

Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Three Months  
Ended June 30, 2009

**Matsui Securities Co., Ltd.**

1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan

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Filed with the Director of the Kanto Local Finance Bureau

On August 14, 2009



# **1 Information on the Company**

## **Part 1 Company Financial Outlook**

### **1 Major Business Indices**

#### **Consolidated Business Indices**

		Three months Ended June 30, 2008	Three months Ended June 30, 2009	Year Ended March 31, 2009
Operating revenues	(Millions of Yen)	8,037	6,837	26,724
Net operating revenues	(Millions of Yen)	7,418	6,490	24,464
Ordinary income	(Millions of Yen)	3,731	2,980	9,998
Net income	(Millions of Yen)	2,246	2,117	6,921
Net assets	(Millions of Yen)	73,872	68,662	69,090
Total assets	(Millions of Yen)	558,265	474,888	472,145
Net assets per share	(Yen)	274.39	267.45	269.12
Earnings per share	(Yen)	8.34	8.25	26.44
Fully diluted earnings per share	(Yen)	7.42	7.41	23.45
Equity ratio	(%)	13.2	14.5	14.6
Cash flows from operating activities	(Millions of Yen)	(4,370)	(36,069)	102,118
Cash flows from investing activities	(Millions of Yen)	(254)	(1,510)	(1,431)
Cash flows from financing activities	(Millions of Yen)	14,391	(14,056)	(74,828)
Cash and cash equivalents at end of period	(Millions of Yen)	58,748	23,205	74,840
Number of employees		114	109	108

## **2 Company's Business**

There have not been significant changes in the business of the Company's group in the three months ended June 30, 2009. There have not been significant changes in the business of the Company's major affiliates for the three months ended June 30, 2009 either.

## **3 Affiliated Companies**

There have not been changes in the composition of the affiliate companies in the three months ended June 30, 2009.

## **4 Employees**

### **(1) Consolidated basis**

The Company and its consolidated subsidiaries employ 109 employees (This number includes three employees on maternity leave and other types of leave) and 187 temporary employees.

### **(2) Stand-alone basis**

The Company employs 109 employees (This number includes three employees on maternity leave and other types of leave) and 183 temporary employees.

## **Part 2 Business Outlook of the Company**

### **1 Risk of the Company's Business**

There have not been unusual changes in financial position, result of operations and cash flows of the Company in the three months ended June 30, 2009.

There have not been significant changes in the risk of the Company's business described in the Annual Securities Report of the Company as of March 31, 2009.

### **2 Significant Contracts for the Company's Business**

There have not been significant contracts made in the three months ended June 30, 2009.

## **Part 3 Equipment**

### **1 Major Equipment**

There have not been significant changes in the Company's major equipment in the three months ended June 30, 2009.

### **2 Plans for Equipment Purchase or Disposal**

An information processing contract concluded with CSK securities service Co., Ltd. in November 2008 became effective in the period. This resulted in the Company and its consolidated subsidiaries capitalizing fixed assets, mainly software, amounting to JPY 1,257 million in the three months ended June 30, 2009.

The investment described above comprises part of a total investment amount of JPY 4,200 million planned at the beginning of this fiscal year.

No significant new plans were introduced in the three months ended June 30, 2009.

## Part 4 Corporate Profiles

### 1 Number of Shares

#### (1) Total Number of Shares

Number of Shares Authorized	
Common Stock	1,050,000,000 shares
Total	1,050,000,000 shares

	Number of Shares Outstanding		Stock Exchange(s) Listed at	Details
	As of June 30, 2009 (End of the quarterly period)	As of August 14, 2009 (Date of filing of this Report)		
Common Stock	269,260,202 shares	269,260,202 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	269,260,202 shares	269,260,202 shares	—	—

Note: The number of shares outstanding as of August 14, 2009 does not include those shares issued as a result of the exercise of new-share purchase rights in the period from August 1, 2009 to August 14, 2009.

## (2) New-Share Purchase Rights

### (i) New-share purchase rights

Special resolution from general shareholders' meeting (June 16, 2002)	
	As of June 30, 2009
Number of new-share purchase rights	15
Number of new-share purchase rights held by the Company	—
Shares on which the new-share purchase rights will be exercised	Common Stock 1unit: 100shares
Number of shares to be issued by the new-share purchase rights	4,500
Total value of payment	559 Yen per share
Period of exercise of rights	From July 15, 2005 to July 14, 2010
Price of issuance and value to be capitalized as common stock	Price of Issuance: 559 Yen Value to be capitalized as common stock: 280 Yen
Conditions of exercise	※Note
Restrictions on assignment of rights	Assignments of rights require the approval by the board of directors.
Alternative payment on the exercise of the rights	—
Grant of rights due to corporate reorganization	—

Note: (1) Person granted with new-share purchase right must be in the position of directors, auditors or employees of the Company or its subsidiaries at the time of the exercise of the rights. The exemption of this is the case where the persons have retired from directors, auditors or employees of the Company or its subsidiaries by the expiration of their term or reaching their retiring age.

(2) In case where the holder of the right deceases, its heir is entitled to exercise the rights.

(3) Disposition of the rights including pawning is to be denied.

(4) Other conditions are provided in the stock option contracts.



Special resolution from general shareholders' meeting (June 27, 2004)	
	As of June 30, 2009
Number of new-share purchase rights	1,570
Number of new-share purchase rights held by the Company	—
Shares on which the new-share purchase rights will be exercised	Common Stock 1unit: 100shares
Number of shares to be issued by the new-share purchase rights	471,000
Total value of payment	1,217 Yen per share
Period of exercise of rights	From July 15, 2006 to July 14, 2009
Price of issuance and value to be capitalized as common stock	Price of Issuance: 1,217 Yen Value to be capitalized as common stock: 609 Yen
Conditions of exercise	※Note
Restrictions on assignment of rights	Assignments of rights require the approval by the board of directors.
Alternative payment on the exercise of the rights	—
Grant of rights due to corporate reorganization	—

Note: (1) Person granted with new-share purchase right must be in the position of directors, auditors or employees of the Company or its subsidiaries at the time of the exercise of the rights. The exemption of this is 1) the case where the persons have retired from directors, auditors or employees of the Company or its subsidiaries by the expiration of their term or reaching their retiring age and 2) the case where the persons have reasonable conditions.

(2) In case where the holder of the right deceases, its heir is entitled to exercise the rights.

(3) Disposition of the rights including pawning is to be denied.

(4) Other conditions are determined by the resolution of the board of directors.

**(ii) Bonds with new-share purchase rights**

Zero Coupon Convertible Bond due 2011 (Issued on November 17, 2003)	
	As of June 30, 2009
Number of new-share purchase rights	15,751
Number of new-share purchase rights held by the Company	—
Shares on which the new-share purchase rights will be exercised	Common Stock 1unit: 100shares
Number of shares to be issued by the new-share purchase rights	26,701,135
Total value of payment	2 million yen per one new-share purchase right 1,179.8 Yen per share
Period of exercise of rights	From December 1, 2003 to March 17, 2011
Price of issuance and value to be capitalized as common stocks	Price of Issuance: 1,179.8 Yen Value to be capitalized as common stock: 590 Yen
Conditions of exercise	New-share purchase rights of each bond cannot be exercised partially.
Restrictions on assignment of rights	The new-share purchase rights can not be assigned separately from the bonds.
Alternative payment on the exercise of the rights	The amount equivalent to the bonds issued is to be treated as the fulfillment of the payment on the exercise of the rights.
Grant of rights due to corporate reorganization	—
Outstanding balance of bonds with new-share purchase rights (Millions of yen)	31,502

**(3) Rights Plan**

No relevant items

**(4) Total Number of Shares Outstanding and Capital Stock**

	Shares Outstanding		Capital Stock		Additional Paid in Capital	
	Change (Thousands of shares)	Shares outstanding (Thousands of shares)	Change (Millions of Yen)	Outstanding Balance (Millions of Yen)	Change (Millions of Yen)	Outstanding Balance (Millions of Yen)
From April 1, 2009 to June 30, 2009	—	269,260	—	11,944	—	9,792

**(5) Principal Shareholders**

The Company has not obtained information on the changes of the principal shareholders for the three months ended June 30, 2009.

## (6) Voting Rights

Following tables show the status of voting rights as of March 31, 2009 instead of those as of June 30, 2009 for the Company is not able to settle the list of shareholders as of June 30, 2009.

### (i) Outstanding shares

( As of March 31, 2009 )

	Number of shares	Number of voting rights
Shares without voting rights	—	—
Shares with limited voting rights (Treasury stock)	—	—
Shares with limited voting rights (Other than treasury stock)	—	—
Shares with full voting rights (Treasury stock)	( Treasury stock ) Common stock 12,532,700	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,715,100	2,565,693
Odd lot shares (1 lot = 100 shares)	Common stock 12,402	—
Total number of shares outstanding	269,260,202	—
Total number of voting rights	—	2,565,693

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 145,400 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury stock)." 4 voting rights under the title of Japan Securities Depository Center Inc. and 1,454 voting rights of securities bought by customers using money loaned from the Company's own fund are not included in "Shares with full voting rights (Other than treasury stock)".
- 43 treasury shares are included in odd-lot shares..

### (ii) Treasury Stock

( As of March 31, 2009 )

Name of shareholders	Address	Treasury stock held by the Company's own name	Treasury stock held by other person's name	Total Number of shares held	Percentage of shares to the total number of outstanding shares (%)
(Treasury stock held by the Company ) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan	12,532,700	—	12,532,700	4.65
Total	—	12,532,700	—	12,532,700	4.65

## **2 Share Price**

Monthly highest and lowest prices for the three months ended June 30, 2009		April 2009	May 2009	June 2009
	Highest (Yen)	743	787	931
	Lowest (Yen)	627	689	765

Note: The highest and lowest prices are quoted in the 1<sup>st</sup> section of the Tokyo Stock Exchange.

## **3 Executives**

There have not been changes in the executives' title after June 29, 2009 when the Company filed its Annual Securities report for the year ended March 31, 2009.

## 4 Operations of Business

### (1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
Three months ended June 30, 2008	Brokerage commissions	4,823	—	32	21	4,875
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	—	—	—	—	—
	Others	106	—	3	377	486
	Total	4,929	—	35	398	5,362
Three months ended June 30, 2009	Brokerage commissions	4,698	—	38	11	4,747
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	—	—	—	—	—
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	78	—	2	362	442
	Total	4,776	—	40	373	5,189

### (2) Net Gain on Trading

(Millions of Yen)

	Three months ended June 30, 2008			Three months ended June 30, 2009		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	0	—	0	1	(0)	1
Net gain on trading of bonds and others	2	(0)	2	1	0	1
Bonds	—	—	—	—	—	—
Others	2	(0)	2	1	0	1
Total	2	(0)	2	1	0	1

**(3) Operations of Securities Trading****[1] Trading of securities excluding futures****i) Stocks**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2008	4,118,755	544	4,119,299
Three months ended June 30, 2009	3,983,163	1,649	3,984,813

**(Margin Trading)**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2008	2,603,767	—	2,603,767
Three months ended June 30, 2009	2,461,938	—	2,461,938

**ii) Bonds**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2008	—	—	—
Three months ended June 30, 2009	—	—	—

**iii) Beneficiary Certificates**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2008	30,805	—	30,805
Three months ended June 30, 2009	36,387	17	36,405

**iv ) Others**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended June 30, 2008	—	—	2,758	2,758
Three months ended June 30, 2009	—	—	1,463	1,463

※"Others" are covered warrants

**(Brokerage trading)**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended June 30, 2008	—	—	2,758	2,758
Three months ended June 30, 2009	—	—	1,463	1,463

※"Others" are covered warrants

**[2] Futures Trading**

**i ) Stock-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended June 30, 2008	8,021,965	—	10,603,607	—	18,625,572
Three months ended June 30, 2009	4,439,885	—	7,002,916	—	11,442,800

**ii ) Bond-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended June 30, 2008	—	—	—	—	—
Three months ended June 30, 2009	—	—	—	—	—



**[3] Underwriting and selling, underwriting and selling for professional investors, subscription and distribution, private offering, and subscription and distribution for professional investors**

**i) Stocks**

(Millions of Yen)

	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2008	—	—	—	—	—	—	—
Three months ended June 30, 2009	—	—	—	2	—	—	—

**ii) Bonds**

(Millions of Yen)

	Item	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2008	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Three months ended June 30, 2009	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—

**iii) Beneficiary certificates**

(Millions of Yen)

	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2008	—	—	—	490	—	—	—
Three months ended June 30, 2009	—	—	—	258	—	—	—

iv ) Others

(Millions of Yen)

	Item	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2008	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Three months ended June 30, 2009	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Capital Adequacy Ratio

(Millions of Yen)

		As of June 30, 2008	As of June 30, 2009
Tier I Capital	①	73,801	68,567
Tier II Capital	Net unrealized gain on investment	0	16
	Reserve for financial products transaction liabilities	3,745	2,283
	General allowance for doubtful accounts	310	203
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	4,057	2,503
Assets to be deducted from equity capital	③	7,804	8,760
Equity capital after deduction	① + ② - ③ (A)	70,054	62,310
Risk	Market risk	4	2
	Counterparty risk	5,813	3,995
	Basic risk	4,099	3,569
	Total (B)	9,917	7,567
Capital adequacy ratio	(A) / (B) × 100	706.3%	823.3%

Note: Values are rounded down to the nearest million yen.

## **Part 5 Financial Status**

### **1 Presentation of Quarterly Consolidated Financial Statements**

Pursuant to Article 61 and 82 of the “Regulations of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64, 2007), the quarterly consolidated financial statements of the Company are prepared in accordance with the “Cabinet Office Ordinance concerning Financial Instruments Business” (Cabinet Office Ordinance No. 52, 2007) and the “Uniform Accounting Standards of Securities Business” (set by the board of directors of the Japan Securities Dealers’ Association, November 14, 1974) along with the “Regulations of Quarterly Consolidated Financial Statements”.

The quarterly consolidated financial statements for the three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008) have been prepared in accordance with the former Regulations of Quarterly Consolidated Financial Statements, and the quarterly consolidated financial statements for the three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009) have been prepared in accordance with the current Regulations of Quarterly Consolidated Financial Statements.

### **2 Audit Report**

The quarterly consolidated financial statements for the three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008) and for the three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009) were reviewed by PricewaterhouseCoopers Aarata in accordance with the Article 193-2-1 of Financial Instruments and Exchange Law.

### **Notice to readers:**

The accompanying quarterly consolidated financial statements were prepared in accordance with the provision set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different from International Financial Reporting Standards in the certain aspects of application and disclosure requirements.

The quarterly consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries or jurisdictions other than Japan.

# 1 Quarterly Consolidated Financial Statements

## [1] Quarterly Consolidated Balance Sheets

(Millions of Yen)

	June 30, 2009	March 31, 2009
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank deposits	12,700	15,839
Cash segregated as deposits	244,774	237,989
Cash in trust	27,255	75,751
Trading assets:	1,615	1,980
Trading securities and others	0	0
Derivatives	1,615	1,980
Repurchased convertible bonds	—	7,717
Net receivables arising from pre-settlement date trades	180	49
Margin account assets:	169,393	115,246
Loans receivable from customers	162,318	98,639
Cash deposited as collateral for securities borrowed from securities finance companies	7,075	16,608
Receivables on collateralized securities transactions:	1,309	3,109
Cash deposits collateral for securities borrowed	1,309	3,109
Receivables from customers and others	25	22
Advance paid for subscription	—	2
Short-term guarantee deposits	3,851	2,139
Others	5,551	5,350
Allowance for doubtful accounts	(204)	(127)
<b>Total current assets</b>	<b>466,451</b>	<b>465,067</b>
<b>Fixed assets</b>		
Tangible fixed assets	※1 1,209	※1 1,125
Intangible assets	5,004	3,653
Software	4,993	3,642
Others	11	11
Investments and others	2,225	2,300
Investment securities	307	320
Others	2,841	2,855
Allowance for doubtful accounts	(922)	(875)
<b>Total fixed assets</b>	<b>8,438</b>	<b>7,078</b>
<b>Total assets</b>	<b>474,888</b>	<b>472,145</b>

(Millions of Yen)

	June 30, 2009	March 31, 2009
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading liabilities:	295	192
Derivatives	295	192
Margin account liabilities:	65,602	57,052
Loans from securities finance companies	※2 27,607	※2 17,073
Proceeds of securities sold on customers' account	37,996	39,980
Payables on collateralized securities transactions:	9,876	7,547
Cash deposits as collateral for securities loaned	9,876	7,547
Deposits received	128,144	124,623
Guarantee money received	143,560	135,112
Suspense account for undelivered securities	0	2
Short-term borrowings	21,032	5,032
Bonds due within one year	—	20,000
Convertible bonds due within one year	—	8,298
Accrued income taxes	1,420	1,334
Accrued bonuses	32	86
Others	2,199	9,735
<b>Total current liabilities</b>	<b>372,160</b>	<b>369,013</b>
<b>Long-term liabilities</b>		
Convertible bonds	31,502	31,502
Long-term borrowings	52	52
Reserve for retirement bonuses for directors and auditors	204	204
Others	24	0
<b>Total long-term liabilities</b>	<b>31,783</b>	<b>31,759</b>
<b>Statutory reserves</b>		
Reserve for financial products transaction liabilities	2,283	2,283
<b>Total statutory reserves</b>	<b>2,283</b>	<b>2,283</b>
<b>Total liabilities</b>	<b>406,226</b>	<b>403,054</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	11,944	11,944
Capital surplus	9,792	9,792
Earned surplus	56,385	56,835
Treasury stock	(9,474)	(9,474)
<b>Total shareholders' equity</b>	<b>68,646</b>	<b>69,096</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gain (loss) on investment securities, net of taxes	16	(6)
<b>Total valuation and translation adjustments</b>	<b>16</b>	<b>(6)</b>
<b>Total net assets</b>	<b>68,662</b>	<b>69,090</b>
<b>Total liabilities and net assets</b>	<b>474,888</b>	<b>472,145</b>

## [2] Quarterly Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Operating revenues		
Commissions	5,362	5,189
Brokerage commissions	4,875	4,747
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	0	—
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	—	0
Others	486	442
Net gain (loss) on trading	2	1
Interest and dividend income	2,673	1,646
Total operating revenues	8,037	6,837
Interest expenses	619	347
Net operating revenues	7,418	6,490
Selling, general and administrative expenses		
Transaction related expenses	1,068	947
Employees' compensation and benefits	※1 546	※1 497
Occupancy and rental	119	173
Data processing and office supplies	1,593	1,297
Depreciation	291	386
Duties and taxes other than income taxes	61	55
Provision of allowance for doubtful accounts	15	124
Others	46	44
Total selling, general and administrative expenses	3,738	3,522
Operating income	3,680	2,968
Non-operating income		
Dividend income	50	8
Others	3	7
Total non-operating income	52	15
Non-operating expenses		
Others	1	2
Total non-operating expenses	1	2
Ordinary income	3,731	2,980
Special profits		
Gain on cancellation of convertible bonds	—	581
Total Special profits	—	581
Special losses		
Devaluation loss on investment securities	—	20
Total Special losses	—	20
Income before income taxes	3,731	3,541
Income taxes - current	1,177	1,397
Income taxes - deferred	308	27
Income taxes	1,484	1,424
Net income	2,246	2,117

### [3] Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Cash flows from operating activities		
Income before income taxes	3,731	3,541
Depreciation and amortization	291	386
Net change in allowance for doubtful accounts	5	124
Net change in accrued bonuses	(102)	(54)
Interest and dividend income	(2,684)	(1,887)
Interest expenses	590	333
Devaluation loss on investment securities	—	20
Gain on cancellation of convertible bonds	—	(581)
Net change in cash segregated as deposits	(17,000)	(6,754)
Net change in cash in trust	(1,600)	—
Net change in trading assets and liabilities	1,416	469
Net change in net receivables and payables arising from pre-settlement date trades	(56)	(131)
Net change in margin assets and liabilities	(9,093)	(45,597)
Net change in receivables on collateralized securities transactions	(1,179)	1,799
Net change in deposits received and receivables from customers and others	11,113	3,518
Net change in payables on collateralized securities transactions	7,571	2,329
Net change in guarantee money received	3,252	8,448
Net change in short-term guarantee deposits	2,184	(1,712)
Others	256	(89)
Sub total	(1,305)	(35,839)
Interest and dividend received	2,368	1,566
Interest paid	(740)	(489)
Income taxes paid	(4,693)	(1,307)
Net cash flows from operating activities	(4,370)	(36,069)
Cash flows from investing activities		
Payments for purchases of property and equipment	(0)	(31)
Payments for purchases of intangible assets	(254)	(1,479)
Net cash flows from investing activities	(254)	(1,510)
Cash flows from financing activities		
Net change in short-term borrowings	22,500	18,000
Repayments of long-term borrowings	—	(2,000)
Repayment for corporate bonds	—	(20,000)
Payments for repurchase of convertible bonds	—	(7,717)
Proceeds from issuance of shares on the exercise of new-share purchase rights	2	—
Dividends paid	(8,111)	(2,339)
Net cash flows from financing activities	14,391	(14,056)
Translation difference of cash and cash equivalent	0	(0)
Net change in cash and cash equivalent	9,768	(51,635)
Cash and cash equivalents at beginning of period	48,981	74,840
Cash and cash equivalents at end of period	※1 58,748	※1 23,205

**Changes in Significant Accounting Policies for the Quarterly Consolidated Financial Statements**

(Three months ended June 30, 2009)

No relevant items.

**Adoption of the simplified accounting policies for preparation of the quarterly consolidated financial statements**

(Three months ended June 30, 2009)

No relevant items.

**Adoption of the typical accounting procedures for preparation of the quarterly consolidated financial statements**

(Three months ended June 30, 2009)

No relevant items.



## Notes to Quarterly Consolidated Financial Statements

### Notes to Quarterly Consolidated Balance Sheet

As of June 30, 2009	As of March 31, 2009																																								
<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <p style="text-align: right;">729 Million Yen</p> <p>※2 Assets collateralized: None of the assets is collateralized.</p> <p>Note: The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 806 million yen are collateralized for the loans from securities finance companies. 19,319 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.</p> <p>3 Fair value of securities received and deposited are as follows.</p> <p>(1) Securities deposited (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1) Securities lent for customers' short positions in margin trading</td> <td style="text-align: right;">43,970</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">27,855</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">10,647</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">9,617</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">6,815</td> </tr> </table> <p>(2) Securities received (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1) Securities received for customers' long positions in margin trading</td> <td style="text-align: right;">151,818</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">7,235</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">1,263</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">200,881</td> </tr> <tr> <td>5) Securities received from customers as collateral for futures and option trading guarantee</td> <td style="text-align: right;">2,410</td> </tr> </table>	1) Securities lent for customers' short positions in margin trading	43,970	2) Collateralized securities for loans from securities finance companies	27,855	3) Securities loaned out in securities loaned vs. cash transactions	10,647	4) Long-term guarantee securities deposited	9,617	5) Securities pledged as collateral for futures and option trading guarantee	6,815	1) Securities received for customers' long positions in margin trading	151,818	2) Securities borrowed from securities finance companies	7,235	3) Securities received in securities borrowed vs. cash transactions	1,263	4) Guarantee securities received from customers	200,881	5) Securities received from customers as collateral for futures and option trading guarantee	2,410	<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <p style="text-align: right;">696 Million Yen</p> <p>※2 Assets collateralized: None of the assets is collateralized.</p> <p>Note: The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 690 million yen are collateralized for the loans from securities finance companies. 13,547 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.</p> <p>3 Fair value of securities received and deposited are as follows.</p> <p>(1) Securities deposited (Millions of Yen)</p> <table style="width: 100%; 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## Notes to Quarterly Consolidated Statements of Income

Three months ended June 30, 2008	Three months ended June 30, 2009
※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 34 million yen of accrued bonuses.	※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 32 million yen of accrued bonuses.

## Notes to Quarterly Consolidated Statements of Cash Flows

Three months ended June 30, 2008	Three months ended June 30, 2009																
<p>※1 The reconciliation between cash and cash equivalents and the balance of cash in hand and at banks presented in the quarterly consolidated balance sheet is as follows.</p> <p style="text-align: right;">(As of June 30, 2008)</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Cash and bank deposits</td> <td style="text-align: right;">26,892</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">48,956</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(17,100)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">58,748</td> </tr> </table>	Cash and bank deposits	26,892	Cash in trust	48,956	Cash in trust which is held to segregate guarantee money	(17,100)	Cash and cash equivalents	58,748	<p>※1 The reconciliation between cash and cash equivalents and the balance of cash in hand and at banks presented in the quarterly consolidated balance sheet is as follows.</p> <p style="text-align: right;">(As of June 30, 2009)</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Cash and bank deposits</td> <td style="text-align: right;">12,700</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">27,255</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(16,750)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">23,205</td> </tr> </table>	Cash and bank deposits	12,700	Cash in trust	27,255	Cash in trust which is held to segregate guarantee money	(16,750)	Cash and cash equivalents	23,205
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Cash and cash equivalents	23,205																

## **Notes Concerning Net Assets**

(As of June 30, 2009 and three months ended June 30, 2009)

1. Outstanding shares

(Number of shares)

Type of share	As of June 30, 2009
Common stock	269,260,202

2. Treasury stock

(Number of shares)

Type of shares	As of June 30, 2009
Common stock	12,532,743

3. New-share purchase rights

No relevant items.

4. Dividends

(1) Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 28, 2009
Type of Shares	Common stock
Amount of dividend payment	2,567 million yen
Dividends per share	10 yen
Date of record for dividends	March 31, 2009
Effective date	June 29, 2009
Source of dividends	Earned surplus

(2) Dividends for which effective date is after June 30, 2009

No relevant items.

5. Significant changes in net assets

No relevant items.

**Notes to Securities**

There have not been significant change in securities during three months ended June 30, 2009 compared to fiscal year ended March 31, 2009.

**Notes to Derivative Transactions**

There have not been any significant derivative transactions in the three months ended June 30, 2009.

**Notes to Stock Options**

No relevant items.

## **Segment Information**

(Three months ended June 30, 2008)

Information relating to operations in different industries is omitted as the Company and its consolidated subsidiary operate predominately in investment and financing service industry. The Company's primary business activities include brokerage, underwriting and distribution and trading of securities, and over 90% of the operating revenues or operating income of the Company and its consolidated subsidiary are related to the investment and financing services industry.

Information relating to geographic area and export sales has been omitted, as the Company and its consolidated subsidiary do not have overseas branch nor earns overseas revenue.

(Three months ended June 30, 2009)

Information relating to operations in different industries is omitted as the Company and its consolidated subsidiary operate predominately in investment and financing service industry. The Company's primary business activities include brokerage, underwriting and distribution and trading of securities, and over 90% of the operating revenues or operating income of the Company and its consolidated subsidiary are related to the investment and financing services industry.

Information relating to geographic area and export sales has been omitted, as the Company and its consolidated subsidiary do not have overseas branch nor earns overseas revenue.

## **Per Share Information**

### 1. Net assets per share

Three months ended June 30, 2009		Year ended March 31, 2009	
Net assets per share	267.45 Yen	Net assets per share	269.12 Yen

Note: Calculation basis of net assets per share information is as follows:

Items	Three months ended June 30, 2009	Year ended March 31, 2009
Total net assets on the balance sheets (Millions of Yen)	68,662	69,090
Net assets attributed to common stock (Millions of Yen)	68,662	69,090
Breakdown of difference (Millions of Yen)	—	—
Number of common stock outstanding (Thousands of shares)	269,260	269,260
Number of common stock held in treasury (Thousands of shares)	12,533	12,533
Number of common stock included in the calculation of net assets per share (Thousands of shares)	256,727	256,727

### 2. Earnings per share and fully diluted earnings per share

Three months ended June 30, 2008		Three months ended June 30, 2009	
Earnings/share	8.34 Yen	Earnings/share	8.25 Yen
Fully diluted earnings/share	7.42 Yen	Fully diluted earnings/share	7.41 Yen

Note: Calculation basis of Earnings per share and fully diluted earnings per share information is as follows;

Items	Three months ended June 30, 2008	Three months ended June 30, 2009
Net income on the statements of income (Millions of Yen)	2,246	2,117
Net income attributed to common stock (Millions of Yen)	2,246	2,117
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	269,223	256,727
Increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)	33,462	29,047
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

## **Subsequent Events**

No relevant items

## **2. Others**

No relevant items

## **2. Information on the Surety of the Company**

No relevant items



**Note: The Original Quarterly Securities Report includes the quarterly review by PricewaterhouseCoopers Aarata for the quarterly consolidated financial statements for the three months ended June 30, 2008 and the three months ended June 30, 2009.**