change.

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2018			Fiscal 2019	
	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018	Jan. 1, 2019 - Mar. 31, 2019	Apr. 1, 2019 - Jun. 30, 2019	Jul. 1, 2019 - Sep. 30, 2019
Operating revenues					
Commission received	7,405	7,116	7,102	6,352	6,922
Commission to consignees	2,737	2,628	2,205	2,371	2,597
(Stocks)	2,627	2,397	2,115	2,264	2,172
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	218	512	217	231	201
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,794	1,527	2,033	1,624	1,521
(Beneficiary certificates)	1,772	1,505	2,030	1,611	1,519
Other fees received	2,654	2,447	2,645	2,126	2,602
(Beneficiary certificates)	1,172	1,131	1,082	1,052	1,024
Net trading income	9,583	5,983	6,938	6,564	7,306
(Stocks)	5,377	(17)	4,361	3,676	4,152
(Bonds and Forex)	4,206	6,000	2,576	2,887	3,153
Financial revenue	997	755	1,034	565	927
Total operating revenue	17,986	13,855	15,074	13,482	15,156
Financial expenses	517	536	554	490	452
Net operating revenue	17,469	13,319	14,519	12,992	14,703
Selling, general and administrative expenses					
Trading related expenses	2,962	3,020	2,785	2,867	2,709
Personnel expenses	7,600	7,227	7,293	7,412	6,728
Real estate expenses	1,933	1,989	2,156	2,089	1,814
Office cost	2,016	1,980	2,051	1,883	2,047
Depreciation	540	584	664	715	773
Taxes and dues	337	274	340	321	366
Other	491	438	490	586	398
Total selling, general and administrative expenses	15,882	15,514	15,782	15,875	14,837
Operating income	1,586	(2,195)	(1,262)	(2,883)	(134)
Non-operating income	367	47	561	401	513
Share of profit of entities accounted for using equity method	89	(219)	(195)	—	—
Other	278	267	757	401	513
Non-operating expenses	106	66	138	184	246
Share of loss of entities accounted for using equity method	—	—	61	137	81
Other	106	66	76	46	164
Ordinary income	1,847	(2,213)	(839)	(2,666)	133
Extraordinary income	225	475	883	2,236	69
Extraordinary losses	14	224	769	50	16
Income before income taxes	2,058	(1,962)	(726)	(480)	186
Income taxes-current	829	(805)	445	(45)	95
Income taxes-deferred	(299)	565	(917)	(685)	(336)
Profit	1,528	(1,723)	(254)	250	428
Profit attributable to non-controlling interests	22	(17)	20	(5)	39
Profit attributable to owners of parent	1,506	(1,706)	(274)	256	388

(Note) The Company has made changes in the presentation method of the financial revenue and the net trading income in the consolidated financial statements for the 2nd Quarter of FYE March 2020. The quarterly consolidated financial statements for FYE March 2019 reflect this change.