ANNUAL REPORT 2012

For the Fiscal Year Ended March 31, 2012

TOKAI TOKYO FINANCIAL HOLDINGS, INC.

Profile

Tokai Tokyo Financial Holdings, Inc. is the holding company of the Tokai Tokyo Financial Group, centered on Tokai Tokyo Securities Co., Ltd. As a holding company, Tokai Tokyo Financial Holdings operates and manages the group companies and seeks to enhance their value by promoting its regional and alliance strategies -both vital for the group- toward a new era of the financial industry.

As of March 31, 2012, the Tokai Tokyo Financial Group consists of Tokai Tokyo Financial Holdings, 13 subsidiaries and three equity method affiliates in Japan, and four overseas subsidiaries. The group focuses on the securities business and provides financial products, services, and solutions that meet the needs of customers.

Contents

Financial Highlights

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		**2012**	
Total revenues	**¥**	**52,632**	¥	52,403	**$**	**640,366**
Operating income		**3,363**		3,089		**40,924**
Net income		**2,546**		4,318		**30,973**
Total assets		**641,216**		664,376		**7,801,632**
Total equity		**110,259**		113,015		**1,341,521**
Per share of common stock	Yen				U.S. dollars	
Basic net income	**¥**	**9.45**	¥	15.50	**$**	**0.12**
Cash dividends applicable to the year		**8.00**		8.00		**0.10**

Note: U.S. dollar amounts are translated for convenience only at the rate of ¥82.19=U.S.$1.00.

To our shareholders

I thank you for your continuing support you have been so kindly affording to us.

I am now pleased to announce the performance overview of Tokai Tokyo Financial Group in the fiscal year of 2011 that ended in March 2012.

First, during the year, we made the Consolidated Total revenues of ¥52,632 million, and Operating income of ¥3,363 million. As a result, we fared 0.4% and 8.9% better respectively in comparison with each one of those two figures of a year ago. With respect to Net income for the year, however, we posted ¥2,546 million, which stands 41.1% less than what we made a year ago and the reduction, I think, is attributable to the following facts of special nature. 1) In the previous year, Income taxes - current were significantly reduced by the loss carried-forward associated with the merger between Tokai Tokyo Securities and Toyota Financial Services Securities that took effect on April 5, 2010. 2) The payment due for Income taxes - deferred for the year increased as a consequence of the reversal of Provision for Deferred Tax Assets that was booked in the previous year.

Looking back on the year, I would say that the market remained in a very stern situation during the first 3 quarters due to the debt crisis in Europe and slowed down Chinese economy. In the last quarter, however, we witnessed the correction of Yen appreciation and the rise of stock that were assisted by the mitigation of anxiety over Europe and the announcement of BOJ's additional quantitative monetary easing as well. We, the group, were able to enjoy the benefit of the 4th quarter market turn-around. But, I should say with a little sense of pride that the environmental factors alone does not earn whole credit for the result. Our persistent endeavor under "TT Revolution", the 3-Year management plan of the group, also, made the difference somewhat in a recognizable manner.

Now, with the former management plan completed in March 2012, we started being engaged in "Ambitious 5", the new management plan in April this year. On the basis of what we have accomplished in the course of the execution of "TT Revolution", we will strive to establish securely the status of the financial service group that suits to and changes with the times. We would appreciate your continuing support.

Tateaki Ishida
President & CEO

Review on the Fiscal 2011 that ended in March 2012

Operational diversification continues and upgraded productivity stabilizes revenue generation.

I am glad to report that we have managed to weather harsh environment and achieve the performance more constantly throughout the year than most peers have done. Over the years, we have undertaken the tasks like business mix overhaul and product line expansion in order to diversify revenue sources because we consider the revenue diversification a crucial key to found the group's stable revenue making capability. Now, I would say that we are being rewarded for the endeavor as manifested by the result of the fiscal 2011 that I have just briefed on.

In addition, we have persistently tackled with the operational efficiency improvement such as close examination and correction of poorly faring areas of operation as well as the expedient introduction of advanced Information and Communication Technology (ICT). I am sure that the progress of such efficiency improvement, too, helped us to uphold the performance.

One more comment I must add is that we have completed the system integration between Tokai Tokyo Securities and Toyota Financial Services Securities which were merged in April 2010. We will continue to further streamline our operation and upgrade our service quality by fully capitalizing on this system integration.

With respect to our organization, we consummated the reorganization effective April 1 2012 simultaneously with the new management plan launch. Before the reorganization, we used to assign two separate business units for customer handling, one for personal accounts and the other for corporate accounts. Under the new structure, we set up one business unit each for the regions of Central, East and West and all such regional business units now take care of both personal and corporate clients. Further, we established the Direct Channel Business Unit that deals primarily with transactions via Internet and call center.

5-Year Outlook for business environment and the matching strategy

Aiming to establish competitive edge in regional businesses by driving "Alliance Strategy"

We had pursued business foundation expansion and profitability improvement in our day-to-day operation under "TT Revolution", the former 3-year management plan concluded in the past March. Assessing our quantitative performance against the targets set up under the plan, we were not able to achieve any one of those due to materially adverse effects brought by worsened market. We, however, had made progress in various strategies, most significantly, in "Alliance Strategy" that underpins our growth strategy as core engineering force. For instance, all three J/V securities operations are performing well. Such J/V entities were initiated by bi-lateral joint equity contribution by our group and each one the three banks that include Yamaguchi Financial Group, Bank of Yokohama and Nishi-Nippon City Bank. Another move we made in the Fiscal 2011 is the beginning of the financial instruments intermediary service in September whereby we, Tokai Tokyo Securities, operate as the financial instruments business operator entrusted by Chukyo Bank.

Formulate the business plan that meets the times and become a leading player in Asia

We have thus far strived after the evolution to elevate ourselves to the financial service group that can withstand and prevail even in harsh economic and competitive circumstances with securities brokerage firm as our core operating body. We had made such strife under "TT Revolution", our 3-year management plan that we started in April 2009 as the second stage efforts designed to upgrade us to "The Premier House". With the completion of "TT Revolution" in March 2012, we initiated in April the new management plan, which is "Ambitious 5".

We consider that the world market now faces its structural change of historic proportion and securities brokerage business is being tested if it can satisfy what the new times ask for. I believe that our business does not lose its important role it plays in the future society. But, I am sure that we are required to develop constantly appropriate business models with a long-term perspective as times change.

Under the plan, "the Ambitious 5", we will keep focusing on the enhancement of each geographic market with Chubu region as our core. We will build a new business model for advanced stage of corporate activity by fully using the infrastructure and the capability required of securities company operation that we have acquired in the implementation process of "TT Revolution". This is how we ultimately aim to become a "Leading Player in ASIA".

The new management plan, "Ambitious 5"
~ Further develop and enhance our strength in five areas ~

We will develop and enhance the resources in the following 5 areas in the quest for the completion of "Ambitious 5". That is to say, (1) Community & the Middle; the strategic focus on geographic regions and customer segments, (2) Alliance & Platform; the aggressive expansion of operational foothold, (3) Expertise; acquiring and improving professional skills, (4) Humanity; respecting and promoting warmhearted corporate culture and (5) Risk management; fortifying capability to deal with crisis. We set out below the further details of the subject five areas.

(1) Community & the Middle;

We intend to establish overwhelming presence in our home field market, Chubu area, as well as to expand the geographic territory by executing promotion measures suitable to the region's market characteristics. At the same time, we designated two groups of customers, the Middle and the Class as our higher prioritized and thus more focused segments for growth. The former includes mid-sized businesses and their owners while the latter does wealthy clients.

(2) Alliance & Platform;

This is the area of our endeavor we design to differentiate us from the competition by the maximum use of our competitive edge over the rivals. We want to further strengthen and enrich our ability to offer product and information, and upgrade the operating platform that are considered essential infrastructure to securities firm operation such as compliance structure and ICT. Our ultimate purpose of the endeavor is to reinforce our business foundation and to expand profit generating opportunity by providing the above mentioned boosted resources to jointly operating entities, acquired operations by M&A and other securities firms.

(3) Expertise;

We develop our original products and enhance and sharpen the related services and skills to meet the expectations of customers. We do fully understand that we cannot keep our customers and business partners pleased unless we incessantly provide high quality products and services. We are keenly aware too that we must develop and offer products and services swiftly and timely capturing the change of times.

(4) Humanity;

We hold high respect for the individuality of employees and we encourage them to elevate their career potentials and brush-up their originalities both independently. While inducing our employees to help themselves add more values to themselves, we introduce the internal career path options that the employees can choose depending on their respective skills and needs for work. The purpose of this attempt is to set up flexible employment practice. Also, we endorse various off-work activities like internal club that employees voluntarily participate to cultivate their individualities. As one such symbolic move of our group, we accepted a certain nationally known athlete as an employee and started supporting activities to help the athlete perform better in future competition. We hope that all of us in the group offer cheering to the athlete and we, in return, are given lifted spirit.

(5) Risk management;

We keep our organization ready to cope with various crises that may occur in present days of violent turbulence. Toward that end, we further enlarge the caliber of risk management and compliance infrastructure and strengthen the financial base of the group.

The Focused Task for the Fiscal Year Ending in March 2013

Raise employees' awareness thoroughly by making management determination fully known to them

During the fiscal year ending in March 2013, the first operating year under the new management plan, we will permeate the employees adequately with the essence of "Ambitious 5" within our group. In other words, we consider it the most imperative to promulgate management policy to every single employee of the group. Further, we will make the group's vision better known to our clients and market participants through PR and IR activities as well as communication and information sharing with employees. Then, we find it important to employ various matching measures for each area of the plan on top of what we will have accomplished through the aforementioned endeavors.

We understand that the passage to our aim, "Leading Player in ASIA" is not an easy one. We, nonetheless, firmly believe that the aim stands within our reasonable reach so long as we keep steadily and persistently executing the measures specified under the plan, "Ambitious 5". Although we may face market turbulence that lasts for a while, we will drive strategies and establish brand image both uniquely our own in order to survive as a promising financial service group.

Operating Result for fiscal 2011

Operating Environment

During the consolidated fiscal year under review (April 1, 2011 to March 31, 2012), the Japanese economy recovered moderately since May as supply chains that were once in disruption due to the Great East Japan Earthquake recovered more rapidly than expected. But, after the summer, the concerns over an economic slowdown grew facing such factors as monetary tightening in emerging countries, appreciating yen, floods in Thailand and worsening debt crisis in Europe as well. Then, from the year-end to the early months this year, domestic demand picked up assisted by such boosters as robust sales during year-end shopping season, activated reconstruction demand, resumption of tax incentive for Eco Cars. The outlook brightened further with the Quantitative Monetary Easing by the Bank of Japan in February 2012 as well as temporary lull in the debt crisis in Europe. However, the upward swing was not strong enough to sweep away uncertainties amid the adversities like announcement of downward corporate revenues primarily by export-oriented firms, and lasting months of trade deficits resulted from higher imports of fossil fuels for thermal power generation to replace halted nuclear power generation.

Regarding the stock market, the Nikkei Stock Average, starting at the 9,700-yen level in April 2011, reached 10,207 yen on July 8, as restoration from the earthquake progressed and U.S. stock prices rose. However, as the financial crisis in Europe began worsening in July and as the U.S. dollar fell to the level of 75 yen toward the end of October 2011, the index plunged momentarily to 8,135 yen on November 25. Global stock markets then soared dramatically and restored confidence as the central banks of Japan, the United States and Europe each provided abundant liquidity to respective market. In Japan, following the announcement of the additional Quantitative Monetary Easing by the Bank of Japan on February 14, 2012, the appreciation of the yen eased and the Nikkei Average started rising and reached 10,255 yen on March 27 and closed the fiscal year at 10,083 yen. The daily average transaction value on the First Section of the Tokyo Stock Exchange during the full fiscal 2011 was ¥1,285.3 billion, down 16% from ¥1,532.4 billion in the previous fiscal year.

On the other hand, the yield on the 10-year JGB, the benchmark for long-term interest rates in the bond markets, had continued to drop (meaning higher bond prices) since April 2011 when it was at 1.20%, reflecting economic deceleration and investors' aversion to risk and it eventually slipped down to around 1.0% after August. Even into early 2012, investors remained risk averse in view of the yen appreciation and strong stock market and thus dragged the yield on the 10-year JGB to 0.985% by the end of the fiscal year.

Under these circumstances, Tokai Tokyo Securities Co., Ltd. (hereinafter "Tokai Tokyo Securities"), the core company of the Group, opened "Premier Salon Toyota" in Toyota City, Aichi Prefecture, in July 2011 to attract affluent customers in the Mikawa region of the prefecture. Meanwhile, Tokai Tokyo Securities reviewed its branch network to streamline its sales operations, and closed the unmanned sales office located inside the Meglia Fujioka Store in July 2011 for better efficiency. Also, Tokai Tokyo Securities started a new financial instruments intermediary operation jointly with The Chukyo Bank, Ltd. (hereinafter, "Chukyo Bank") in September 2011, whereas Chukyo Bank handles financial instruments such as foreign securities and structured bonds and we, Tokai Tokyo Securities, provide those products. Furthermore, in an alliance with Hoken No Madoguchi Group Inc., Tokai Tokyo Securities opened a special counter in April 2012 dedicated to offer insurance advice services inside its Shin-Urayasu Branch. Regarding systems, following the merger of Tokai Tokyo Securities and Toyota Financial Services Securities Corporation in April 2010, the systems of both companies used to be run separately in the beginning, but they were integrated in January 2012 into the one Tokai Tokyo Securities runs. This enables Tokai Tokyo Securities to improve customer services and help them cut cost and improve business efficiency.

In an alliance strategy (strategic partnerships), Nishi-Nippon City Tokai Tokyo Securities Co., Ltd., a company jointly established by the Company and The Nishi-Nippon City Bank, Ltd., opened the Kokura Satellite Booth (May 2011), Kurume Branch (June 2011) and Iizuka Branch (November 2011). Furthermore, Hamagin Tokai Tokyo Securities Co., Ltd., the company jointly established by the Company and The Bank of Yokohama, Ltd., set up the Mizonokuchi Branch and Consulting Booth Kamakura in October and November respectively.

The Group implemented structural reforms effective April 1, 2012. In particular, Tokai Tokyo Securities abolished the Retail Business Unit and Investment Banking Business Unit, and instead established business unit for each region of Chubu, Higashi-nihon and Nishi-nihon to serve both retail and corporate customers altogether. In addition, the organization was changed in order to achieve the business plan “Ambitious 5” (April 2012 to March 2017) which started in April 2012, and the change includes setting up a Direct Channel Business Unit to handle mainly transactions via the Internet and through the call center.

Analysis of Operating Result (The figures quoted here are all on consolidated basis.)
Under these circumstances, the Group’s consolidated operating results for the fiscal year ended March 31, 2012 were as follows: Total revenues were ¥52,632 million, up 0.4% year on year; Net revenues stood at ¥50,756 million, a drop of 0.1% from the same period a year earlier; and Selling, general and administrative expenses were ¥47,393 million, a fall of 0.6% year on year. Therefore, Operating income was ¥3,363 million, up 8.9% year on year; and Net income was ¥2,546 million, down 41.1%.

(Commissions)
In the consolidated fiscal year under review, Commissions declined 5.0% year on year, to ¥24,191 million, comprising the following:

(i) Brokerage
The stocks brokerage volume handled by Tokai Tokyo Securities, a consolidated subsidiary of the Company, was 2,361 million shares, a decline of 4.3% year on year, whereas the stock brokerage amount was ¥1,184.8 billion, a decline of 13.5% year on year. As a result, stock brokerage commissions earned by the Group decreased, whereas overall brokerage commissions were ¥6,006 million, a drop of 23.0% year on year.
(ii) Underwriting and distribution
The group recorded Underwriting and distribution commission of ¥12,136 million, an increase of 3.8% from the previous year. The Distribution commission for most part was earned from investment trust.
(iii) Other
Other commissions were ¥6,049 million, an increase of 1.2% from the preceding year. Most of this amount was attributable to agency commission from investment trusts.

(Net gain on trading)
In the fiscal year under review, Net gain on trading of stocks increased from the previous year, reflecting strong trading activities of foreign stocks continuing from the previous fiscal year. Net

gain on trading of bonds and foreign exchanges also increased. As a result, Net gain on trading totaled ¥25,594 million, up 7.0%.

(Net interest and dividend income)

In the fiscal year under review, Interest and dividend income was ¥2,847 million, down 6.1% from the previous year. Meanwhile, Interest expense rose 15.9%, to ¥1,876 million. Hence, Net interest and dividend income was ¥971 million, a decrease of 31.3%.

(Selling, general and administrative expenses)

Selling, general and administrative expenses for the consolidated fiscal year under review were ¥47,393 million, down 0.6% year on year. Of that amount, Employees' compensation and benefits remained at ¥22,708 million, a decrease of 1.1% year on year; Brokerage and other commissions amounted to ¥4,157 million, down 9.0%; Real estate expenses fell 1.5% year on year, to ¥5,959 million; and Data processing and office supplies increased 15.8% year on year, to ¥5,803 million.

(Other income and expenses)

In the year under review, the most significant item of Other income was Rent income, representing ¥662 million. Likewise the biggest item of Other expenses was Net loss on sales and devaluation of investment securities, amounting to ¥466 million.

Consolidated Financial Statements

Tokai Tokyo Financial Holdings, Inc.
and Consolidated Subsidiaries

Year ended March 31, 2012
with Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Nagoya Daiya Building 3-goukan
13-5, Meieki, 3-chome, Nakamura-ku
Nagoya, Aichi 450-8530
Japan
Tel:+81 (52) 565 5511
Fax:+81 (52) 569 1394
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokai Tokyo Financial Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Tokai Tokyo Financial Holdings, Inc. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokai Tokyo Financial Holdings, Inc. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2012

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheets

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

As of March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
ASSETS			
Cash on hand and in banks (Notes 3, 7 and 14):			
Cash and time deposits	¥ 43,701	¥ 62,243	$ 531,710
Cash segregated as deposits related to securities transactions	18,395	19,095	223,809
	62,096	81,338	755,519
Collateralized short-term financing agreements (Note 14):			
Deposits paid for securities borrowed	221,156	234,168	2,690,791
Loans under resell agreements	57,706	79,904	702,109
	278,862	314,072	3,392,900
Trading assets (Note14):			
Trading securities (Notes 4 and 7)	181,580	172,241	2,209,271
Derivative assets (Note 5)	16,891	4,583	205,510
	198,471	176,824	2,414,781
Receivables:			
Receivables from brokers, dealers and clearing organizations (Note 14)	35,005	14,828	425,903
Receivables from customers	287	456	3,487
Receivables related to margin transactions (Note 14)	24,405	30,017	296,938
Other	2,092	3,643	25,451
	61,789	48,944	751,779
Less: allowance for doubtful accounts	(19)	(36)	(230)
	61,770	48,908	751,549
Short-term investment securities (Notes 4 and 14)	100	100	1,220
Investment securities (Notes 4 and 14)	9,319	10,277	113,382
Investments in associated companies (Note 14)	5,983	5,624	72,793
Deferred tax assets (Note 12)	2,138	2,920	26,013
Other assets:			
Property and equipment (Notes 7 and 8)	16,909	16,809	205,738
Less: accumulated depreciation	(8,104)	(7,485)	(98,606)
	8,805	9,324	107,132
Lease deposits	2,096	2,480	25,506
Other (Note 7)	12,747	13,699	155,089
	23,648	25,503	287,727
Less: allowance for doubtful accounts	(1,171)	(1,190)	(14,252)
	22,477	24,313	273,475
Total assets	¥ 641,216	¥ 664,376	$ 7,801,632

See notes to consolidated financial statements.

Consolidated Balance Sheet

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

As of March 31, 2012

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2012	2011	**2012**
LIABILITIES AND EQUITY			
Borrowings (Notes 6, 7 and 14):			
Short-term borrowings	¥ **218,246**	¥ 186,724	$ **2,655,385**
Commercial paper	**15,888**	16,695	**193,308**
Long-term debt	**3,830**	3,050	**46,600**
	237,964	206,469	**2,895,293**
Collateralized short-term financing agreements (Notes 7 and 14):			
Deposits received for securities loaned	**31,357**	59,501	**381,518**
Borrowings under repurchase agreements	**111,770**	112,670	**1,359,894**
	143,127	172,171	**1,741,412**
Trading liabilities (Note 14):			
Trading securities (Note 4)	**99,191**	121,189	**1,206,847**
Derivative liabilities (Note 5)	**11,991**	2,457	**145,889**
	111,182	123,646	**1,352,736**
Payables (Note 14):			
Payables to brokers, dealers, and clearing organizations	**—**	74	**—**
Payables to customers	**14,734**	28,238	**179,265**
Payables related to margin transactions (Note 7)	**12,320**	9,284	**149,902**
Other	**4,552**	4,799	**55,375**
	31,606	42,395	**384,542**
Accrued and other liabilities:			
Income taxes payable	**1,249**	273	**15,198**
Employees' bonuses	**1,684**	1,814	**20,493**
Liability for retirement benefits (Note 9)	**1,628**	1,913	**19,803**
Other	**2,352**	2,510	**28,622**
	6,913	6,510	**84,116**
Statutory reserves	**165**	170	**2,012**
Total liabilities	**530,957**	551,361	**6,460,111**
Commitments and contingent liabilities (Notes 13 and 15)			
Equity (Notes 10,11 and 22)			
Common stock:			
authorized: 972,730,000 shares			
issued: 280,582,115 shares in 2012 and in 2011	**36,000**	36,000	**438,009**
Capital surplus	**33,155**	33,155	**403,392**
Stock acquisition rights	**115**	60	**1,397**
Retained earnings	**47,178**	46,805	**574,017**
Less: treasury stock, at cost: 16,883,696 shares in 2012 and 3,956,944 shares in 2011	**(4,403)**	(1,417)	**(53,565)**
Accumulated other comprehensive income:			
Unrealized losses on available-for-sale securities	**(1,223)**	(1,088)	**(14,884)**
Foreign currency translation adjustments	**(874)**	(797)	**(10,629)**
Total	**109,948**	112,718	**1,337,737**
Minority interests	**311**	297	**3,784**
Total equity	**110,259**	113,015	**1,341,521**
Total liabilities and equity	¥ **641,216**	¥ 664,376	$ **7,801,632**

See notes to consolidated financial statements.

Consolidated Statement of Income

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Revenues:			
Commissions (Note 16)	¥ **24,191**	¥ 25,462	$ **294,335**
Net gain on trading	**25,594**	23,910	**311,393**
Interest and dividend income	**2,847**	3,031	**34,638**
Total revenues	**52,632**	52,403	**640,366**
Interest expense	**1,876**	1,618	**22,820**
Net revenues	**50,756**	50,785	**617,546**
Selling, general and administrative expenses (Note 17)	**47,393**	47,696	**576,622**
Operating income	**3,363**	3,089	**40,924**
Other income (expenses), net (Note 18)	**1,406**	1,275	**17,112**
Income before income taxes and minority interests	**4,769**	4,364	**58,036**
Income taxes (Note 12):			
Current	**1,433**	367	**17,433**
Deferred	**781**	(332)	**9,511**
Total income taxes	**2,214**	35	**26,944**
Net income before minority interests	**2,555**	4,329	**31,092**
Minority interests in net income	**9**	11	**119**
Net income	¥ **2,546**	¥ 4,318	$ **30,973**

Per share of common stock (Notes 2(s) and 20):	Yen		U.S. dollars
Basic net income	¥ **9.45**	¥ 15.50	$ **0.12**
Cash dividends applicable to the year	**8.00**	8.00	**0.10**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Net income before minority interests	¥ **2,555**	¥ 4,329	$ **31,092**
Other comprehensive income (Note 19):			
Unrealized losses on available-for-sale securities	**(130)**	(686)	**(1,586)**
Foreign currency translation adjustments	**(76)**	(163)	**(930)**
Comprehensive income (Note 19)	¥ **2,349**	¥ 3,480	$ **28,576**
Total comprehensive income attributable to (Note 19):			
Owners of the parent	¥ **2,334**	¥ 3,470	$ **28,397**
Minority interests	**15**	10	**179**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2012

	Thousands of shares		Millions of yen									
								Accumulated other comprehensive income				
	Common stock	*Treasury stock*	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized losses on available-for-sale securities	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance as of April 1, 2010	*280,582*	*927*	¥ 36,000	¥ 33,155	¥ 20	¥ 46,122	¥ (442)	¥ (403)	¥ (635)	¥ 113,817	¥ 309	¥ 114,126
Net income	—	—	—	—	—	4,318	—	—	—	4,318	—	4,318
Cash dividends, ¥13.00 per share	—	—	—	—	—	(3,635)	—	—	—	(3,635)	—	(3,635)
Purchases of treasury stock	—	*3,030*	—	—	—	—	(975)	—	—	(975)	—	(975)
Disposals of treasury stock	—	(0)	—	(0)	—	—	0	—	—	0	—	0
Net change in the year	—	—	—	—	40	—	—	(685)	(162)	(807)	(12)	(819)
Balance as of March 31, 2011	***280,582***	***3,957***	**¥ 36,000**	**¥ 33,155**	**¥ 60**	**¥ 46,805**	**¥ (1,417)**	**¥ (1,088)**	**¥ (797)**	**¥ 112,718**	**¥ 297**	**¥ 113,015**
Net income	**—**	**—**	**—**	**—**	**—**	**2,546**	**—**	**—**	**—**	**2,546**	**—**	**2,546**
Cash dividends, ¥8.00 per share	**—**	**—**	**—**	**—**	**—**	**(2,173)**	**—**	**—**	**—**	**(2,173)**	**—**	**(2,173)**
Purchases of treasury stock	**—**	***12,930***	**—**	**—**	**—**	**—**	**(2,987)**	**—**	**—**	**(2,987)**	**—**	**(2,987)**
Disposals of treasury stock	**—**	**(3)**	**—**	**(0)**	**—**	**—**	**1**	**—**	**—**	**1**	**—**	**1**
Net change in the year	**—**	**—**	**—**	**—**	**55**	**—**	**—**	**(135)**	**(77)**	**(157)**	**14**	**(143)**
Balance as of March 31, 2012	***280,582***	***16,884***	**¥ 36,000**	**¥ 33,155**	**¥ 115**	**¥ 47,178**	**¥ (4,403)**	**¥ (1,223)**	**¥ (874)**	**¥ 109,948**	**¥ 311**	**¥ 110,259**

	Thousands of U.S. dollars (Note 1)									
						Accumulated other comprehensive income				
	Common stock	Capital Surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized losses on available-for-sale securities	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance as of March 31, 2011	**$ 438,009**	**$ 403,395**	**$ 728**	**$ 569,474**	**$ (17,235)**	**$ (13,238)**	**$ (9,699)**	**$ 1,371,434**	**$ 3,615**	**$ 1,375,049**
Net income	**—**	**—**	**—**	**30,973**	**—**	**—**	**—**	**30,973**	**—**	**30,973**
Cash dividends, $0.097 per share	**—**	**—**	**—**	**(26,430)**	**—**	**—**	**—**	**(26,430)**	**—**	**(26,430)**
Purchases of treasury stock	**—**	**—**	**—**	**—**	**(36,342)**	**—**	**—**	**(36,342)**	**—**	**(36,342)**
Disposals of treasury stock	**—**	**(3)**	**—**	**—**	**12**	**—**	**—**	**9**	**—**	**9**
Net change in the year	**—**	**—**	**669**	**—**	**—**	**(1,646)**	**(930)**	**(1,907)**	**169**	**(1,738)**
Balance as of March 31, 2012	**$ 438,009**	**$ 403,392**	**$ 1,397**	**$ 574,017**	**$ (53,565)**	**$ (14,884)**	**$ (10,629)**	**$ 1,337,737**	**$ 3,784**	**$ 1,341,521**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ **4,769**	¥ 4,364	$ **58,036**
Adjustments for:			
Income taxes - paid	**(524)**	(5,658)	**(6,375)**
Depreciation and amortization	**2,802**	2,724	**34,096**
(Reversal of) Provision for doubtful accounts	**(36)**	623	**(440)**
(Reversal of) Provision for retirement benefits	**(285)**	338	**(3,473)**
Reversal of statutory reserves	**(4)**	(137)	**(61)**
Net gains on sales of investment securities	**(24)**	(22)	**(294)**
Gains on change in equity	**—**	(647)	**—**
Losses on disposals of fixed assets	**35**	250	**420**
Net losses on sales of fixed assets	**—**	22	**—**
Losses on devaluation of investment securities	**490**	347	**5,966**
Effect from the application of accounting standard for asset retirement obligation	**—**	19	**—**
Gain on contribution of investment securities to retirement benefit trust	**(188)**	—	**(2,285)**
Gains from negative goodwill	**—**	(13)	**—**
Changes in assets and liabilities:			
Increase in receivables	**(12,971)**	(1,843)	**(157,813)**
(Decrease) Increase in payables	**(10,106)**	2,830	**(122,963)**
Trading assets and liabilities	**(34,112)**	84,735	**(415,033)**
Collateralized short-term financing agreements	**6,165**	(119,841)	**75,009**
Other, net	**853**	(1,491)	**10,379**
Total adjustments	**(47,905)**	(37,764)	**(582,867)**
Net cash used in operating activities	**(43,136)**	(33,400)	**(524,831)**
Cash flows from investing activities:			
Purchases of property and equipment	**(1,632)**	(2,906)	**(19,858)**
Proceeds from sales of property and equipment	**0**	12	**3**
Proceeds from sales of other assets	**—**	2	**—**
Purchases of investment securities	**(203)**	(2,061)	**(2,477)**
Purchases of subsidiary stock	**—**	(8)	**—**
Proceeds from sales of investment securities	**163**	249	**1,988**
Other, net	**203**	1,214	**2,468**
Net cash used in investing activities	**(1,469)**	(3,498)	**(17,876)**
Cash flows from financing activities:			
Increase in short-term borrowings - net	**31,417**	36,228	**382,243**
Proceeds from long-term debt	**3,700**	—	**45,017**
Repayments of long-term debt	**(2,940)**	(110)	**(35,772)**
Proceeds from commercial paper	**47,939**	64,095	**583,271**
Redemption of commercial paper	**(48,651)**	(58,700)	**(591,939)**
Purchases of treasury stock	**(2,982)**	(964)	**(36,283)**
Net increase in treasury stock	**(4)**	(10)	**(47)**
Dividends paid	**(2,173)**	(3,635)	**(26,430)**
Subscription money received from the minority shareholders	**—**	2,550	**—**
Dividends to minority shareholders	**(1)**	(1)	**(10)**
Net cash provided by financing activities	**26,305**	39,453	**320,050**
Foreign currency translation adjustments on cash and cash equivalents	**(95)**	(217)	**(1,153)**
Net (decrease) increase in cash and cash equivalents	**(18,395)**	2,338	**(223,810)**
Decrease in cash and cash equivalents due to change in the scope of consolidation	**—**	(3,133)	**—**
Cash and cash equivalents at the beginning of year	**61,726**	62,521	**751,014**
Cash and cash equivalents at the end of year (Note 3)	¥ **43,331**	¥ 61,726	$ **527,204**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries
Year ended March 31, 2012

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements have been prepared by Tokai Tokyo Financial Holdings, Inc. (hereafter referred to as the "Company") and its subsidiaries (together with the Company, hereafter referred to as the "Group") in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

The translation of yen amounts into U.S. dollars is included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2012, which was ¥82.19 to US$1. The amounts in yen are directly converted into U.S. dollar amounts even for the amounts presented only in millions of yen in the financial statements. As such, there are cases that the conversion of the amounts in millions of yen with the prevailing exchange rate are different from those in U.S. dollars shown in the financial statements. The translation should not be construed as a representation that the yen amounts have been, could have been or could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

a. Principles of consolidation

The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its 18 (16 in 2011) subsidiaries.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in three (three in 2011) associated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

In relation to business combinations undertaken before April 1, 2010, the excess of the fair value of the net assets of an acquired subsidiary at the date of acquisition over the cost of acquisition is recognized as negative goodwill and amortized using the straight-line method over a period of three to five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

Tokai Tokyo Asia Renaissance Fund Limited ("TTARF") and its master fund, Tokai Tokyo Asia Renaissance Master Fund Limited are newly included in the scope of consolidation, as Tokai Tokyo Securities Co., Ltd., a consolidated subsidiary of the Company, made an fund investment to TTARF in August 2011.

TTI Growth Companies No.1 Investment Business Limited Partnership is excluded from the scope of consolidation as it was dissolved during the current fiscal year and liquidated in December 2011.

In addition, TTAM Residence Godo Kaisha (Limited Liability Company) is newly included in the scope of consolidation as it was established in February 2012.

b. Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gains or losses of pensions that have been directly recorded in equity; (c) expensing capitalized research and development costs; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income.

c. Unification of accounting policies applied to associated companies for the equity method

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments.

d. Business combinations

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures", and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations". Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

e. Cash and cash equivalents

Cash and cash equivalents disclosed in the consolidated statement of cash flows comprise cash on hand, demand deposits and ordinary deposits which can be easily liquidated on demand with original maturities of three months or less.

f. Financial instruments

The purpose of trading activities is to make profits or reduce losses from the short-term volatility and arbitrage between markets in stock prices, interest rates, foreign exchange rates and other market indices. The scope of trading activities mainly consists of the following:

1) Buying and selling of securities
2) Derivative market transactions
3) Over-the-counter derivative transactions

Securities, derivative contracts and other financial instruments classified as trading assets and liabilities are stated at fair value based on the mark-to-market method.

Other securities are held for non-trading purposes as available-for-sale and classified as short-term investment securities and investment securities. Available-for-sale securities that have a market quotation are stated at the market price prevailing at the end of the fiscal year. Differences between the cost of securities held determined by the moving average method and the fair value less associated deferred taxes are recorded in "Unrealized losses on available-for-sale securities" in Equity on the consolidated balance sheet. Available-for-sale securities without a market quotation are stated at cost as determined by the moving average. Where available-for-sales securities have declined significantly and such impairment of value is deemed not temporary, such securities are written down to their fair value and the resulting losses are charged to income for the period.

g. Property and equipment

Property and equipment are stated at cost. Depreciation of tangible fixed assets is calculated based on the declining-balance method. However, buildings (excluding leasehold improvements acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 1998) are depreciated by using the straight-line method. The estimated useful lives of tangible fixed assets are mainly as follows:

Buildings	2-50 years
Fixtures and furniture	3-20 years

h. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Intangible fixed assets

Amortization of intangible fixed assets is calculated by the straight-line method. Software for internal use is amortized by the straight-line method over its economic useful life.

j. Retirement benefits

A liability for retirement benefits is provided for by the Company and its domestic consolidated subsidiaries based on projected benefit obligations and plan assets at the end of the fiscal year. Any actuarial differences are amortized by the straight-line method over ten years within the average of the employees' remaining service period, starting in the fiscal year following the occurrence of such differences. Prior service cost is amortized by the straight-line method over ten years within the average of employees' remaining service period.

The Company and certain domestic consolidated subsidiaries account for the liability for retirement allowances for directors and corporate auditors in accordance with the internal rules at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

k. Asset retirement obligations

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

l. Statutory reserves

The Japanese Financial Instruments and Exchange Act and its related regulations require a securities company to set aside a reserve in proportion to its securities transactions and other related trading to cover possible customer losses incurred by default of the securities company on securities transactions, derivative transactions or other related trading.

m. Stock options

ASBJ Statement No. 8, “Accounting Standard for Stock Options”, and related guidance are applicable to stock options granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

n. Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions”, which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information was disclosed in the notes to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

o. Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

p. Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Starting from this fiscal year, the Group files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

q. Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

r. Foreign currency financial statements

The balance sheet and statement of income accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

s. Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective year including dividends to be paid after the end of the year.

t. Accounting changes and error corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections”, and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections”. Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied due to a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. Cash and cash equivalents

Reconciliations between cash and cash equivalents in the consolidated statement of cash flows and cash and time deposits in the consolidated balance sheet as of March 31, 2012 and 2011 are presented as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Cash and time deposits	¥ **43,701**	¥ 62,243	$ **531,710**
Time deposits with maturity of over three months	**(370)**	(517)	**(4,506)**
Cash and cash equivalents	¥ **43,331**	¥ 61,726	$ **527,204**

4. Securities

(1) Trading securities as of March 31, 2012 and 2011 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Trading assets:			
Equity and warrants	¥ **9,487**	¥ 7,473	$ **115,429**
Bonds	**157,937**	157,444	**1,921,613**
Beneficiary certificates of investment trusts	**13,995**	7,161	**170,275**
Other	**161**	163	**1,954**
Total	¥ **181,580**	¥ 172,241	$ **2,209,271**
Trading liabilities:			
Equity and warrants	¥ **17,348**	¥ 17,411	$ **211,076**
Bonds	**81,801**	103,203	**995,267**
Beneficiary certificates of investment trusts	**42**	575	**504**
Total	¥ **99,191**	¥ 121,189	$ **1,206,847**

Short-term investment securities and investment securities as of March 31, 2012 and 2011 consisted of the following:

	(Millions of yen)					
	2012			2011		
	Balance sheet	**Acquisition cost**	**Difference**	Balance sheet	Acquisition cost	Difference
Available-for-sale securities	**¥ 603**	**¥ 501**	**¥ 102**	¥ 1,143	¥ 726	¥ 417
Securities with market value that exceed acquisition cost:						
Stocks	**593**	**491**	**102**	1,143	726	417
Bonds	**10**	**10**	**0**	-	-	-
Governmental/municipal bonds	**10**	**10**	**0**	-	-	-
Securities with market value that do not exceed acquisition cost:	**3,221**	**4,375**	**(1,154)**	3,622	4,926	(1,304)
Stocks	**3,121**	**4,274**	**(1,153)**	3,512	4,815	(1,303)
Bonds	**100**	**101**	**(1)**	110	111	(1)
Governmental/municipal bonds	**100**	**101**	**(1)**	110	111	(1)
	¥ 3,824	**¥ 4,876**	**¥ (1,052)**	¥ 4,765	¥ 5,652	¥ (887)

	(Thousands of U.S. dollars)		
	2012		
	Balance sheet	**Acquisition cost**	**Difference**
Available-for-sale securities:			
Securities with market value that exceed acquisition cost:	**$ 7,340**	**$ 6,098**	**$ 1,242**
Stocks	**7,217**	**5,976**	**1,241**
Bonds	**123**	**122**	**1**
Governmental/municipal bonds	**123**	**122**	**1**
Securities with market value that do not exceed acquisition cost:	**39,193**	**53,230**	**(14,037)**
Stocks	**37,973**	**51,997**	**(14,024)**
Bonds	**1,220**	**1,233**	**(13)**
Governmental/municipal bonds	**1,220**	**1,233**	**(13)**
	$ 46,533	**$ 59,328**	**$ (12,795)**

(2) The proceeds from sales of investment securities, gross realized gains and losses on investment securities for the years ended March 31, 2012 and 2011 were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Proceeds from sales	**¥ 163**	¥ 245	**$ 1,988**
Stocks	**110**	216	**1,335**
Bonds	**-**	10	**-**
Other	**53**	19	**653**
Gross realized gains	**55**	84	**666**
Gross realized losses	**(31)**	(62)	**(372)**

(3) The impairment losses on available-for-sale securities for the years ended March 31, 2012 and 2011 were ¥490 million ($5,966 thousand) and ¥347 million, respectively.

(4) The carrying values of debt securities with contractual maturities classified as available-for-sale at March 31, 2012 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	Available-for-sale		Available-for-sale	
Due in one year or less	¥	**100**	$	**1,220**
Due after one year through five years		**10**		**123**
Due after five years through ten years		**-**		**-**
Due after ten years		**-**		**-**
Total	¥	**110**	$	**1,343**

5. Derivatives

Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

	(Millions of yen)							
At March 31, 2012		**Contract amount**		**Contract amount due after one year**		**Fair value**		**Unrealized gains (losses)**
Over-the-counter:								
Foreign currency forward contracts:								
Selling	¥	**17,682**		**-**	¥	**166**	¥	**166**
Buying		**14,451**		**-**		**(22)**		**(22)**
Currency option contracts:								
Selling		**86,998**	¥	**49,047**		**3,249**		**1,001**
Buying		**48,926**		**35,290**		**989**		**(351)**
Currency swap contracts:		**47,291**		**40,266**		**1,491**		**1,491**
Foreign exchange margin trading:								
Selling		**1,505**		**-**		**46**		**46**
Buying		**1,445**		**-**		**14**		**14**

At March 31, 2011	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
	(Millions of yen)			
Over-the-counter:				
Foreign currency forward contracts:				
Selling	¥ 15,021	-	¥ (433)	¥ (433)
Buying	6,415	-	120	120
Currency option contracts:				
Selling	34,210	¥ 25,667	1,777	243
Buying	21,411	19,666	687	186
Currency swap contracts:	42,209	31,765	1,515	1,515
Foreign exchange margin trading:				
Selling	1,011	-	44	44
Buying	961	-	5	5

At March 31, 2012	**Contract amount**	**Contract amount due after one year**	**Fair value**	**Unrealized gains (losses)**
	(Thousands of U.S. dollars)			
Over-the-counter:				
Foreign currency forward contracts:				
Selling	**$ 215,137**	**-**	**$ 2,024**	**$ 2,024**
Buying	**175,822**	**-**	**(273)**	**(273)**
Currency option contracts:				
Selling	**1,058,497**	**$ 596,747**	**39,528**	**12,180**
Buying	**595,274**	**429,371**	**12,037**	**(4,272)**
Currency swap contracts:	**575,384**	**489,914**	**18,146**	**18,146**
Foreign exchange margin trading:				
Selling	**18,312**	**-**	**558**	**558**
Buying	**17,584**	**-**	**170**	**170**

(2) Interest-rate-related transactions

At March 31, 2012	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
	(Millions of yen)			
Listed:				
Bond futures:				
Selling	**¥ 4,961**	**-**	**¥ (11)**	**¥ (11)**
Buying	**2,698**	**-**	**0**	**0**
Over-the-counter:				
Swaps:				
Fixed rate receipt, Floating rate payment	**139,530**	**¥ 96,061**	**3,905**	**3,905**
Fixed rate payment, Floating rate receipt	**140,483**	**96,007**	**(4,047)**	**(4,047)**
Yen/Yen basis swap	**9,700**	**4,700**	**21**	**21**

At March 31, 2011	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
	(Millions of yen)			
Listed:				
Bond futures:				
Selling	¥ 3,905	-	¥ (2)	¥ (2)
Buying	558	-	0	0
Over-the-counter:				
Swaps:				
Fixed rate receipt, Floating rate payment	136,902	¥ 122,761	1,239	1,239
Fixed rate payment, Floating rate receipt	143,547	123,260	(1,372)	(1,372)
Yen/Yen basis swap	7,200	7,200	13	13

At March 31, 2012	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
	(Thousands of U.S. dollars)			
Listed:				
Bond futures:				
Selling	**$ 60,365**	**-**	**$ (134)**	**$ (134)**
Buying	**32,823**	**-**	**6**	**6**
Over-the-counter:				
Swaps:				
Fixed rate receipt, Floating rate payment	**1,697,648**	**$ 1,168,772**	**47,516**	**47,516**
Fixed rate payment, Floating rate receipt	**1,709,241**	**1,168,105**	**(49,242)**	**(49,242)**
Yen/Yen basis swap	**118,019**	**57,185**	**258**	**258**

(3) Stock-related transactions

At March 31, 2012	Contract amount (Millions of yen)	Contract amount due after one year	Fair value	Unrealized gains (losses)
Listed:				
Index futures:				
Selling	**¥ 33,685**	**-**	**¥ (722)**	**¥ (722)**
Buying	**23,376**	**-**	**599**	**599**
Index futures options:				
Selling	**497,904**	**¥ 3,960**	**8,473**	**(1,822)**
Buying	**382,612**	**4,389**	**8,301**	**2,341**
Underlying stocks on equity options:				
Selling	**-**	**-**	**-**	**-**
Buying	**1,004**	**-**	**87**	**73**
Over-the-counter:				
Stock repurchase transactions with special contracts:				
Selling	**414**	**-**	**0**	**0**
Buying	**1,033**	**-**	**22**	**17**
OTC Options:				
Selling	**239**	**-**	**11**	**2**
Buying	**55,199**	**-**	**5,795**	**1,425**
Equity swap transactions	**707**	**171**	**50**	**50**

At March 31, 2011	Contract amount (Millions of yen)	Contract amount due after one year	Fair value	Unrealized gains (losses)
Listed:				
Index futures:				
Selling	¥ 11,892	-	¥ 896	¥ 896
Buying	13,280	-	(817)	(817)
Index futures options:				
Selling	35,561	-	58	78
Buying	2,200	-	0	(26)
Underlying stocks on equity options:				
Selling	-	-	-	-
Buying	276	-	2	0
Over-the-counter:				
Stock repurchase transactions with special contracts:				
Selling	211	-	0	0
Buying	764	-	6	3
OTC Options:				
Selling	2,854	-	175	3
Buying	31,152	¥ 1,609	2,231	(178)
Equity swap transactions	592	297	44	44

At March 31, 2012	(Thousands of U.S. dollars) Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Listed:				
Index futures:				
Selling	$ 409,844	-	$ (8,783)	$ (8,783)
Buying	284,412	-	7,288	7,288
Index futures options:				
Selling	6,057,960	$ 48,181	103,089	(22,174)
Buying	4,655,214	53,395	101,002	28,488
Underlying stocks on equity options:				
Selling	-	-	-	-
Buying	12,216	-	1,053	884
Over-the-counter:				
Stock repurchase transactions with special contracts:				
Selling	5,039	-	0	1
Buying	12,568	-	262	204
OTC Options:				
Selling	2,912	-	132	23
Buying	671,597	-	70,505	17,334
Equity swap transactions	8,598	2,077	613	613

Derivative transactions to which hedge accounting is applied

There are no derivative transactions to which hedge accounting is applied.

6. Borrowings

Borrowings as of March 31, 2012 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	(Weighted average interest rate or interest rate range)
	2012	2011	**2012**	**2012**
Short-term borrowings:				
Call money	**¥ 5,000**	¥ 5,000	**$ 60,835**	
Borrowings from financial institutions	**211,616**	180,094	**2,574,718**	
Borrowings from securities finance companies	**1,630**	1,630	**19,832**	
Total	**¥ 218,246**	¥ 186,724	**$ 2,655,385**	**0.23%**
Commercial paper				
Short-term bonds	**¥ 6,500**	¥ 9,000	**$ 79,085**	**0.18~0.45%**
Straight bonds				
Yen	**8,000**	7,400	**97,336**	**0.45~0.85%**
U.S. dollar	**822**	-	**10,000**	**0.40~0.42%**
Exchangeable bonds	**566**	295	**6,887**	**1.00~20.00%**
Total	**¥ 15,888**	¥ 16,695	**$ 193,308**	
Long-term debt:				
Borrowings from financial institutions	**3,640**	2,940	**44,288**	**2.09%**
Exchangeable bonds	**130**	-	**1,582**	**1.00~21.20%**
Subtotal	**3,770**	2,940	**45,870**	
Current portion of long-term debt	**60**	110	**730**	**1.54%**
Total	**¥ 3,830**	¥ 3,050	**$ 46,600**	
Total borrowings	**¥ 237,964**	¥ 206,469	**$ 2,895,293**	

The aggregate annual maturities of long-term debt as of March 31, 2012 are as follows:

Year ending March 31	**(Millions of yen)**	**(Thousands of U.S. dollars)**
	2012	**2012**
2013	**¥ 60**	**$ 730**
2014	**210**	**2,556**
2015	**80**	**973**
2016	**3,480**	**42,341**
Total	**¥ 3,830**	**$ 46,600**

7. Assets pledged as collateral

(1) Assets pledged as collateral for borrowings as of March 31, 2012 and 2011 were summarized as follows:

2012	**Obligations secured by pledged assets**	**Pledged assets: Cash on hand and in banks**	**Pledged assets: Trading securities**	**Pledged assets: Other assets (Other)**	**Pledged assets: Total**
	(Millions of yen)				
Short-term borrowings	**¥ 172,830**	**-**	**¥ 135,022**	**-**	**¥ 135,022**
Long-term debt	**3,700**	**¥ 84**	**-**	**¥ 5,049**	**5,133**
(Current portion of Long-term debt)	**(60)**				
Deposits received for securities loaned	**31,357**	**-**	**11,718**	**-**	**11,718**
Borrowings under repurchase agreements	**111,752**	**-**	**9,995**	**-**	**9,995**
Payables related to margin transactions	**8,533**	**-**	**400**	**-**	**400**
Total	**¥ 328,172**	**¥ 84**	**¥ 157,135**	**¥ 5,049**	**¥ 162,268**

2011	Obligations secured by pledged assets	Pledged assets: Cash on hand and in banks	Pledged assets: Trading securities	Pledged assets: Other assets (Other)	Pledged assets: Total
	(Millions of yen)				
Short-term borrowings	¥ 140,230	-	¥ 160,926	-	¥ 160,926
Long-term debt	3,050	¥ 142	-	¥ 5,387	5,529
(Current portion of Long-term debt)	(110)				
Deposits received for securities loaned	59,501	-	21,625	-	21,625
Borrowings under repurchase agreements	112,670	-	4,999	-	4,999
Payables related to margin transactions	6,111	-	1,399	-	1,399
Total	¥ 321,562	¥ 142	¥ 188,949	¥ 5,387	¥ 194,478

2012	Obligations secured by pledged assets	Pledged assets: Cash on hand and in banks	Trading securities	Other assets (Other)	Total
	(Thousands of U.S. dollars)				
Short-term borrowings	**$ 2,102,811**	**-**	**$ 1,642,797**	**-**	**$ 1,642,797**
Long-term debt	**45,017**	**$ 1,025**	**-**	**$ 61,428**	**62,453**
(Current portion of Long-term debt)	**(730)**				
Deposits received for securities loaned	**381,518**	**-**	**142,574**	**-**	**142,574**
Borrowings under repurchase agreements	**1,359,678**	**-**	**121,611**	**-**	**121,611**
Payables related to margin transactions	**103,816**	**-**	**4,865**	**-**	**4,865**
Total	**$ 3,992,840**	**$ 1,025**	**$ 1,911,847**	**$ 61,428**	**$ 1,974,300**

(*1) In addition to the above, the following are pledged as collateral for the above obligations:

	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Stocks received as collateral from customers under self-financing margin transactions	**¥ 2,685**	¥ 2,008	**$ 32,668**
Stocks received as collateral from customers for securities borrowed	**118,387**	108,998	**1,440,407**
Securities purchased under resell agreements	**56,874**	36,128	**691,984**

(*2) The following assets are pledged as initial margin for futures transactions:

	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Trading securities	**¥ 5,433**	¥ 6,348	**$ 66,102**
Property and equipment	**279**	283	**3,391**
Stocks received from self-financing on margin transactions	**96**	117	**1,171**

(*3) "Cash on hand and in banks" and "Other assets (Other)" pledged as guarantee for long-term debts are beneficiary certificates of investment trusts, which include "Accrued and other liabilities (Other)" of ¥49 million ($592 thousand) and ¥53 million at March 31, 2012 and 2011, respectively.

(2) The fair value of securities pledged and received as collateral at March 31, 2012 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Pledged securities:			
Securities loaned to customers for margin transactions	**¥ 4,035**	¥ 1,824	**$ 49,096**
Securities pledged as collateral to securities finance companies or securities exchange brokers for margin transactions	**8,751**	7,557	**106,478**
Securities loaned for collateralized short-term financing agreements	**31,545**	59,343	**383,811**
Securities pledged related to securities sold under repurchase agreements	**111,520**	112,421	**1,356,851**
Securities pledged as collateral for short-term guarantees	**11,825**	9,771	**143,872**
Received securities:			
Securities received from customers for loans under margin transactions	**¥ 15,777**	¥ 17,128	**$ 191,955**
Securities borrowed from finance companies or securities exchange brokers for margin transactions	**8,425**	11,189	**102,507**
Short-term securities borrowed	**220,891**	233,998	**2,687,566**
Securities purchased under resell agreements	**57,463**	79,788	**699,152**
Securities received as collateral for short-term guarantees	**31,977**	31,775	**389,068**
Other	**406**	654	**4,940**

8. Investment property

On November 28, 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures", and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures".

The Company owns certain rental properties such as office buildings in Aichi Prefecture and other areas.
Net of rental income and rental costs for the rental properties was ¥239 million ($2,907 thousand) and ¥259 million for the years ended March 2012 and 2011, respectively, which are included in "Other income (expenses), net".

The carrying amounts, changes in such balances and market prices of such properties are as follows:

(Millions of yen)

Carrying amount			Fair value
April 1, 2011	**Increase/(Decrease)**	**March 31, 2012**	**March 31, 2012**
¥ 7,013	**¥ (222)**	**¥ 6,791**	**¥ 6,713**

(Millions of yen)

Carrying amount			Fair value
April 1, 2010	Increase/(Decrease)	March 31, 2011	March 31, 2011
¥ 7,224	¥ (211)	¥ 7,013	¥ 6,836

(Thousands of U.S. dollars)

Carrying amount			Fair value
April 1, 2011	**Increase/(Decrease)**	**March 31, 2012**	**March 31, 2012**
$ 85,322	**$ (2,698)**	**$ 82,624**	**$ 81,675**

Notes:
1) Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
2) Decrease during the fiscal year ended March 31, 2012 primarily represents the depreciation of ¥222 million ($2,702 thousand).
3) Fair value of properties as of March 31, 2012 is measured by the Group in accordance with its Real-estate Appraisal Standard.

9. Retirement benefits

The Company and its domestic subsidiaries have a defined benefit corporate pension plan and a defined contribution pension plan as a retirement benefit plan. There are some cases in which extra retirement benefits are paid to employees when they retire. Tokai Tokyo Securities additionally contributed a retirement benefit trust of ¥545 million ($6,635 thousand) in December 2011 for parent company's pension plan. Information on the gain on contribution of investment securities to the retirement benefit trust is included in Note 18.

In addition, retirement benefits to directors and corporate auditors of ¥113 million ($1,376 thousand) and ¥108 million at March 31, 2012 and 2011, respectively, were included in "Liability for retirement benefits" on the consolidated balance sheets.

The following table sets forth the changes in benefit obligation, plan assets and funded status of the Group as of March 31, 2012 and 2011:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Projected benefit obligations	**¥ (10,891)**	¥ (10,444)	**$ (132,508)**
Plan assets including benefit trusts	**8,021**	6,767	**97,597**
Unfunded retirement benefit obligation	**(2,870)**	(3,677)	**(34,911)**
Unrecognized net prior service cost	**(445)**	(496)	**(5,418)**
Unrecognized net actuarial differences	**1,800**	2,368	**21,902**
Net liability for retirement benefits	**¥ (1,515)**	¥ (1,805)	**$ (18,427)**

The components of retirement benefit expenses for the years ended March 31, 2012 and 2011 were outlined as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Service cost	**¥ 643**	¥ 670	**$ 7,822**
Interest cost	**195**	195	**2,377**
Expected return on plan assets	**(95)**	(90)	**(1,157)**
Amortization of prior service cost	**(51)**	(13)	**(619)**
Amortization of actuarial differences	**445**	398	**5,410**
Net periodic expenses	**¥ 1,137**	¥ 1,160	**$ 13,833**
Contribution to defined contribution benefit plan	**479**	195	**5,822**
Total	**¥ 1,616**	¥ 1,355	**$ 19,655**

The assumptions used in accounting for the defined retirement benefit plans for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Discount rates	**2.00%**	2.00%
Expected rate of return on plan assets	**2.00%**	2.00%
Amortization period of actuarial differences	**10 years**	10 years
Amortization period of prior service cost	**10 years**	10 years

10. Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. Stock options

The stock options outstanding as of March 31, 2012 were as follows:

Stock option	Persons granted	Number of options granted	Date of grant	Exercise price	Exercise period
2009-1	2 directors 4 officers 13 employees 3 directors of subsidiaries 15 officers and councilors of subsidiaries 106 employees of subsidiaries	641,000 shares	August 31, 2009	¥358 ($4.36)	From September 1, 2011 to August 31, 2014
2009-2	3 officers and councilors of subsidiaries 19 employees	100,000 shares	December 29, 2009	¥378 ($4.60)	From January 1, 2012 to December 31, 2014
2011-1	2 directors 7 officers 8 employees 4 directors of subsidiaries 20 officers of subsidiaries 144 employees of subsidiaries	853,000 shares	January 5, 2011	¥332 ($4.04)	From February 1, 2013 to January 31, 2016
2012-1	2 directors 8 officers and senior councilors 9 employees 5 directors of subsidiaries 21 officers and councilors of subsidiaries 139 employees of subsidiaries	1,043,000 shares	September 30, 2011	¥249 ($3.03)	From October 1, 2013 to September 30, 2016

The stock option activity was as follows:

For the year ended March 31, 2011	2009-1 option (Shares)	2009-2 option (Shares)	2011-1 option (Shares)	2012-1 option (Shares)
Non-vested				
March 31, 2011 - Outstanding	667,000	100,000	863,000	-
Granted	-	-	-	1,048,000
Canceled	26,000	-	10,000	5,000
Vested	-	-	-	-
March 31, 2012 - Outstanding	641,000	100,000	853,000	1,043,000
Exercise price	¥358 ($4.36)	¥378 ($4.60)	¥332 ($4.04)	¥249 ($3.03)
Fair value price at grant date	¥84.20 ($1.02)	¥86.69 ($1.05)	¥67.59 ($0.82)	¥53.03 ($0.65)

The assumptions used to measure the fair value of the 2012-1 Stock Option

	2012-1 option
Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	44.01 %
Estimated remaining outstanding period:	3.51 years
Estimated dividend:	¥10 per share
Risk free interest rate:	0.25 %

12. Income taxes

The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Deferred tax assets:			
Allowance for doubtful accounts	¥ **433**	¥ 472	$ **5,268**
Enterprise tax payable	**103**	54	**1,258**
Accounts payable - other	**-**	308	**-**
Employees' bonuses	**637**	732	**7,746**
Retirement benefits to employees	**2,168**	2,264	**26,375**
Retirement benefits to directors and corporate auditors	**86**	94	**1,043**
Statutory reserves	**58**	69	**711**
Loss on devaluation of investment securities	**421**	399	**5,127**
Loss on impairment of fixed assets	**866**	829	**10,539**
Other	**851**	1,113	**10,350**
Sub total	**5,623**	6,334	**68,417**
Tax loss carried forward	**694**	586	**8,445**
Deferred tax assets	**6,317**	6,920	**76,862**
Valuation allowance	**(2,890)**	(2,681)	**(35,165)**
Total deferred tax assets	¥ **3,427**	¥ 4,239	$ **41,697**
Deferred tax liabilities:			
Gain on contribution of securities to employees' retirement benefit trust	¥ **1,122**	¥ 1,253	$ **13,655**
Other	**167**	66	**2,029**
Deferred tax liabilities	**1,289**	1,319	**15,684**
Total deferred tax liabilities	¥ **1,289**	¥ 1,319	$ **15,684**
Net deferred tax assets	¥ **2,138**	¥ 2,920	$ **26,013**

A reconciliation between the effective income tax rate reflected in the accompanying consolidated statement of income and the effective statutory tax rate for the year ended March 31, 2012 and 2011 were as follows:

	2012	2011
Effective statutory tax rate	**39.55%**	39.55%
Increase (decrease) due to:		
Permanent differences, such as entertainment expenses	**4.52**	4.55
Permanently non-taxable items, such as dividend income	**(9.55)**	(45.14)
Tax loss carried forward	**(0.07)**	(10.77)
Inhabitants tax per capita levy	**1.63**	1.48
Gain on change in interest in an equity investee	**-**	(5.86)
Equity in gain of associated companies	**(2.96)**	(3.20)
Valuation allowance	**0.10**	(25.19)
Adjustment for unrealized profits resulting from transactions within the Group and other - net	**8.72**	43.63
Effect of tax rate reduction	**1.86**	-
Other	**2.63**	1.75
Effective income tax rate	**46.43%**	0.80%

On December 2, 2011, new tax reform laws were enacted in Japan which changed the normal effective statutory tax rate from approximately 39.55% to 38.01% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.64% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥89 million ($1,082 thousand) and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥89 million ($1,082 thousand).

13. Lease transactions

As discussed in Note 2 (n), the Company accounts for leases which existed at the transition date to ASBJ Statement No. 13 and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date was as follows:

Acquisition cost, accumulated depreciation and net book value:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Acquisition cost	**¥ 3**	¥ 39	**$ 41**
Accumulated depreciation	**3**	35	**36**
Net book value at year end	**¥ 0**	¥ 4	**$ 5**

Obligations under finance leases:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Due in one year or less	**¥ 1**	¥ 4	**$ 6**
Due after one year	**-**	1	**-**
Total	**¥ 1**	¥ 5	**$ 6**

Depreciation expense, interest expense and other information under finance leases:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Depreciation expense	**¥ 5**	¥ 13	**$ 55**
Interest expense	**0**	1	**2**
Total	**5**	14	**57**
Lease payments	**¥ 5**	¥ 15	**$ 63**

Depreciation expense and interest expense, which are not reflected in the consolidated statement of income, are computed by the straight line method and the interest method, respectively.

14. Financial instruments and related disclosures

(1) Group policy for financial instruments

The Group is involved with the financial instruments trading business such as trading securities, intermediary of trading securities, underwriting and offering securities, solicitation and offering securities, private offering securities and other financial instruments trading business, including services related or incidental to financial instruments trading business. Due to the Group's involvement in the financial instruments trading business, the Group owns financial instruments.

To raise funds for the operation of the financial instruments trading business, in addition to using indirect financing such as bank loans, the Group issues commercial paper taking into account the market conditions and the balance of maturities of loans.

(2) Nature and extent of risks arising from financial instruments

The financial assets and liabilities held by the Group are comprised of the following:

(a) Securities such as stocks and bonds held for trading with customers or for proprietary trading; derivatives publicly traded on exchanges such as futures and options based on stock price indices and futures and options based on bonds; derivatives traded on outside exchanges, such as bonds with options, over-the-counter securities options, foreign exchange forward contracts, currency rate swaps, interest rate swaps; and securities such as stock held for investment;

(b) Loan receivables from customers related to margin transactions and borrowings from securities finance company incidental to the loan receivables; and

(c) Deposits paid for securities borrowed / deposits received for securities loaned based on collateralized financing agreements with institutional investors; loan receivables as consideration for purchases of bonds under resell agreements / borrowings as proceeds from sales of securities under repurchase agreements.

The securities held and transaction balances of derivatives are exposed to market risks triggered by changes in market values of stock and interest rate and foreign exchange rate fluctuations. Receivables related to margin transactions, deposits paid for securities borrowed, loan receivables for purchases of bonds under resell agreements and over-the-counter derivative transactions are exposed to the credit risks that occur when counterparties of transactions default. In addition, due to a lack of liquidity, some of these financial instruments are exposed to market liquidity risks that trigger losses due to market turmoil, resulting in the inability to transact in the market or transactions at a significantly unfavorable price.

Also, with regards to the funding side, the Group owns financial liabilities such as commercial paper and borrowings from financial institutions. As a result of downturn in our business or other reasons, these financial instruments are exposed to liquidity risk resulting in obstacles to raising funds or being forced to borrow at significantly higher interest rates than usual, leading to losses.

(3) Risk management for financial instruments

(a) Comprehensive risk management

Due to the complexity and diversification of product lines such as rapid advances of derivative transactions, the Company regards market, credit and liquidity risk management as being extremely important in conducting our financial instruments trading operation, the main business line of our Group. The Company puts risk management for the entire group and each group company as one of the first priority challenges to the business. The Company established a risk management basic policy in order to control appropriately by identifying, analyzing, and managing risks as the responsibility of each group company and to maintain the soundness of business for a long period of time.

In accordance with this risk management basic policy, the Total Risk Management Committee was set up to provide the framework for securing financial soundness and profits through gathering, managing and controlling information on various risks inherent within our group or each group. The committee discusses risk management within our group, status of compliance and disaster risk management. The Total Risk Management Committee is held monthly to monitor the implementation status and to provide the framework of reporting of necessary information to the board of directors.

(b) Management of market risk

Tokai Tokyo Securities, a class I financial instruments trader in our group, sets the basic policies relating to market risk management based on our risk management rules and manages the proprietary trading operations conducted by the investment banking division.

The board of directors of Tokai Tokyo Securities sets market risk limits within the ceiling of risk that is derived by the “target of controlled equity ratio” that should be maintained minimally.
In addition, in order to structure a management system that checks excessive risk taking actions, Tokai Tokyo Securities also enhances the functions of overall risk management including; to the extent of market risk limit of Group, the Risk Management Committee restricts market risk by setting the VaR (Value at Risk) based position limit on each department holding proprietary trading positions taking into account the budget and profits performance of each department; setting loss limits and loss line for additional monitoring for each department during the period in order to prevent the losses from increasing; and maintain our internal rules.
The management method of market risk for the positions held by dealing department and trading department includes: management based on VaR (10 days holding period with confidence interval of 99%, observation period 750 days) computed using historical simulation method; measurement of stress value (one day and 10 day holding periods, observation period 750 days); stress test assuming unforeseeable market swings in the past such as the Lehman Shock; and daily back testing of the relationship between the VaR (holding period one day) data and daily profit/loss data.

The risk limit set and allocated to related departments, uses of loss limits, profits and losses, results of stress tests and status of market liquidity risk positions are analyzed, managed on a daily basis and reported to top management by an organizationally and physically independent department from the proprietary dealing department. Also, analysis of market risk management and overall reports are made to the Risk Management Committee on a monthly basis. In addition, the status of market risk management is reported monthly to the board of directors.

The estimated amount of market risk (estimated amount of loss) of proprietary trading of Tokai Tokyo Securities as of March 31, 2012 and 2011 is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Amount of Market Risk (VaR) of proprietary trading	**¥ 214**	¥ 72	**$ 2,605**

(Note) VaR measures the amount of market risk with a certain probability which is statistically calculated based on historical market fluctuations. Therefore, the risk may not be fully captured under a market environment that changes drastically.

(c) Credit risk management

Based on our risk management rules, Tokai Tokyo Securities, a class I financial instruments trader in our group, controls the risk of incurring damages arising from the default of counterparties of transactions or other reasons within predetermined limits. The Risk Management Committee manages risks by setting credit risk limits on each financial product. Further, credit risk limit is also set on each counterparty of transaction.

Depending upon the nature of products, the current exposure method or potential exposure method is adopted in calculating credit risks. The credit risk is analyzed and managed on a daily basis and reported to top management by a department organizationally and physically independent from the execution department. Also, the status of credit risk management and overall reports are made to the Risk Management Committee on a monthly basis. In addition, the status of credit risk management is reported monthly to the board of directors.

(d) Liquidity risk management

Based on our liquidity risk management rules, the Company and Tokai Tokyo Securities, a class I financial instruments trader, set and operate basic policies for risk management framework of appropriate funding.

The Company develops the strategy for the liquidity risk of funding through gathering and analyzing information such as stock prices and reputation to recognize and assess liquidity risks for funding that may impact on our funding. To manage funding risk, the Company will implement necessary measures, taking into account the situation in managing the funding risk depending upon the possibility of cash flow problems of consolidated subsidiaries impacting our funding based on the subsidiaries' performance.

Tokai Tokyo Securities manages its liquidity by securing funding and by holding adequate volume of liquid assets. Status of liquidity management is reported monthly to the board of directors.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.
Please also see Note 5 for the detail of the fair value of derivatives.

(a) Fair values of financial instruments
The carrying amounts, aggregate fair values, and net unrealized gains (losses) of financial instruments at March 31, 2012 and 2011 were as follows:

	(Millions of yen)		
March 31, 2012	**Carrying amount**	**Fair value**	**Unrealized gains (losses)**
Cash and time deposits	¥ 43,701	¥ 43,701	-
Cash segregated as deposits related to securities transactions	18,395	18,395	-
Deposits paid for securities borrowed	221,156	221,156	-
Loans under resell agreements	57,706	57,706	-
Trading securities	181,580	181,580	-
Derivative assets	16,943	16,943	-
Receivables from brokers, dealers and clearing organizations	35,005	35,005	-
Receivables related to margin transactions	24,405	24,405	-
Short-term investment securities	100	100	-
Investment securities	3,724	3,724	-
Assets total	¥ 602,715	¥ 602,715	-
Short-term borrowing	¥ 218,246	¥ 218,246	-
Commercial paper	15,888	15,888	-
Long-term debt	3,830	3,830	-
Deposits received for securities loaned	31,357	31,357	-
Borrowings under repurchase agreements	111,770	111,770	-
Trading securities	99,191	99,191	-
Derivative liabilities	11,991	11,991	-
Payables to customers	14,734	14,734	-
Payables related to margin transactions	12,320	12,320	-
Liabilities total	¥ 519,327	¥ 519,327	-

March 31, 2011	Carrying amount	Fair value	Unrealized gains (losses)
	(Millions of yen)		
Cash and time deposits	¥ 62,243	¥ 62,243	-
Cash segregated as deposits related to securities transactions	19,095	19,095	-
Deposits paid for securities borrowed	234,168	234,168	-
Loans under resell agreements	79,904	79,904	-
Trading securities	172,241	172,241	-
Derivative assets	4,627	4,627	-
Receivables from brokers, dealers and clearing organizations	14,828	14,828	-
Receivables from customers	456	456	-
Receivables related to margin transactions	30,017	30,017	-
Short-term investment securities	100	100	-
Investment securities	4,665	4,665	-
Assets total	¥ 622,344	¥ 622,344	-
Short-term borrowing	¥ 186,724	¥ 186,724	-
Commercial paper	16,695	16,695	-
Long-term debt	3,050	3,050	-
Deposits received for securities loaned	59,501	59,501	-
Borrowings under repurchase agreements	112,670	112,670	-
Trading securities	121,189	121,189	-
Derivative liabilities	2,457	2,457	-
Payables to brokers, dealers and clearing organizations	74	74	-
Payables to customers	28,238	28,238	-
Payables related to margin transactions	9,284	9,284	-
Liabilities total	¥ 539,882	¥ 539,882	-

March 31, 2012	Carrying amount (Thousands of U.S. dollars)	Fair value	Unrealized gains (losses)
Cash and time deposits	**$ 531,710**	**$ 531,710**	**-**
Cash segregated as deposits related to securities transactions	**223,809**	**223,809**	**-**
Deposits paid for securities borrowed	**2,690,791**	**2,690,791**	**-**
Loans under resell agreements	**702,109**	**702,109**	**-**
Trading securities	**2,209,271**	**2,209,271**	**-**
Derivative assets	**206,145**	**206,145**	**-**
Receivables from brokers, dealers and clearing organizations	**425,903**	**425,903**	**-**
Receivables related to margin transactions	**296,938**	**296,938**	**-**
Short-term investment securities	**1,220**	**1,220**	**-**
Investment securities	**45,313**	**45,313**	**-**
Assets total	**$7,333,209**	**$7,333,209**	**-**
Short-term borrowing	**$2,655,385**	**$2,655,385**	**-**
Commercial Paper	**193,308**	**193,308**	**-**
Long-term debt	**46,600**	**46,600**	**-**
Deposits received for securities loaned	**381,518**	**381,518**	**-**
Borrowings under repurchase agreements	**1,359,894**	**1,359,894**	**-**
Trading securities	**1,206,847**	**1,206,847**	**-**
Derivative liabilities	**145,889**	**145,889**	**-**
Payables to customers	**179,265**	**179,265**	**-**
Payables related to margin transactions	**149,902**	**149,902**	**-**
Liabilities total	**$6,318,608**	**$6,318,608**	**-**

Methods for determining fair values of financial instruments for the years ended March 31, 2012 and 2011 were as follows:

Cash and time deposits, Cash segregated as deposits related to securities transactions, Deposits paid for securities borrowed, Loans under resell agreements, Receivables from brokers, dealers and clearing organizations, Receivables from customers, and Receivables related to margin transactions

The carrying values of these financial instruments approximate fair values because they settle in a short period.

Trading securities, Derivative assets, and Derivative liabilities

The fair values of these financial instruments are determined in accordance with internal rules of fair value assessment.

Short-term investment securities and Investment securities

The fair values of these financial instruments are measured at the quoted market price in active markets in accordance with internal rules.

Short-term borrowing, Commercial paper, Deposits received for securities loaned, Borrowings under repurchase agreements, Payables to brokers, dealers and clearing organizations, Payables to customers, and Payables related to margin transactions

The carrying values of these financial instruments approximate fair values because they settle in a short period.

Derivatives

Fair value information for derivatives is included in Note 5.

Long term debt

The fair value of long-term debt is set as equal to book value on the basis that carrying values of long-term debt approximate fair values because the long-term debt is based on variable interest rates reflecting market interest rates in a short period of time, and the credit conditions are not significantly changed after the execution.

(b) Carrying amount of financial instruments whose fair values cannot be reliably determined

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Investments in associated companies	**¥ 5,983**	¥ 5,621	**$ 72,793**
Available-for-sale securities			
Stocks (non-listed)	**4,012**	4,108	**48,814**
Other	**1,583**	1,504	**19,255**
Total	**¥ 11,578**	¥ 11,233	**$ 140,862**

The fair values of unlisted stocks are not included in “Short-term investment securities” or “Investment securities” in the table (a), as they do not have a quoted market price in active markets, the amount of future cash flows cannot be estimated, and their fair values cannot be reliably determined.

(5) Maturity analysis for financial assets and securities with contractual maturities

	(Millions of yen)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	**¥ 1,110**	**-**	**-**	**-**
Short-term investment securities and Investment securities				
Available-for-sale securities with maturity date (Government Bonds)	**100**	**¥ 10**	**-**	**-**
Total	**¥ 1,210**	**¥ 10**	**-**	**-**

	(Thousands of U.S. dollars)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	**$ 13,501**	**-**	**-**	**-**
Short-term investment securities and Investment securities				
Available-for-sale securities with maturity date (Government Bonds)	**1,220**	**$ 123**	**-**	**-**
Total	**$ 14,721**	**$ 123**	**-**	**-**

Please see Note 6 for annual maturities of long-term debt and Note 13 for obligations under finance leases.

15. Commitments and contingent liabilities

Contingent liabilities as of March 31, 2012 are summarized as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Guarantees for employees' borrowings from a financial institution	**¥ 3**	**$ 34**

16. Commissions

Commissions earned for the years ended March 31, 2012 and 2011 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Brokerage	**¥ 6,006**	¥ 7,798	**$ 73,080**
Underwriting and distribution	**12,136**	11,689	**147,661**
Other	**6,049**	5,975	**73,594**
Total	**¥ 24,191**	¥ 25,462	**$ 294,335**

17. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended March 31, 2012 and 2011 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Employees' compensation and benefits	**¥ 22,708**	¥ 22,971	**$ 276,291**
Brokerage and other commissions	**4,157**	4,569	**50,578**
Communication and transportation	**2,772**	2,827	**33,733**
Real estate expenses	**5,959**	6,051	**72,503**
Data processing and office supplies	**5,803**	5,011	**70,605**
Taxes other than income taxes	**511**	513	**6,214**
Depreciation	**776**	921	**9,438**
Amortization	**2,026**	1,803	**24,658**
Other	**2,681**	3,030	**32,602**
Total	**¥ 47,393**	¥ 47,696	**$ 576,622**

18. Other income and expenses

The components of "Other income (expenses), net" in the consolidated statement of income for the years ended March 31, 2012 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2012	2011	**2012**
Dividend income	**¥ 407**	¥ 449	**$ 4,953**
Rent income	**662**	686	**8,049**
Equity in gains of associated companies	**357**	353	**4,346**
Net loss on sales and devaluation of investment securities	**(466)**	(325)	**(5,672)**
Reversal of statutory reserves	**4**	137	**61**
Gains on change in equity	**-**	647	**-**
Losses on disposal of fixed assets	**(35)**	(250)	**(420)**
Effect resulting from application of new accounting standard (*1)	**-**	(19)	**-**
Gain on contribution of investment securities to retirement benefit trust	**188**	-	**2,285**
Allowance for doubtful accounts (*2)	**-**	(630)	**-**
Other (*3)	**289**	227	**3,510**
Total	**¥ 1,406**	¥ 1,275	**$ 17,112**

(*1) The Group applied ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" effective April 1, 2010. The effect of this application was included in "Effect resulting from application of new accounting standard".

(*2) With respect to fraudulent activities, including the misappropriation of customer assets committed by a former employee of Tokai Tokyo Securities, a subsidiary of the Company, the Company recorded liabilities for subrogation claims for losses suffered by customers and a receivable from the former employee for reimbursement. Allowance for doubtful accounts is provided for this receivable.

(*3) Amortization of negative goodwill included in "Other" amounted to ¥151 million ($1,834 thousand) and ¥147 million for the years ended March 31, 2012 and 2011, respectively. In addition, "Other" includes gains from negative goodwill of ¥13 million for the year ended March 31, 2011.

19. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 was as follows:

	(Millions of Yen)	(Thousands of U.S. dollars)
	2012	**2012**
Unrealized gains (losses) on available-for-sale securities:		
Gains arising during the year	**¥ (341)**	**$ (4,157)**
Reclassification adjustments to profit or loss	**211**	**2,571**
Amount before income tax effect	**(130)**	**(1,586)**
Income tax effect	**-**	**-**
Total	**¥ (130)**	**$ (1,586)**
Foreign currency translation adjustments:		
Adjustments arising during the year	**¥ (76)**	**$ (930)**
Reclassification adjustments to profit or loss	**-**	**-**
Amount before income tax effect	**(76)**	**(930)**
Income tax effect	**-**	**-**
Total	**¥ (76)**	**$ (930)**
Total other comprehensive income	**¥ (206)**	**$ (2,516)**

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income due to an exemption in the first year of adopting that standard.

20. Per share information

Basic net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	**¥ 2,546**	**269,296**	**¥ 9.45**	**$ 0.12**
For the year ended March 31, 2011:				
Basic EPS				
Net income available to common shareholders	¥ 4,318	278,648	¥ 15.50	

Diluted net income per share is not disclosed because it is anti-dilutive.

21. Segment information

Under ASBJ Statement No. 17, “Accounting Standard for Segment Information Disclosures”, and issued ASBJ Guidance No. 20, “Guidance on Accounting Standard for Segment Information Disclosures”, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Information about sales, profit, assets, liabilities and other items by reportable segments

This information is not presented as the Group operates as a single reportable segment in the investment and financial service business.

(2) Information about products and services of the reportable segment

This information is not presented because operating revenues from third parties of a single product and service are over 90% of operating revenues in the consolidated statement of income.

(3) Geographical information

(a) Operating revenues
This information is not presented because the Group’s revenues in the Japan area account for more than 90% of revenues in the consolidated statement of income.

(b) Property and equipment
This information is not presented because the Group’s property and equipment in the Japan area account for more than 90% of property and equipment in the consolidated balance sheet.

(4) Information by major customers

This information is not presented because there are no customers for which sales account for more than 10% of revenues in the consolidated statement of income.

(5) Information about impairment losses on fixed assets, goodwill and negative goodwill by reportable segment

This information is not presented as the Group operates as a single reportable segment in the investment and financial service business.

22. Subsequent event

(1) Appropriation of Retained Earnings

On June 27, 2012, the shareholders approved the appropriation of retained earnings as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends (¥4.00=$0.05 per share)	**¥ 1,055**	**$ 12,834**

Company Information

Corporate Directory (as of June 27, 2012)

Company Name	Tokai Tokyo Financial Holdings, Inc.
Head Office	6-2, Nihonbashi 3-chome, Chuo-ku,Tokyo 103-0027, Japan Tel: +81-3-3517-8100 (General Inquiries) Fax: +81-3-3517-8314
Date of Incorporation	June 19, 1929
Common Stock	¥36,000,000,000
Total Outstanding Shares	280,582,115 shares (as of March 31, 2012)
Number of Employees (Consolidated base)	2,253 (as of March 31, 2012)

Board of Directors and Corporate Auditors (as of June 27, 2012)

Directors	Tateaki Ishida, President & CEO (Representative Director)
	Masayuki Iijima, Director & Senior Managing Executive Officer (Representative Director)
	Yoshimi Maemura, Director & Senior Managing Executive Officer
	Ikuo Suzuki, Director
	Nobuhiro Morisue, Director
	Takuo Sasaki, Director
Corporate Auditors	Akira Takeuchi (full-time)
	Yoshihiko Takizawa
	Shigeo Kashiwagi
	Kazuyoshi Tanaka
	Eiichiro Kinoshita

Note: 1. Ikuo Suzuki, Nobuhiro Morisue and Takuo Sasaki are outside directors stipulated in paragraph 15, Article 2, of the Company Law.
2. Shigeo Kashiwagi, Kazuyoshi Tanaka and Eiichiro Kinoshita are outside auditors stipulated in paragraph 16, Article 2 of the Company Law.

Subsidiaries and Affiliates (as of August 31, 2012)

Overseas Subsidiaries	Tokai Tokyo Securities (Asia) LTD. Room 2708-10, 27/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong Tel: +852-2810-0822 Fax: +852-2810-0394
	Tokai Tokyo Securities Europe Limited City Tower, 40 Basinghall Street, London EC2V 5DE, United Kingdom Tel: +44-207-070-4600 Fax: +44-207-070-4649
	Tokai Tokyo Securities (USA), Inc. 330 Madison Avenue 9th Floor, New York, NY 10017 USA Tel: +1-646-495-5490 Fax: +1-646-495-5491
	Tokai Tokyo Investment Management Singapore Pte. Ltd. 8 Shenton Way #40-02 AXA Tower Singapore 068811 Tel: +65-6436-4250 Fax: +65-6327-9268
Domestic Subsidiaries and Affiliates	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 Business Service Co., Ltd.
	YM Securities Co., Ltd.
	Hamagin Tokai Tokyo Securities Co., Ltd.
	Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.

Major Shareholders (as of March 31, 2012)

Shareholder Name	Percentage of Shares Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	7.11
Mitsui Sumitomo Insurance Co., Ltd.	6.55
Toyota Financial Services Corporation	5.42
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.56
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.02
The Bank of Yokohama, Ltd.	2.66
The Chuo Mitsui Trust and Banking Company, Ltd.	1.82
Nippon Life Insurance Company	1.70
Meiji Yasuda Life Insurance Company	1.67
JP Morgan Chase Bank 385166	1.34

Note: 1. Percentage of shares outstanding is caluculated with treasury stock being subtracted from the total number of issued shares.
2. Besides the above, we hold 16,883 thousand shares in treasury stock.
3. The Chuo Mitsui Trust and Banking Company, Limited merged with The Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited effective on April 1, 2012 and formed Sumitomo Mitsui Trust Bank, Limited.

TOKAI TOKYO FINANCIAL HOLDINGS, INC.
6-2, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-0027 Japan
www.tokaitokyo-fh.jp