

These consolidated financial results are an English translation of excerpts from the Japanese “*Kessan Tanshin*” including attachments filed with the Tokyo Stock Exchange, solely for the convenience of readers outside Japan.

This report has been prepared in accordance with accounting principles and practices generally accepted in Japan. Amounts less than ¥1 million have been omitted unless otherwise stated.

Consolidated Financial Results (*Kessan Tanshin*) for the Nine Months of Fiscal Year Ending March 31, 2017 [Japan GAAP]

February 3, 2017

Name of Listed Company: Tokyo Century Corporation
 Securities Code: 8439
 (URL: <https://www.tokyoCentury.co.jp>)
 Representative: Shunichi Asada, President & CEO, Representative Director
 Contact: Koichi Baba, Managing Executive Officer
 Scheduled Reportable Date of Quarterly Securities Report: February 7, 2017
 Scheduled Payment Date of Dividends: —
 Preparation of Supplementary Reference Documents: Yes
 Holding of Quarterly Earnings Announcement: None

Stock Exchange Listing: Tokyo
 Phone: +81-3-5209-6710

(Amounts less than one million yen are omitted.)

1. Consolidated Performance

	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	YoY
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>
(1) Consolidated business results:			
Revenues	684,855	698,944	2.1%
Operating income	50,254	52,965	5.4%
Ordinary income	52,302	54,326	3.9%
Net income attributable to owners of parent	31,347	32,376	3.3%
Basic earnings per share (<i>Yen</i>)	297.05	306.72	
Diluted earnings per share (<i>Yen</i>)	296.43	305.91	

Notes:

Total comprehensive income
 For the nine months ended December 31, 2016: ¥19,240 million (-40.0%)
 For the nine months ended December 31, 2015: ¥32,060 million (-8.0%)

	As of March 31, 2016	As of December 31, 2016
	<i>(Millions of yen)</i>	
(2) Consolidated financial condition:		
Total assets	3,317,862	3,467,971
Net assets	374,872	386,370
Shareholders' equity ratio	9.6%	9.4%

Reference:

Shareholders' equity
 As of December 31, 2016: ¥327,401 million
 As of March 31, 2016: ¥320,162 million

2. Dividends

	Dividends per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2015	—	35.00	—	45.00	80.00
Fiscal 2016	—	47.00	—		
Fiscal 2016 (Forecast)				48.00	95.00

Note: Revisions to the most recently announced forecast of dividends: None

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2017 (As of February 3, 2017)

	Full year	YoY
	(Millions of yen)	(Percentage change)
Revenues	950,000	1.0
Operating income	70,500	7.0
Ordinary income	72,000	5.9
Net income attributable to owners of parent	42,500	6.2
Basic earnings per share (Yen)	402.70	—

Note: Revisions to the most recently announced forecast of consolidated results: None

Notes

(1) Changes in status of significant subsidiaries during the period under review (changes in status of specified subsidiaries resulting in change in scope of consolidation): Yes

New: One company Name: CSI Leasing, Inc.
Exclusion: — company Name: —

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

- 1) Changes in accounting policies due to reforms of accounting standards: Yes
- 2) Changes in accounting policies other than item 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatements: None

(4) Number of shares of common stock issued

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

As of March 31, 2016: 106,624,620 shares
As of December 31, 2016: 106,624,620 shares

2) Number of shares of treasury stock at the end of the period

As of March 31, 2016: 1,086,343 shares
As of December 31, 2016: 1,067,110 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2015: 105,530,201 shares
Nine months ended December 31, 2016: 105,557,060 shares

Presentation of implementation status for quarterly review procedures

The quarterly review procedures based on the Financial Instruments and Exchange Act do not apply to this Consolidated Financial Results. The review procedures for this document based on the Act have not been completed as of the release of this document.

Explanation related to forward-looking statements and other items warranting special mention

(Regarding forward-looking statements)

The statements concerning future performance presented in this document are prepared based on currently available information and certain preconditions that Tokyo Century Corporation and its Group companies believe to be reasonable at the publication of this document. Actual results may be substantially different from any projections presented herein due to various factors.

(Supplementary reference documents for quarterly financial statements)

The supplementary reference documents were disclosed on the TDnet on the same date as this document (Japanese only).

1. Qualitative Information Concerning Financial Results for the Nine Months of Fiscal Year Ending March 31, 2017

(1) Explanation of Results of Operations

The Japanese economy in the nine months ended December 31, 2016 showed signs of a moderate recovery overall on the back of improvement in corporate earnings and the employment environment, as well as improved business sentiment in some areas due to a weaker yen and rising stock market after the U.S. presidential election. Meanwhile, the global economy continued to face future uncertainties due to increased uncertainty caused by factors such as the UK's decision to withdraw from the European Union, the outcome of the U.S. presidential election, and concerns over the stagnancy and slowdown of the economies in China and the emerging nations.

Under these circumstances, Tokyo Century Group formulated its third three-year medium-term management plan that commences in fiscal 2016 and embarked on initiatives that aimed to promote the shift to a "high-revenue business model" with a focus on asset efficiency in order to lay the foundations for further sustainable growth. Meanwhile, as of October 1, 2016, we changed our name to "Tokyo Century Corporation." This reflects the Company's resolve to develop a broad range of businesses as a highly specialized and unique "financial services company," while promoting the further evolution and advance of its leasing and financing capabilities.

1) Strengthening of sales base

[Equipment Leasing business]

- We have established "Nanatsujima Biomass Power Godo Kaisha (Limited Liability Company)" jointly with IHI Corporation and seven other investing companies, in Kagoshima City, Kagoshima, and incorporated it as an equity-method affiliate. This is an operator of woody biomass power generation, the largest in Kagoshima in terms of woody biomass power generation capacity.

[Specialty Financing business]

- We acquired 30 percent of the shares issued by Nittochi Asset Management Co., Ltd., a subsidiary of Nippon Tochi-Tatemono Co., Ltd., and incorporated it as an equity-method affiliate. This acquisition was designed to enhance our asset management business in collaboration with the new affiliate.

[Domestic Automobile Financing business]

- Nippon Car Solutions Co., Ltd., our consolidated subsidiary, reached an agreement to acquire lease vehicles (approximately 4,000 units) and lease receivables on April 1, 2017 from JT Creative Service Co., Ltd., a wholly owned consolidated subsidiary of Japan Tobacco Inc.

[International business]

- We completed acquisition of additional shares in CSI Leasing, Inc., a leading independent leasing company in the U.S., to make it our wholly owned subsidiary.
- We and Lippo Group, Indonesia's leading conglomerate, concluded a strategic partnership agreement. We plan to establish business alliance in the digital and FinTech businesses that Lippo Group is promoting in Indonesia by investing a total of about US\$100 million.
- We and Grab Inc., the largest ride-hailing platform provider that offers services through a mobile application in Southeast Asia, concluded a strategic partnership agreement to collaborate on the car leasing and rental business. Through this agreement, we intend to promote collaboration in the car leasing and rental business with Grab Inc. while providing with our expertise built up over the years in Japan and overseas.

2) Strengthening of management base

[Strengthen consolidated management]

- We acquired additional shares in Nippon Rent-A-Car Service, Inc., our consolidated subsidiary (from 69.6% at the end of March 2016 to 77.7% at the end of September 2016), in anticipation for further enhanced cooperation.

[Enhance and reinforce the financial foundation]

- PT. Century Tokyo Leasing Indonesia, our consolidated subsidiary, issued rupiah-denominated unsecured bonds amounting to IDR200.0 billion (approximately ¥1.6 billion) in the Indonesian market to meet increasing fund procurement needs associated with the company's increased leased assets and others. This is the Group's first bond issuance in Indonesia.
- Orico Auto Leasing Co., Ltd., our consolidated subsidiary, issued ¥2.0 billion in short-term bonds (electronic commercial paper), after receiving a "J-1" rating for a maximum issue amount of ¥40.0 billion from Japan Credit Rating Agency, Ltd. in October 2016, to meet increasing fund procurement needs due to steady business growth and diversify methods of fund procurement.

[Strengthen the other management base]

- For the second year running, we were selected for the "Competitive IT Strategy Company 2016" designation, which is jointly promoted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, as one of the 26 companies that were nominated from about 3,500 companies listed on the stock exchange.

With regard to the business results, new transactions volume for the nine months ended December 31, 2016 was ¥1,071,125 million, down 4.5% from the same period of the previous fiscal year, due to a decrease in transactions volume of financing business.

In terms of profits and losses, revenues for the nine months ended December 31, 2016 amounted to ¥698,944 million, up 2.1% from the same period of the previous fiscal year. Operating income increased 5.4% to ¥52,965 million, ordinary income increased 3.9% to ¥54,326 million, and net income attributable to owners of parent increased 3.3% to ¥32,376 million.

Summary of Operations by Business Segment

The results of operations by business segment are as follows:

1) Leasing and installment sales

In leasing and installment sales, new transactions volume for the nine months ended December 31, 2016 was ¥630,994 million, down 2.2% from the same period of the previous fiscal year in which large operating lease transactions were recorded. Revenues amounted to ¥661,770 million, up 2.0%. Segment income amounted to ¥43,557 million, up 14.0%. The main factors for the profit growth were the consolidation of CSI Leasing, Inc. and an increase in profit in the automobile leasing and in the aircraft leasing.

2) Finance

In finance, new transactions volume for the nine months ended December 31, 2016 was ¥432,899 million, down 6.8% from the same period of the previous fiscal year. Revenues amounted to ¥18,163 million, down 14.3% from the same period of the previous fiscal year during which there was profit from successful exit strategies from real estate financing. Similarly, segment income was down 23.3% to ¥9,816 million.

3) Other

In other, new transactions volume for the nine months ended December 31, 2016 was ¥7,231 million, down 39.7% from the same period of the previous fiscal year. Revenues amounted to ¥19,010 million, up 25.9%. Segment income amounted to ¥5,278 million, up 27.1%. The main factor for the profit growth was an increase in profit from the sales of electricity generated using solar power.

(2) Explanation of Financial Conditions

Assets, Liabilities, and Net Assets

1) Assets

Total assets at the end of the nine months under review increased ¥150,109 million, or 4.5%, to ¥3,467,971 million from the end of the previous consolidated fiscal year, mainly due to increased operating assets from the consolidation of CSI Leasing, Inc.

○ Operating assets

The balance of operating assets at the end of the nine months under review increased ¥139,091 million, or 4.7%, to ¥3,130,233 million from the end of the previous consolidated fiscal year.

The balance of operating assets by segment is as follows: ¥2,375,031 million for Leasing and installment sales, ¥723,692 million for Finance, and ¥31,508 million for Other.

2) Liabilities

Total liabilities at the end of the nine months under review increased ¥138,611 million, or 4.7%, to ¥3,081,601 million from the end of the previous consolidated fiscal year. This was mainly due to increased interest-bearing debts resulting from the consolidation of CSI Leasing, Inc.

○ Interest-bearing debts

Total interest-bearing debts increased ¥143,871 million, or 5.6%, to ¥2,695,362 million from the end of the previous consolidated fiscal year.

A breakdown of interest-bearing debts shows that, in short-term funds procurement, interest-bearing debts increased ¥215 million, or 0.0%, to ¥1,285,197 million from the end of the previous consolidated fiscal year. Meanwhile, in long-term funds procurement, interest-bearing debts increased ¥143,655 million, or 11.3%, to ¥1,410,164 million from the end of the previous consolidated fiscal year, due to factors such as an increase in procurement of long-term funds by issuance of bonds and an increase in long-term debt due to the consolidation of CSI Leasing, Inc. due to the yen's appreciation.

3) Net assets

Total net assets increased ¥11,497 million, or 3.1%, to ¥386,370 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥22,352 million and a decrease in translation adjustments of ¥17,256 million.

As a result, the shareholders' equity ratio decreased 0.2 points from the end of the previous consolidated fiscal year to 9.4%.

(3) Explanation of Future Forecast Information such as Consolidated Results Forecast

We have made no revision to the consolidated results forecast which was announced on May 11, 2016.

2. Items Concerning Summary Information (Notes)

(1) Changes in Status of Significant Subsidiaries during the Period under Review

During the three months ended June 30, 2016, CSI Leasing, Inc. (U.S.), which was previously our equity-method affiliate, became our wholly owned subsidiary. Therefore, it was excluded from the scope of equity-method affiliates and has been included in the scope of consolidation. The amount of common stock of CSI Leasing, Inc. has reached a level of 10% or above of that of the Company, and therefore it has become a specified subsidiary of the Company.

(2) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

Calculation of Tax Expenses

We reasonably estimate an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year under review, and adopt a method to calculate tax expenses by multiplying income before income taxes by the estimated effective tax rate.

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

Changes in Accounting Policies

In accordance with the revision of the Corporation Tax Act, we have adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (PITF No. 32, issued on June 17, 2016) from the three months ended June 30, 2016. Accordingly, the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

Note that the effect of the change on profits and losses for the nine months ended December 31, 2016 is immaterial.

(4) Additional Information

Adoption of Implementation Guidance on Recoverability of Deferred Tax Assets

We have adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) effective from the three months ended June 30, 2016.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash on hand and in banks	80,395	70,090
Accounts receivable - installment sales	226,467	204,965
Lease receivables and investment assets	1,480,951	1,552,158
Loans	528,365	537,882
Operational investment securities	194,627	184,586
Accounts receivable - leases	24,287	23,994
Short-term investment securities	12,843	2,876
Inventories	677	2,102
Deferred tax assets	4,349	5,003
Other current assets	69,256	86,753
Allowance for doubtful accounts	(3,236)	(3,156)
Total current assets	2,618,986	2,667,256
Non-current assets		
Property and equipment		
Leased assets	545,724	630,009
Advances for purchases of property for lease	12,302	5,147
Other operating assets	25,442	31,508
Own assets in use	9,733	12,512
Total property and equipment	593,202	679,177
Intangible assets		
Computer programs leased to customers	231	197
Goodwill	3,614	14,283
Other intangible assets	4,204	3,611
Total intangible assets	8,050	18,093
Investments and other assets		
Investments in securities	64,278	62,224
Claims provable in bankruptcy or rehabilitation	2,199	1,504
Deferred tax assets	4,701	5,792
Long-term loans and other assets	27,934	34,792
Allowance for doubtful accounts	(1,490)	(1,050)
Total investments and other assets	97,623	103,263
Total non-current assets	698,876	800,534
Deferred assets	—	180
Total assets	3,317,862	3,467,971

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	197,272	178,900
Short-term borrowings	437,181	430,897
Current portion of bonds	44,571	76,667
Current portion of long-term debt	277,758	310,179
Commercial papers	763,400	776,499
Payables under fluidity lease receivables	75,400	62,300
Current portion of long-term payables under fluidity lease receivables	1,096	1,929
Accrued income taxes	9,614	5,444
Deferred tax liabilities	1,507	2,523
Deferred profit on installment sales	12,026	12,298
Provision for bonuses	2,763	1,792
Provision for directors' bonuses	168	123
Other provision	478	479
Other current liabilities	55,001	64,881
Total current liabilities	1,878,241	1,924,918
Long-term liabilities		
Bonds payable	152,031	158,209
Long-term debt	798,451	874,112
Long-term payables under fluidity lease receivables	1,600	4,564
Deferred tax liabilities	2,483	13,334
Provision for directors' retirement benefits	259	220
Provision for automobile inspection costs	940	977
Net defined benefit liability	9,614	9,606
Other long-term liabilities	99,367	95,656
Total long-term liabilities	1,064,748	1,156,682
Total liabilities	2,942,990	3,081,601
Net assets		
Shareholders' equity		
Common stock without par value	34,231	34,231
Capital surplus	6,122	6,961
Retained earnings	266,044	288,396
Treasury stock	(2,806)	(2,757)
Total shareholders' equity	303,591	326,832
Accumulated other comprehensive income		
Net unrealized holding gains on securities	15,474	15,796
Net unrealized gains (loss) on derivative instruments	(624)	127
Translation adjustments	3,028	(14,227)
Remeasurements of defined benefit plans	(1,307)	(1,127)
Total accumulated other comprehensive income	16,570	568
Share subscription rights	716	943
Non-controlling interests	53,994	58,026
Total net assets	374,872	386,370
Total liabilities and net assets	3,317,862	3,467,971

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

Consolidated Statements of Income
(For the nine months ended December 31, 2015 and 2016)

(Millions of yen)

	Nine months ended December 31, 2015 (Apr. 1 to Dec. 31, 2015)	Nine months ended December 31, 2016 (Apr. 1 to Dec. 31, 2016)
Revenues	684,855	698,944
Costs	583,325	587,493
Gross profit	101,530	111,451
Selling, general and administrative expenses	51,275	58,485
Operating income	50,254	52,965
Non-operating income		
Interest income	37	95
Dividend income	763	589
Equity in earnings of affiliates	1,397	981
Income from derivatives other than for trading or hedging	370	679
Other	444	628
Total non-operating income	3,012	2,974
Non-operating expenses		
Interest expense	235	177
Foreign exchange losses	543	1,179
Other	185	256
Total non-operating expenses	964	1,614
Ordinary income	52,302	54,326
Extraordinary income		
Gain on sale of investments in securities	885	616
Gain on step acquisitions	—	100
Other	18	27
Total extraordinary income	903	744
Extraordinary losses		
Company name change cost	—	210
Loss on valuation of investment securities	4	109
Office transfer related expenses	222	—
Other	127	155
Total extraordinary losses	353	475
Income before income taxes	52,853	54,595
Income taxes	17,582	17,262
Net income	35,270	37,333
Net income attributable to non-controlling interests	3,922	4,957
Net income attributable to owners of parent	31,347	32,376

Consolidated Statements of Comprehensive Income
(For the nine months ended December 31, 2015 and 2016)

(Millions of yen)

	Nine months ended December 31, 2015 (Apr. 1 to Dec. 31, 2015)	Nine months ended December 31, 2016 (Apr. 1 to Dec. 31, 2016)
Net income	35,270	37,333
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(134)	293
Net unrealized gains (losses) on derivative instruments	(221)	995
Translation adjustments	(2,690)	(16,883)
Remeasurements of defined benefit plans	124	196
Share of other comprehensive income of affiliates accounted for using equity method	(286)	(2,695)
Total other comprehensive income	(3,209)	(18,093)
Comprehensive income	32,060	19,240
Comprehensive income attributable to:		
Owners of parent	28,454	16,374
Non-controlling interests	3,606	2,865

(3) Notes to the Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable

Notes in the Case of Material Changes in Shareholders' Equity

Not applicable

Segment Information

I. Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

1. Information concerning the amount of revenues and income/loss by reportable segment

(Millions of yen)

	Leasing and Installment Sales	Finance	Other	Total
Revenues				
Revenues from customers	648,549	21,205	15,100	684,855
Intersegment revenues/transfers	—	—	747	747
Total	648,549	21,205	15,848	685,602
Segment income	38,200	12,792	4,154	55,147

2. Difference between the total amount of income or loss of reportable segments and the amount on quarterly consolidated statements of income, as well as the main elements of the difference (the items regarding variance adjustment)

(Millions of yen)

Income	Amount
Reportable segments total	55,147
Intersegment eliminations	(747)
Corporate expenses (Note)	(4,145)
Operating income on consolidated statements of income	50,254

Note: Corporate expenses consist of general and administrative expenses not attributed to reportable segments.

3. Information concerning impairment loss on non-current assets, goodwill, etc. by reportable segment

Not applicable

II. Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

1. Information concerning the amount of revenues and income/loss by reportable segment

(Millions of yen)

	Leasing and Installment Sales	Finance	Other	Total
Revenues				
Revenues from customers	661,770	18,163	19,010	698,944
Intersegment revenues/transfers	—	—	959	959
Total	661,770	18,163	19,970	699,904
Segment income	43,557	9,816	5,278	58,652

2. Difference between the total amount of income or loss of reportable segments and the amount on quarterly consolidated statements of income, as well as the main elements of the difference (the items regarding variance adjustment)

(Millions of yen)

Income	Amount
Reportable segments total	58,652
Intersegment eliminations	(959)
Corporate expenses (Note)	(4,726)
Operating income on consolidated statements of income	52,965

Note: Corporate expenses consist of general and administrative expenses not attributed to reportable segments.

3. Information concerning impairment loss on non-current assets, goodwill, etc. by reportable segment
Not applicable

Significant Subsequent Events

Not applicable

4. Supplementary Information

(1) Operating Transactions

1) New transactions volume (from April 1, 2016 to December 31, 2016)

(Millions of yen)

Classification		Nine months ended December 31, 2016	
		Amount	Change over the same period of the previous year (%)
Leasing and Installment Sales	Finance lease	417,492	107.1
	Operating lease	139,771	74.6
	Subtotal	557,264	96.6
	Installment sales	73,729	108.0
	Total	630,994	97.8
Finance		432,899	93.2
Other		7,231	60.3
Total		1,071,125	95.5

Note: For the “Installment sales,” the amount of installment sales receivable after deducting deferred profit on installment sales, are presented.

2) Balance of Operating Assets (As of December 31, 2016)

(Millions of yen)

Classification		Fiscal 2015		Q3 Fiscal 2016	
		Amount	Share (%)	Amount	Share (%)
Leasing and Installment Sales	Finance lease	1,480,951	49.5	1,552,158	49.6
	Operating lease	545,955	18.2	630,206	20.1
	Subtotal	2,026,907	67.7	2,182,364	69.7
	Installment sales	214,441	7.2	192,666	6.2
	Total	2,241,348	74.9	2,375,031	75.9
Finance		724,350	24.2	723,692	23.1
Other		25,442	0.9	31,508	1.0
Total		2,991,141	100.0	3,130,233	100.0

Note: For the “Installment sales,” the amount of installment sales receivable after deducting deferred profit on installment sales is presented.

(Reference)

(Millions of yen)

	Fiscal 2015	Q3 Fiscal 2016
Business guarantees	27,857	23,994