

**Consolidated Financial Summary (for the year ended March 31, 2015)**

April 28, 2015

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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Scheduled date for general meeting of shareholders: June 26, 2015  
 Scheduled date for filing securities report: June 26, 2015  
 Scheduled day of commencing dividend payment: June 29, 2015  
 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, 2015 (from April 1, 2014 to March 31, 2015)****(1) Consolidated Results of Operation**

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

Year ended	Operating revenue		Net operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2015	82,700	(8.7)	81,374	(8.2)	25,071	(17.1)	28,524	(14.6)	18,499	(20.4)
March 31, 2014	90,547	33.4	88,682	34.5	30,248	98.3	33,405	92.9	23,243	106.2

(Note) Comprehensive income: March 31, 2015: 22,178 million yen [(11.0)%]

March 31, 2014: 24,923 million yen [79.0%]

Year ended	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/Operating revenue
	yen	yen	%	%	%
March 31, 2015	69.51	69.33	12.6	5.3	30.3
March 31, 2014	87.68	87.21	17.7	5.4	33.4

(Reference) Equity in earnings of affiliates March 31, 2015: 1,669 million yen March 31, 2014: 1,708 million yen

**(2) Consolidated Financial Position**

As of	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
March 31, 2015	458,106	157,351	33.8	579.91
March 31, 2014	617,270	142,929	22.8	528.26

(Reference) Shareholders' equity March 31, 2015: 154,633 million yen March 31, 2014: 140,462 million yen

**(3) Consolidated Cash Flows Position**

Year ended	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
	million yen	million yen	million yen	million yen
March 31, 2015	37,746	(2,214)	(18,937)	56,039
March 31, 2014	(14,701)	5,452	1,864	39,141

**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			
Ended March 31, 2014	—	18.00	—	14.00	32.00	8,490	36.5	6.5
Ended March 31, 2015	—	14.00	—	20.00	34.00	9,056	48.9	6.1
Ending March 31, 2016 (Forecast)	—	—	—	—	—	—	—	—

(Note) Dividend of 20.00 yen per share for the year ended March 31, 2015 includes commemorative dividend of 4.00 yen.

**3. Forecast of Consolidated Operating Results for Fiscal 2015 (from April 1, 2015 to March 31, 2016)**

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Due to such nature of its business and consequential difficulty in predicting its performance, the Group does not disclose the forecast of operating results.

#### 4. Others

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): None

New : None

Exclusion : None

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

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

2) Changes in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(3) Number of Shares Issued (Common Stock)

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

As of March 31, 2015: 280,582,115 As of March 31, 2014: 280,582,115

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

As of March 31, 2015: 13,929,529 As of March 31, 2014: 14,685,238

3) Average number of shares outstanding

Year ended March 31, 2015: 266,140,944 Year ended March 31, 2014: 265,101,502

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2015(from April 1, 2014 to March 31, 2015)

(1) Non-consolidated Results of Operations

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
March 31,2015	19,353	104.7	13,645	116.2	14,594	109.8	13,777	88.8
March 31,2014	9,454	142.2	6,311	328.1	6,954	267.4	7,296	349.0

	Net income per share	Diluted net income per share
	yen	yen
Year ended		
March 31,2015	51.77	51.64
March 31,2014	27.52	27.38

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
March 31,2015	169,478	111,833	65.9	418.66
March 31,2014	145,435	103,386	71.0	388.43

(Reference) Shareholders' equity March 31, 2015: 111,637 million yen March 31, 2014: 103,281 million yen

\* Audit procedure implementation progress status

This earnings report is exempt from audit procedure of the financial statements that is required under the Financial Instruments and Exchanges Act. At the time of the disclosure of this Consolidated Financial Summary, we have not finished audit procedure process.

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

Dividends payments for the fiscal year ending March 31, 2016 have not been determined because it is difficult to forecast operating results, similarly as described in "3.Forecast of Consolidated Operating Results for Fiscal 2015."

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## 1. Qualitative Information for the Consolidated Fiscal Year Ended March 31, 2015

### (1) Review of Operating Results

During the consolidated fiscal year under review (April 1, 2014 to March 31, 2015), the Japanese economy continued to show a modest recovery assisted by an ongoing improvement in corporate earnings and employment conditions. These reflect the financial policies of the Bank of Japan, despite the slow recovery of consumer spending stagnated as the reaction to last-minute spending rise before the consumption tax hike.

Looking abroad, the economy continued to expand moderately despite weaker trends being observed in certain areas. The U.S. economy showed robust growth owing to a continuing recovery trend in automobiles and housing sales, although the FRB (Federal Reserve Board) terminated its quantitative easing policy in October 2014. Meanwhile, the economic recovery trend in general came to a pause in Europe, and after the ECB (European Central Bank) launched monetary easing based on the judgment that the risk of deflation was likely to rise, signs of economic turnaround came into view from the end of last year. The Chinese economy saw a deceleration of growth with a slightly weaker momentum as observed in the slowdown of the increase in capital assets investment. In Southeast Asia, the economy in general remained at a standstill although some areas witnessed a pickup trend.

Regarding the stock market, the Nikkei Stock Average, which started at above ¥14,800 in April, temporarily fell below ¥14,000 due to the growing concern over the possible sluggish consumer spending following the consumption tax hike. Beginning in late May, however, the Nikkei Stock Average rebounded on the back of undervalued stock prices for the then general level of corporate earnings as well as its perceived slow start behind overseas stock markets. Subsequently, despite a significant temporary decline in October in line with the drop in stock prices in the major developed countries, which reflected concerns over a possible slowdown in the global economy, the Nikkei Stock Average climbed significantly due to a favorable response to the additional monetary easing announced on October 31 by the Bank of Japan, and changes in the allocation of stocks in public pension funds. Furthermore, robust growth was maintained until the end of March closing at ¥19,206, helped by the postponement of an additional consumption tax hike, a lower oil price, salary increases as a result of spring wage negotiations, and other factors. On the other hand, the daily average transaction volume in the First Section of the Tokyo Stock Exchange from April 2014 to March 2015 remained at ¥2,407.1 billion, which was less than the ¥2,663.1 billion recorded in the last fiscal year during which the stock market rose sharply amid a brisk economy, spurred by so-called “Abenomics.”

In the bond market, starting at a level of 0.6% in April, the yield on the 10-year JGB, the benchmark for long-term interest rates, gradually fell due to continued massive JGB purchases by the Bank of Japan in line with the quantitative easing of unprecedented dimensions. Subsequently, yields plunged sharply after the announcement on October 31 of additional quantitative easing to a temporary record-low of 0.195% on January 20, 2015, closing out the year on March 31 at 0.400%.

Since April 2012, the Group had promoted strategies based on the business plan, “Ambitious 5,” which in fiscal year 2014 entered into its third year. Since then, the Group has been moving ahead toward the second stage of the plan. (Please refer to “3. Management Policy” below.)

Tokai Tokyo Securities Co., Ltd. (hereinafter, “Tokai Tokyo Securities”), the core company of our Group, has been promoting “Stable Revenue Generating Sales Activity” and “Marketing Strategies by Customer Segment” as part of the second stage of the business plan “Ambitious 5.”

With respect to the Stable Revenue Generating Sales Activity, Tokai Tokyo Securities commenced its handling of the “Tokai Tokyo Fund Wrap Account” in May 2014 by improving the service and convenience of the conventional SMA Service (asset management service to manage and control assets on behalf of a customer under a discretionary investment agreement), and has been steadily increasing the asset balance.

Under the Marketing Strategies by Customer Segment, the Company has been focusing on the improvement of customer loyalty and the development and expansion of our customer base by offering optimum financial products and services suitable to each segment of (1) “The Class” (affluent customers), (2) “The Mature” (customers with a certain level of financial assets and with appetites for asset management), and (3) “Asset Formation” (customers willing to build up assets toward future).

Specific measures that the Company implemented included the following: (1) For “The Class” customers, the Premier Medical Department, as a specialized center offering a broad array of solutions to medical practitioners and hospitals, including asset management, business succession plans and inheritance tax planning, has shown successful results in the Chubu region. In addition, the “Nihonbashi Premier Office” was established in October 2014 with the aim of enhancing high net worth business for “The Class” in the Tokyo Metropolitan area; (2) For “The Mature” customers, the “Omni-channel Strategy” was developed to offer more comprehensive services by integrating face-to-face transactions and Internet transactions. Furthermore, the membership website of the “Investment Club for Adults” was opened in October to provide not only investment information but also proposals for various lifestyles. As part of the Club service program, the Company implemented various measures including events and seminars for the members only, contributing to local communities while striving to acquire more

members; and (3) to improve the convenience of “Asset Formation” customers, the Company newly established the “Tokai Tokyo Financial Gallery Sakae-chika” in October as its base for information transmission so that even people who are unfamiliar with securities firms’ branch offices can feel free to drop in. In addition, we focused on improving customer convenience and expanding the number of customers by commencing a margin transaction service via the Internet, renewing the Company’s website, and using internet advertising.

Meanwhile, Tokai Tokyo Securities reviewed its branch network aiming to achieve higher efficiency in its sales network operation, and effective July 2014, it relocated and consolidated the Tsu and the Suzuka branches to open the new Mie Central Branch in the building of the Tsu JR train station. In September 2014, it established the “Toyota FS Sales Division Consulting Booth Okazaki” at a shopping mall in Okazaki City.

Furthermore, aiming to implement measures effectively for each customer segment under the segmentation strategies, the Company established a “highly professional organization” and reorganized its headquarters, departments and related departments on April 1, 2015 to reinforce the “Sales Assistance System” to complement the relevant organizations.

In accordance with the alliance strategy as formulated under “Ambitious 5,” the Group focused on reinforcement of business network capacity of each securities company jointly established by the Company and major regional banks.

This mainly included the establishment in July of the Tokyo Branch by YM Securities Co., Ltd., an affiliate we established jointly with Yamaguchi Financial Group, Inc.; elevation of the Consulting Booth Kamakura up to Kamakura Branch in March 2015 by Hamagin Tokai Tokyo Securities Co., Ltd., a joint venture established by the Company and The Bank of Yokohama, Ltd.; and the opening the Yame Satellite Booth in August by Nishi-Nippon City Tokai Tokyo Securities Co., Ltd., a joint venture established by the Company and The Nishi-Nippon City Bank, Ltd.

Regarding overseas alliances, in August, the Company entered into a business cooperation agreement with Bualuang Securities Public Company Limited, a subsidiary of Bangkok Bank that ranks the highest in terms of deposit volume among the commercial banks based in the Kingdom of Thailand, with the aim of broadening the line of available financial products and services.

Furthermore, in March 2015, the Company established an asset management firm as our joint venture with Phillip Capital Pte. Ltd., one of the major financial groups in Singapore, to provide fund management and advisory services for the investment in the Asia Pacific region.

The Company also established “The Global Advisory Board” consisting of distinguished experts from various countries such as a former central bank chairman, to enhance its business strategies at home and abroad.

Also, on the front of platform operation, the Group made a full swing in providing many securities houses with operating infrastructure, function, products like foreign stocks and bonds, structured bonds as well as information and training service.

Effective April 1, 2014, some employees of Tokai Tokyo Securities were transferred to the Company to attain more effective group operation by reinforcing the holding company’s human resources. Furthermore, the Company has adopted a renovated personnel system beginning July 2014 to cope with the changes in times and scope of business, and subsequently required business evolution, by setting a high priority on expertise and diversity of human resources. With respect to the promotion of female employees, the Company has been proactively implementing measures to help child rearing employees find it easier to work here and providing career development support to female workers while setting numerical targets and action plans to raise the share of female managers. In recognition of these efforts, the city of Nagoya presented Tokai Tokyo Securities with “The Certified Company Promoting Advancement of Female Employees” excellence award.

Also, as part of local contribution activities, the Company sponsored the “Tokai Tokyo Financial Holdings Global Business Program” for Nagoya University to cultivate global human resources and lead the internationalization of the Chubu region in collaboration with Nagoya University.

Under such circumstances, the Company’s consolidated operating results for the fiscal year ended March 31, 2015 were as follows: Operating revenue was ¥82.7 billion, a decrease of 8.7% year on year; Net operating revenue stood at ¥81,374 million, a fall of 8.2% year on year; and Selling, general and administrative expenses were ¥56,303 million, a fall of 3.6% year on year. As a result, Operating income was ¥25,071 million, a decrease of 17.1% year on year; Ordinary income was ¥28,524 million, a decrease of 14.6%; and Net income was ¥18,499 million, a decrease of 20.4%.

(Commissions received)

During the consolidated fiscal year under review, total Commissions received decreased 19.8% year on year, to ¥44,082 million as detailed below:

(i) Commission to consignees:

The volume of stock brokered by Tokai Tokyo Securities, a subsidiary of the Company, shrank to 4,899 million shares, a decrease of 23.9% year on year, and the value was ¥3,755.1 billion, a drop of 17.1%. As a result, brokerage commission on stocks earned by the Group was ¥18,318 million, a 28.6% decrease year on year, and the total Commission to consignees received was ¥19,016 million, down 27.7%.

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

Commission on stocks recorded by the Group totaled ¥433 million, a decrease of 29.5% year on year. Meanwhile, Commission on bonds was ¥346 million, an increase of 13.0%. Consequently, total Commissions for underwriting, secondary distribution and solicitation for selling and others for professional investors amounted to ¥779 million, a decrease of 15.4% year on year.

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

Fees from investment trusts under this category amounted to ¥18,049 million, down 14.4% year on year. Favorable factors that contributed to this result included strong sales of newly established funds for investment in Japanese stocks and funds for investment in European high-yield bonds, etc.; however, the amount fell short of the results for the previous fiscal year, which recorded a historic high. As a result, total fees under this category stood at ¥18,105 million, a drop of 14.4% year on year.

(iv) Other fees received:

Agency commissions from investment trusts reached ¥4,656 million, down 3.1% year on year. Total fees earned under this category decreased 5.9% year on year, to ¥6,180 million.

(Net trading income)

In the consolidated fiscal year under review, trading of stocks posted a profit of ¥16,732 million, an increase of 59.6% year on year, which was mainly attributable to the trading of foreign stocks (centering on U.S. stocks). On the other hand, trading of bonds and forex, including mainly bonds in foreign currencies and structured bonds, recorded a profit of ¥18,695 million, a decrease of 16.1% year on year. As a result, Net trading income totaled ¥35,427 million, an increase of 8.1% year on year.

(Net financial revenue)

In the consolidated fiscal year under review, Financial revenue was ¥3,190 million, up 12.7% year on year. Meanwhile, Financial expenses decreased 28.9%, to ¥1,325 million, resulting in Net financial revenue of ¥1,864 million, up 92.9%.

(Selling, general and administrative expenses)

Under selling, general and administrative expenses for the consolidated fiscal year under review, Trading-related expenses decreased 7.1%, to ¥12,194 million due to diminished payment of fees in line with decreases in transaction volume; Personal expenses decreased 3.3%, to ¥28,002 million as a result of a fall in provision for bonuses reflecting performance-linked compensation; Real estate expenses rose 0.8%, to ¥5,957 million, Office cost decreased 0.8%, to ¥6,086 million; and Depreciation dropped 4.3% year on year, to ¥1,858 million. As a result, the total Selling, general and administrative expenses were ¥56,303 million, down 3.6% year on year.

(Non-operating income and expenses)

Non-operating income for the consolidated fiscal year under review was accounted for by factors such as ¥1,669 million in Equity in earnings of affiliates, a decrease of 2.3% year on year; ¥596 million in Rent income, a decrease of 23.3% year on year; and ¥760 million in Dividends income, an increase of 97.9% year on year.

(Extraordinary income and loss)

Regarding Extraordinary income for the consolidated fiscal year under review, the primary positive contributing factor was ¥708 million in Gain on sales of investment securities.

(2) Review of the Financial Statements

(Assets)

Current assets as of the end of the consolidated fiscal year under review decreased ¥165,017 million from the end of the previous consolidated fiscal year, to ¥415,327 million. This was primarily attributable on the one hand to increases of ¥16,999 million in Cash and deposits and on the other hand to decreases of ¥26,105 million in Trading products, ¥10,553 million in Margin transaction assets, ¥139,007 million in Loans secured by securities, and ¥6,281

million in Short-term guarantee deposits. Noncurrent assets grew ¥5,854 million from the end of the previous consolidated fiscal year, to ¥42,778 million. As a result, total assets decreased ¥159,163 million from the end of the previous consolidated fiscal year, to ¥458,106 million.

(Liabilities)

Current liabilities as of the end of the consolidated fiscal year under review decreased ¥183,256 million from the end of the previous consolidated fiscal year, to ¥282,986 million. This was mainly attributable on the one hand to increases of ¥6,033 million in Deposits received and ¥13,545 million in Current portion of bonds payable, and on the other hand to decreases of ¥6,467 million in Trading products, ¥31,382 million in Trade date accrual (liability), ¥6,071 million in Margin transaction liabilities, ¥115,121 million in Loans payable secured by securities, ¥6,756 million in Guarantee deposits received, and ¥34,068 million in Short-term loans payable.

As a result, total liabilities decreased ¥173,585 million from the end of the previous consolidated fiscal year, to ¥300,755 million.

(Net assets)

Net assets as of the end of the consolidated fiscal year under review increased ¥14,422 million from the end of the previous consolidated fiscal year, to ¥157,351 million. This is attributable mainly to the increases of ¥10,495 million in Retained earnings and ¥1,704 million in Valuation difference on available-for-sale securities.

(Cash flows)

Net cash provided by operating activities was ¥37,746 million. This was primarily the net result of the following factors: inflow of ¥28,896 million from income before Income taxes and minority interests, and decreases of ¥139,007 million in Loans secured by securities, ¥10,553 million in Margin transaction assets, and ¥26,105 million in Trading products –assets, against outflows of ¥115,121 million from a decrease in Loans payable secured by securities, and ¥6,467 million from a decrease in Trading products -liabilities.

Net cash flow resulted from investment activities was the outflow of ¥2,214 million. This was primarily attributable to the outflow of ¥2,089 million for the Purchase of investment securities.

Net cash flow resulted from financing activities was the outflow in the amount of ¥18,937 million, principally attributable to the outflow of ¥34,281million caused by the net decrease in Short-term loans payable, and the net increase of ¥14,548 million from the net increase in Bonds payable.

As a result, the balance of Cash and cash equivalents increased ¥16,898 million from the previous year, to ¥56,039 million at the end of the consolidated fiscal year under review.

(3) 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 trends. 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 the payment twice in each fiscal year, the one as an interim dividend and the other as a year-end one. The interim dividend payment is decided by the Board of Directors and the year-end one is decided at a general meeting of shareholders.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends in accordance with the provisions of Article 454, Paragraph 5, of the Companies Act.

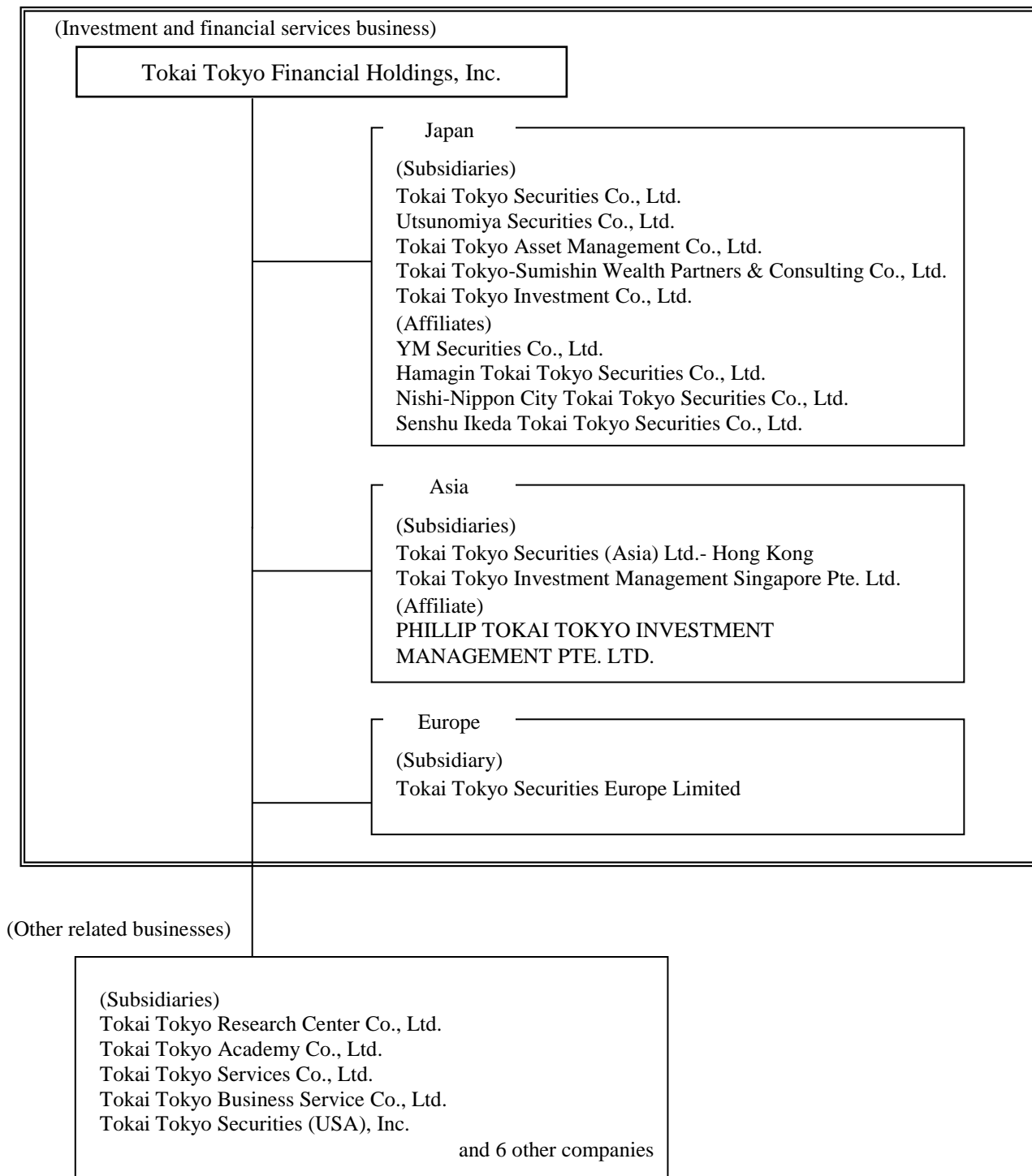
The year-end dividend per share for the fiscal year under review will be ¥20, consisting of an ordinary dividend and commemorative dividend of ¥16 and ¥4, respectively, which will make an annual total dividend of ¥34 combined with the interim dividend of ¥14 that was already paid. As a result, the payout ratio will be 48.9% on a consolidated basis.

## 2. Information on Group Companies

Tokai Tokyo Financial Group consists of Tokai Tokyo Financial Holdings, Inc., nineteen consolidated subsidiaries and five affiliates.

The Group primarily engages in the trading and brokerage of securities, the underwriting and sales of securities, the subscription and distribution of securities, the offering of private placements and other financial instruments businesses together with those related thereof. The Group provides a broad array of services to meet customer needs for fund-raising and investment purposes through its global networks linking financial and capital markets in Asia, Europe, and the United States.

The Group's structure is summarized in the chart below:





### 3. Management Policy

#### (1) Principal Management Policy

In April 2012, the Group launched a new business plan, “Ambitious 5,” and has been actively implementing its second stage since fiscal year 2014 (the third year of the plan).

#### (2) Current Tasks

The business environment surrounding the Company has been changing incessantly, casting such tests as intensifying competition and aging society.

To address these challenges, the Group launched the business plan “Ambitious 5” in April 2012, and has promoted the plan’s second stage since fiscal year 2014 (the third year of the plan).

In the second stage of the plan, the Group, as a comprehensive financial group with unique strengths, firmly maintained its basic philosophy of introducing new functions to improve customer convenience and expanding its global network with the aim of becoming the “Leading Player in ASIA” by steadily implementing “Ambitious 5.”

##### i. Community & “The Middle” (Specializing in strategic regions and customers):

The Group will formulate sales strategies that fit to the characteristics of each targeted geographic area for expanding business base and eventually establishing a commanding presence and brand in the Chubu region, our home market. The Group will promote sales activity segmenting customers into the groups “The Class,” “The Mature” (customers with a certain level of financial assets and having an appetite for asset management) and “Asset Formation” (customers willing to build up assets toward the future). Also, the Group focuses on the customer loyalty and development, and customer base expansion by providing optimal financial instruments and services that fit the segmented customers.

##### ii. Alliance & Platform (Aggressive expansion of business base):

The Group will further broaden and reinforce the caliber of platform (infrastructure and operational capability securities houses need) that we have developed in the process of operating the existing alliance entities. The Group will provide the better and broader platform services to alliance partners and peer companies in the industry while trying to expand the business base and increase revenues of the entire Group in an effort to become a comprehensive financial group with distinctive competitive edge. The Group will construct an overseas network centering on rapidly growing Asia while reinforcing the functions of the platforms through promotion of its Information and Communication Technology (“ICT”) strategy.

iii. Expertise (Know-how): The Group will raise its ability to propose customer solutions for such matters of concern as inheritance of personal wealth and succession of business and to enhance the skills of its sales staff. Moreover, the Group will further strengthen the competitiveness of our products by improving the feature of its proprietary instruments while enhancing its asset management function, and improve the customer convenience by reinforcing the functions that are used via the Internet. Additionally, the Group will further enhance its differentiating strength in underwriting and selling of bonds. Further, the Group will upgrade its information and services both in quality and scope and expand the global network in order to cultivate overseas investor base.

##### iv. Humanity (A company with a human touch):

The Group will introduce new organizational structure emphasizing teamwork (team evaluation system), and nurture corporate culture with human touch fostering respect for diverse values and lifestyles by promoting individual diversity (appointment of female workers and utilizing personnel of diverse backgrounds). In addition, responding to evolutions of operation, the Group will develop and assign human resources with high expertise in each business field while improving the learning environment and training programs, and strongly support and make utmost use of the upgraded skill of individuals who wish to sharpen their own capabilities.

v. Risk management (Enhancing capability to address risks):

The Group will become better prepared to address various risks by further reinforcing its risk management, crisis management, compliance, governance system and financial base.

With regard to what we have accomplished during FY2014, please refer to the above stated “1. Operating Results and Financial Condition (1) Analysis of Operating Results.” As described here, we will further pursue improving corporate value of the Group by promoting our business plan, “Ambitious 5.”

#### **4. Basic Concept regarding the Selection of Accounting Standards**

The Group engages in the financial instruments business mainly for domestic customers, and 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.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2014	As of March 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	39,529	56,528
Cash segregated as deposits	27,308	26,267
Cash segregated as deposits for customers	26,005	25,105
Cash segregated as deposits for others	1,302	1,161
Trading products	224,158	198,053
Trading securities and other	222,695	195,803
Derivatives	1,463	2,250
Margin transaction assets	49,312	38,758
Loans on margin transactions	44,629	35,985
Cash collateral pledged for securities borrowing on margin transactions	4,682	2,773
Loans secured by securities	218,475	79,468
Cash collateral pledged for securities borrowed	174,949	79,468
Loans on Gensaki transactions	43,526	—
Advances paid	249	95
Short-term guarantee deposits	15,957	9,675
Short-term loans receivable	172	98
Short-term investment securities	—	10
Accrued income	2,013	1,744
Deferred tax assets	1,948	1,283
Other	1,267	3,378
Allowance for doubtful accounts	(48)	(35)
<b>Total current assets</b>	<b>580,345</b>	<b>415,327</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	9,394	8,841
Buildings	2,174	2,034
Equipment	2,019	1,859
Land	5,200	4,947
Intangible assets	2,369	2,130
Software	2,230	1,991
Telephone subscription right	138	139
Investments and other assets	25,160	31,806
Investment securities	21,343	26,786
Long-term guarantee deposits	1,945	1,969
Net defined benefit asset	1,224	2,411
Other	1,957	1,988
Allowance for doubtful accounts	(1,310)	(1,349)
<b>Total noncurrent assets</b>	<b>36,924</b>	<b>42,778</b>
<b>Total assets</b>	<b>617,270</b>	<b>458,106</b>

(Unit: million yen)

	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	76,593	70,125
Trading securities and other	71,969	63,271
Derivatives	4,623	6,854
Trade date accrual	42,284	10,901
Margin transaction liabilities	16,746	10,674
Borrowings on margin transactions	14,753	7,810
Cash received for securities lending on margin transactions	1,992	2,864
Loans payable secured by securities	119,926	4,805
Cash received on debt credit transaction of securities	15,668	3,805
Borrowings on Gensaki transaction	104,258	999
Deposits received	18,435	24,468
Guarantee deposits received	13,987	7,230
Short-term loans payable	132,296	98,228
Short-term bonds payable	7,800	8,300
Current portion of bonds payable	24,155	37,701
Income taxes payable	5,620	2,558
Provision for bonuses	3,444	3,807
Provision for directors' bonuses	109	101
Other	4,843	4,082
<b>Total current liabilities</b>	466,243	282,986
<b>Noncurrent liabilities</b>		
Bonds payable	5,100	6,103
Long-term loans payable	200	7,800
Deferred tax liabilities	718	1,792
Provision for directors' retirement benefits	81	104
Net defined benefit liability	554	547
Other	1,153	1,031
<b>Total noncurrent liabilities</b>	7,808	17,379
<b>Reserves under the special laws</b>		
Reserve for financial products transaction liabilities	288	388
<b>Total reserves under the special laws</b>	288	388
<b>Total liabilities</b>	474,340	300,755
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,000	36,000
Capital Surplus	33,412	33,469
Retained earnings	71,644	82,140
Treasury stock	(3,835)	(3,639)
<b>Total shareholders' equity</b>	137,221	147,970
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,274	3,978
Foreign currency translation adjustment	(218)	69
Remeasurements of defined benefit plans	1,185	2,614
<b>Total accumulated other comprehensive income</b>	3,240	6,663
<b>Subscription rights to shares</b>	104	196
<b>Minority interests</b>	2,362	2,522
<b>Total net assets</b>	142,929	157,351
<b>Total liabilities and net assets</b>	617,270	458,106

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

	(Unit: million yen)	
	Year ended March 31, 2014	Year ended March 31, 2015
<b>Operating revenue</b>		
Commission received	54,939	44,082
Commission to consignees	26,301	19,016
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	921	779
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	21,149	18,105
Other fees received	6,567	6,180
Net trading income	32,775	35,427
Financial revenue	2,831	3,190
<b>Total operating revenue</b>	<b>90,547</b>	<b>82,700</b>
<b>Financial expenses</b>	<b>1,865</b>	<b>1,325</b>
<b>Net operating revenue</b>	<b>88,682</b>	<b>81,374</b>
<b>Selling, general and administrative expenses</b>		
Trading related expenses	13,122	12,194
Personal expenses	28,971	28,002
Real estate expenses	5,911	5,957
Office cost	6,137	6,086
Depreciation	1,941	1,858
Taxes and dues	700	685
Provision of allowance for doubtful accounts	169	26
Other	1,480	1,492
<b>Total selling, general and administrative expenses</b>	<b>58,434</b>	<b>56,303</b>
<b>Operating income</b>	<b>30,248</b>	<b>25,071</b>
<b>Non-operating income</b>		
Dividends income	384	760
Rent income	777	596
Equity in earnings of affiliates	1,708	1,669
Gain on investments in partnership	358	210
Other	191	286
<b>Total non-operating income</b>	<b>3,420</b>	<b>3,522</b>
<b>Non-operating expenses</b>		
Loss on investments in partnership	75	38
Real estate rental costs	135	—
Loss on abandonment of noncurrent assets	—	17
Other	52	14
<b>Total non-operating expenses</b>	<b>262</b>	<b>69</b>
<b>Ordinary income</b>	<b>33,405</b>	<b>28,524</b>

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	555	—
Gain on sales of investment securities	275	708
Gain on changes in equity	894	—
Gain on sales of shares of subsidiaries and associates	334	—
Gain on negative goodwill	20	—
Gain on reversal of subscription rights to shares	—	1
<b>Total extraordinary income</b>	<b>2,081</b>	<b>710</b>
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	27	84
Impairment loss	—	28
Loss on sales of investment securities	22	8
Loss on valuation of securities	30	51
Loss on valuation of golf club membership	—	0
Loss on cancellation of contracts	—	63
Provision of reserve for financial products transaction liabilities	100	100
<b>Total extraordinary loss</b>	<b>180</b>	<b>338</b>
<b>Income before income taxes and minority interests</b>	<b>35,307</b>	<b>28,896</b>
<b>Income taxes-current</b>	<b>10,675</b>	<b>9,328</b>
<b>Income taxes-deferred</b>	<b>1,234</b>	<b>813</b>
<b>Total income taxes</b>	<b>11,909</b>	<b>10,141</b>
<b>Income before minority interests</b>	<b>23,397</b>	<b>18,754</b>
<b>Minority interests in net income</b>	<b>154</b>	<b>254</b>
<b>Net income</b>	<b>23,243</b>	<b>18,499</b>

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
<b>Income before minority interests</b>	23,397	18,754
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,088	1,706
Foreign currency translation adjustment	437	288
Remeasurements of defined benefit plans	—	1,429
Total other comprehensive income	1,525	3,424
<b>Comprehensive income</b>	24,923	22,178
<b>(Comprehensive income attributable to)</b>		
Owners of the parent	24,768	21,921
Minority interests	154	256

(3) Consolidated Statements of Changes in Net Assets  
Year ended March 31, 2014 (Fiscal 2013)

(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	33,282	56,342	(4,207)	121,416
Cumulative effects of changes in accounting policies					—
Restated balance	36,000	33,282	56,342	(4,207)	121,416
Changes of items during the period					
Dividends from surplus			(7,941)		(7,941)
Net income			23,243		23,243
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		130		376	507
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	130	15,302	372	15,805
Balance at the end of current period	36,000	33,412	71,644	(3,835)	137,221

	Accumulated other comprehensive income				Subscription rights to shares	Minority 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	1,186	(656)	—	530	114	335	122,397
Cumulative effects of changes in accounting policies							—
Restated balance	1,186	(656)	—	530	114	335	122,397
Changes of items during the period							
Dividends from surplus							(7,941)
Net income							23,243
Purchase of treasury stock							(4)
Disposal of treasury stock							507
Net changes of items other than shareholders' equity	1,087	437	1,185	2,710	(10)	2,026	4,727
Total changes of items during the period	1,087	437	1,185	2,710	(10)	2,026	20,532
Balance at the end of current period	2,274	(218)	1,185	3,240	104	2,362	142,929



Year ended March 31, 2015 (Fiscal 2014)

(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	33,412	71,644	(3,835)	137,221
Cumulative effects of changes in accounting policies			(557)		(557)
Restated balance	36,000	33,412	71,086	(3,835)	136,664
Changes of items during the period					
Dividends from surplus			(7,445)		(7,445)
Net income			18,499		18,499
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		56		198	255
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	56	11,053	195	11,306
Balance at the end of current period	36,000	33,469	82,140	(3,639)	147,970

	Accumulated other comprehensive income				Subscription rights to shares	Minority 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	2,274	(218)	1,185	3,240	104	2,362	142,929
Cumulative effects of changes in accounting policies							(557)
Restated balance	2,274	(218)	1,185	3,240	104	2,362	142,371
Changes of items during the period							
Dividends from surplus							(7,445)
Net income							18,499
Purchase of treasury stock							(2)
Disposal of treasury stock							255
Net changes of items other than shareholders' equity	1,704	288	1,429	3,422	91	159	3,673
Total changes of items during the period	1,704	288	1,429	3,422	91	159	14,980
Balance at the end of current period	3,978	69	2,614	6,663	196	2,522	157,351

## (4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	35,307	28,896
Depreciation	1,941	1,858
Gain on negative goodwill	(20)	—
Equity in (earnings) losses of affiliates	(1,708)	(1,669)
Increase (decrease) in net defined benefit liability	(314)	(25)
Increase (decrease) in provision for directors' retirement benefits	11	22
Increase (decrease) in allowance for doubtful accounts	169	26
Interest and dividend income	(3,216)	(3,951)
Interest expenses	1,865	1,325
Loss (gain) on valuation of investment securities	30	51
Loss (gain) on sale of investment securities	(253)	(700)
Loss (gain) on sales of shares of subsidiaries and associates	(334)	—
Loss (gain) on sales of noncurrent assets	(527)	84
Loss on valuation of golf club memberships	—	0
Loss (gain) on change in equity	(894)	—
Impairment loss	—	28
Gain on reversal of subscription rights to shares	—	(1)
Decrease (increase) in cash segregated as deposits for customers	(4,450)	899
Decrease (increase) in cash paid for offering	238	—
Decrease (increase) in trading products -assets	(20,757)	26,105
Increase (decrease) in trading products -liabilities	(17,362)	(6,467)
Decrease (increase) in assets for margin transaction	(17,734)	10,553
Increase (decrease) in liabilities for margin transaction	(2,088)	(6,071)
Decrease (increase) in loans secured by securities	51,092	139,007
Increase (decrease) in borrowings secured by securities	(33,740)	(115,121)
Increase (decrease) in deposits received	(140)	5,986
Increase (decrease) in guarantee deposits received	8,564	(6,756)
Decrease (increase) in other assets	(7,159)	4,700
Increase (decrease) in other liabilities	8,607	(31,674)
<b>Subtotal</b>	<b>(2,878)</b>	<b>47,108</b>
Interest and dividends income received	3,143	4,320
Interest expenses paid	(1,866)	(1,381)
Income taxes paid	(13,099)	(12,301)
<b>Net cash provided by (used in) operating activities</b>	<b>(14,701)</b>	<b>37,746</b>

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(813)	(632)
Proceeds from sales of property, plant and equipment	18	293
Purchase of intangible assets	(392)	(665)
Purchase of investment securities	(461)	(2,089)
Proceeds from sales of investment securities	875	1,229
Purchase of shares of subsidiaries and associates	—	(168)
Proceeds from sales of shares of subsidiaries and associates	1,050	—
Payments for guarantee deposits	(88)	(126)
Proceeds from collection of guarantee deposits	178	101
Proceeds from sales of investments in real estates	4,892	—
Other, net	193	(157)
<b>Net cash provided by (used in) investing activities</b>	<b>5,452</b>	<b>(2,214)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(9,955)	(34,281)
Proceeds from long-term loans payable	—	7,800
Repayments of long-term loans payable	(3,640)	—
Proceeds from issuance of short-term bonds	42,200	45,700
Redemption of short-term bonds	(44,400)	(45,200)
Proceeds from issuance of bonds	31,035	41,535
Redemption of bonds	(9,978)	(26,987)
Proceeds from share issuance to minority shareholders	4,311	—
Proceeds from exercise of stock option	417	212
Net decrease (increase) in treasury stock	(4)	(2)
Purchase of treasury shares of subsidiaries	(16)	—
Cash dividends paid	(7,941)	(7,445)
Repayments to minority shareholders	—	(28)
Payments of cash dividends to minority shareholders	(1)	(11)
Other, net	(162)	(228)
<b>Net cash provided by (used in) financing activities</b>	<b>1,864</b>	<b>(18,937)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>505</b>	<b>304</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,878)</b>	<b>16,898</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>48,491</b>	<b>39,141</b>
<b>Increase (or decrease) in cash and cash equivalents due to changes in the scope of consolidated subsidiaries</b>	<b>(2,472)</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>39,141</b>	<b>56,039</b>

- (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: 19 companies (As at the end of the consolidated fiscal year under review)

Principal consolidated subsidiaries:

Tokai Tokyo Securities Co., Ltd.  
Utsunomiya Securities Co., Ltd.  
Tokai Tokyo Asset Management Co., Ltd.  
Tokai Tokyo-Sumishin Wealth Partners & Consulting Co., Ltd.  
Tokai Tokyo Investment Co., Ltd.  
Tokai Tokyo Research Center Co., Ltd.  
Tokai Tokyo Academy Co., Ltd. Tokai Tokyo Services Co., Ltd.  
Tokai Tokyo Service Co., Ltd  
Tokai Tokyo Business Service Co., Ltd.  
Tokai Tokyo Securities (Asia) LTD.  
Tokai Tokyo Securities Europe Limited  
Tokai Tokyo Securities (USA), Inc.  
Tokai Tokyo Investment Management Singapore 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

In the consolidated fiscal year under review, TTAM Residence Godo Kaisha (Limited Liability Company) was excluded from the scope of consolidation following the liquidation in October 2014.

2) Application of equity method

Major affiliates to which the equity method is applied: five 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.  
PHILLIP TOKAI TOKYO INVESTMENT MANAGEMENT PTE. LTD.

In the consolidated fiscal year under review, PHILLIP TOKAI TOKYO INVESTMENT MANAGEMENT PTE. LTD. has been included in the scope of equity method-applied affiliates since March 2015.

3) Fiscal period of consolidated subsidiaries

The closing date is December 31 for the 10 consolidated subsidiaries that include Tokai Tokyo Securities (Asia) LTD., Tokai Tokyo Securities Europe Limited, Tokai Tokyo Securities (USA), Inc., Tokai Tokyo Investment Management Singapore 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 and Asia-Pacific Rising Master Fund Limited. The closing date for the other nine consolidated subsidiaries is March 31. With respect to the subsidiaries with a fiscal year ended other than March 31, their financial statement closings were made as of each respective closing date for the consolidation after making the necessary consolidation adjustments regarding the significant matters that had taken place between such respective closing dates and the consolidated 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 amortized under the declining-balance method. However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998.

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.

(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:

Accrued bonuses are appropriated for bonus payments to employees based on the estimated future payments computed by methods set out by the Company and its domestic consolidated subsidiaries.

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 policies for net defined benefit assets and net defined benefit liabilities

The Company and its domestic consolidated subsidiaries record an allowance for retirement benefits for employees, which is recognized as having been incurred at the end of the consolidated fiscal year under review, 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

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.

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.

(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) Accounting for consumption taxes

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

(x) Adoption of consolidated tax return system

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

(xi) 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.

(Change in Accounting Policies)

(Application of the Accounting Standard for Retirement Benefits and its Guidance)

Effective from the consolidated fiscal year ended March 31, 2015, the Company and its domestic consolidated subsidiaries applied the provisions set forth in Clause 35 of the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter, the “Accounting Standard for Retirement Benefits”) and Clause 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter, the “Guidance on Retirement Benefits”). Based on these provisions, the Company and its domestic consolidated subsidiaries revised the calculation method for retirement benefit obligations and service costs. Specifically, the method of attributing expected benefit to periods was changed from a straight-line method to a benefit formula method and the calculation method for discount rate was changed from a method using the average remaining service period as a basis to a yield curve equivalent approach.

The application of the Accounting Standard for Retirement Benefits, etc., is subject to the transitional accounting treatment set forth in Clause 37 of the Accounting Standard for Retirement Benefits. The effect of the change in the calculation method of retirement benefit obligations and service costs was reflected in Retained earnings at the beginning of the consolidated fiscal year under review.

As a result, as of April 1, 2014, net defined benefit assets and retained earnings decreased by ¥862 million and ¥557 million, respectively. Furthermore, each of Operating income, Ordinary income and Income before income taxes and minority income for the consolidated fiscal year under review decreased by ¥58 million, due to the change in the calculation method of service costs.

(Consolidated Statements of Changes in Net Assets)

FY 2014 (April 1, 2014 to March 31, 2015)

1) Outstanding shares

Type of Shares	As of March 31, 2014	Increase	Decrease	As of March 31, 2015
Common stock (Shares)	280,582,115	—	—	280,582,115

2) Treasury stocks

Type of Shares	As of March 31, 2014	Increase	Decrease	As of March 31, 2015
Common stock (Shares)	14,685,238	3,380	759,089	13,929,529

Notes: 1. The increase in treasury stock (common stock) is attributable to the purchase of fractional shares.

2. The decrease in treasury stock (common stocks) is attributable to the transfer of 759,000 shares in lieu of issuing new shares, following the exercise of stock options and to the sale of 89 shares of fractional shares.

3) Information regarding subscription rights to shares

Company Name	Item	Balance as of March 31, 2015 (million yen)
The Company	Stock options	196
Total		196

4) Dividends

(i) Dividend payment

Resolution	Type of Shares	Total cash dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 27, 2014 Ordinary General Meeting of Shareholders	Common stock	3,722	14.00	March 31, 2014	June 30, 2014
October 31, 2014 Meeting of the Board of Director	Common stock	3,723	14.00	September 30, 2014	November 28, 2014

(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 26, 2015 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	5,333	20.00	March 31, 2015	June 29, 2015

Note: The breakdown of the dividend per share is 16.00 yen as the ordinary dividend and 4.00 yen as the commemorative dividend.

(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, 2014	Year ended March 31, 2015
Cash and deposits		
Time deposits to be matured in 3 months or longer	39,529 (387)	56,528 (488)
Cash and cash equivalents	39,141	56,039

(Segment Information)

For the consolidated fiscal year ended March 31, 2014

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, 2015

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, 2014		Year ended March 31, 2015
Net assets per share	528.26 yen	Net assets per share	579.91 yen
Net income per share	87.68 yen	Net income per share	69.51 yen
Diluted net income per share	87.21 yen	Diluted net income per share	69.33 yen

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

	Year ended March 31, 2014	Year ended March 31, 2015
Total net assets (million yen)	142,929	157,351
Amount to be deducted from total net assets (million yen)	2,466	2,718
(Subscription rights to shares (million yen))	(104)	(196)
(Minority interests (million yen))	(2,362)	(2,522)
Net assets associated with common stock at the end of the year (million yen)	140,462	154,633
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)	265,896	266,652



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

	Year ended March 31, 2014	Year ended March 31, 2015
Net income per share		
Net income (million yen)	23,243	18,499
Amount not belonging to common stock (million yen)	—	—
Net income belonging to common stock (million yen)	23,243	18,499
Average number of shares of common stock outstanding during the year (thousand shares)	265,101	266,140
Diluted net income per share		
Adjusted net income (million yen)	—	—
Increase in common stock (thousand shares)	1,416	687
(Subscription rights to shares (thousand shares))	(1,416)	(687)
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 5 stock subscription rights 979,000 shares	Category of dilutive stocks; Number of dilutive stocks to be caused by stock subscription rights, if exercised  Series 5 stock subscription rights 971,000 shares Series 6 stock subscription rights 1,092,000 shares

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

(Material Subsequent Events)

None

## 6. Supplementary Information

### (1) Breakdown of Commissions and Trading profit and loss

#### ① Commission received

##### ( i ) By item

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	26,301	19,016	(7,284)	(27.7) %
Stocks	25,671	18,318	(7,352)	(28.6)
Bonds	35	20	(15)	(41.8)
Beneficiary certificates	593	676	82	13.9
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	921	779	(141)	(15.4)
Stocks	614	433	(181)	(29.5)
Bonds	306	346	39	13.0
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	21,149	18,105	(3,043)	(14.4)
Beneficiary certificates	21,087	18,049	(3,037)	(14.4)
Other fees received	6,567	6,180	(387)	(5.9)
Beneficiary certificates	4,807	4,656	(150)	(3.1)
<b>Total</b>	<b>54,939</b>	<b>44,082</b>	<b>(10,857)</b>	<b>(19.8)</b>

##### ( ii ) By product

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Yr/Yr	
			Increase (Decrease)	% change
Stocks	26,454	18,900	(7,554)	(28.6) %
Bonds	416	440	24	5.8
Beneficiary certificates	26,487	23,381	(3,105)	(11.7)
Others	1,580	1,359	(221)	(14.0)
<b>Total</b>	<b>54,939</b>	<b>44,082</b>	<b>(10,857)</b>	<b>(19.8)</b>

#### ② Net trading income

(Unit: million yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Yr/Yr	
			Increase (Decrease)	% change
Stocks	10,484	16,732	6,247	59.6 %
Bonds and Forex	22,291	18,695	(3,595)	(16.1)
<b>Total</b>	<b>32,775</b>	<b>35,427</b>	<b>2,651</b>	<b>8.1</b>

## (2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2014				
	1st quarter Apr. 1, 2014 - Jun. 30, 2014	2nd quarter Jul. 1, 2014 - Sep. 30, 2014	3rd quarter Oct. 1, 2014 - Dec. 31, 2014	4th quarter Jan. 1, 2015 - Mar. 31, 2015	Total of FY 2014 Apr. 1, 2014 - Mar. 31, 2015
Operating revenues					
Commissions received	10,940	10,697	11,844	10,599	44,082
Commission to consignees	4,240	5,228	4,840	4,707	19,016
(Stocks)	4,103	5,132	4,626	4,454	18,318
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	130	171	223	254	779
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,952	3,790	5,269	4,092	18,105
(Beneficiary certificates)	4,922	3,779	5,262	4,084	18,049
Other fees received	1,618	1,507	1,510	1,544	6,180
(Beneficiary certificates)	1,159	1,160	1,167	1,168	4,656
Net trading income	7,263	8,269	11,035	8,858	35,427
(Stocks)	1,917	4,267	5,761	4,785	16,732
(Bonds and Forex)	5,346	4,001	5,273	4,073	18,695
Financial revenues	1,061	755	827	544	3,190
Total operating revenue	19,266	19,722	23,707	20,005	82,702
Financial expenses	390	395	309	230	1,325
Net operating revenue	18,876	19,326	23,398	19,772	81,374
Selling, general and administrative expenses					
Trading related expenses	2,715	2,618	3,451	3,407	12,194
Personnel expenses	6,960	6,667	7,391	6,982	28,002
Real estate expenses	1,491	1,497	1,468	1,500	5,957
Office cost	1,457	1,524	1,500	1,603	6,086
Depreciation	441	468	471	477	1,858
Taxes and dues	142	173	187	182	685
Provision of allowance for doubtful accounts	-	-	-	26	26
Other	424	368	336	361	1,492
Total selling, general and administrative expenses	13,634	13,317	14,808	14,542	56,303
Operating income	5,241	6,008	8,590	5,230	25,071
Non-operating income	1,033	691	731	1,065	3,522
Equity in earnings of affiliates	363	381	497	427	1,669
Other	670	310	234	638	1,853
Non-operating expenses	2	44	5	17	69
Other	2	44	5	17	69
Ordinary income	6,272	6,656	9,317	6,277	28,524
Extraordinary income	-	7	-	702	710
Extraordinary loss	28	24	27	257	338
Income before income taxes and minority interests	6,244	6,638	9,289	6,723	28,896
Income taxes-current	991	2,613	2,376	3,347	9,328
Income taxes-deferred	975	(306)	784	(640)	813
Income before minority interests	4,277	4,331	6,128	4,016	18,754
Minority interests in net income	5	105	126	17	254
Net income	4,271	4,226	6,002	3,998	18,499