

**Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Six Months  
Ended September 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 November 13, 2009



# 1 Information on the Company

## Part 1 Company Financial Outlook

### 1 Major Business Indices

#### Consolidated Business Indices

		Six months Ended September 30, 2008	Six months Ended September 30, 2009	Three months Ended September 30, 2008	Three months Ended September 30, 2009	Year Ended March 31, 2009
Operating revenues	(Millions of Yen)	15,022	13,386	6,985	6,548	26,724
Net operating revenues	(Millions of Yen)	13,789	12,750	6,371	6,260	24,464
Ordinary income	(Millions of Yen)	6,539	6,389	2,808	3,409	9,998
Net income	(Millions of Yen)	3,923	4,086	1,677	1,969	6,921
Net assets	(Millions of Yen)	—	—	68,671	70,613	69,090
Total assets	(Millions of Yen)	—	—	518,499	482,211	472,145
Net assets per share	(Yen)	—	—	263.33	275.05	269.12
Earnings per share	(Yen)	14.71	15.92	6.35	7.67	26.44
Fully diluted earnings per share	(Yen)	13.07	14.36	5.64	6.95	23.45
Equity ratio	(%)	—	—	13.2	14.6	14.6
Cash flows from operating activities	(Millions of Yen)	40,141	(49,924)	—	—	102,118
Cash flows from investing activities	(Millions of Yen)	(823)	(2,305)	—	—	(1,431)
Cash flows from financing activities	(Millions of Yen)	(25,355)	2,702	—	—	(74,828)
Cash and cash equivalents at end of period	(Millions of Yen)	—	—	62,944	25,313	74,840
Number of employees		—	—	112	108	108

## **2 Company's Business**

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

## **3 Affiliated Companies**

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

## **4 Employees**

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

The Company and its consolidated subsidiaries employ 108 employees (This number includes 3 employees on maternity leave and other types of leave) and 183 temporary employees.

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

The Company employs 108 employees (This number includes 3 employees on maternity leave and other types of leave) and 179 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 September 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 September 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 September 30, 2009.

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

There have not been significant changes nor completion of the plans during the three months ended September 30, 2009 to purchase or dispose equipment as of June 30, 2009.

There have not been any significant plans newly introduced in the three months ended September 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 September 30, 2009 (End of the quarterly period)	As of November 13, 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 November 13, 2009 does not include those shares issued as a result of the exercise of new-share purchase rights in the period from November 1, 2009 to November 13, 2009.

## (2) New-Share Purchase Rights

### (i) New-share purchase rights

Special resolution from general shareholders' meeting (June 16, 2002)	
	As of September 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 1 unit: 100 shares
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.



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

Zero Coupon Convertible Bond due 2011 (Issued on November 17, 2003)	
	As of September 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 1 unit: 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 July 1, 2009 to September 30, 2009	—	269,260	—	11,944	—	9,792

### (5) Principal Shareholders

(As of September 30, 2009)

Name	Address	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)
Chizuko Matsui	Bunkyo-ku, Tokyo, Japan	69,700	25.89
Michio Matsui	Bunkyo-ku, Tokyo, Japan	31,864	11.83
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	24,391	9.06
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	10,692	3.97
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	7,912	2.94
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	7,039	2.61
Michitaro Matsui	Bunkyo-ku, Tokyo, Japan	4,390	1.63
Chiaki Matsui	Bunkyo-ku, Tokyo, Japan	4,390	1.63
Yuma Matsui	Bunkyo-ku, Tokyo, Japan	4,390	1.63
JPMorgan Securities Japan Co., Ltd.	Tokyo-building 2-7-3, marunouchi Chiyoda-ku, Tokyo, Japan	2,913	1.08
Total	—	167,681	62.27

Note:

1. 12,533 thousands of treasury stock (4.65%) are not included above.
2. Because the Company was not able to verify the number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account), and Japan Trustee Services Bank, Ltd. (Trust account) for their trustee businesses, the Company does not show these numbers.

## (6) Voting Rights

### (i) Outstanding shares

( As of September 30, 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 256,714,300	2,565,651
Odd lot shares (1 lot = 100 shares)	Common stock 13,202	—
Total number of shares outstanding	269,260,202	—
Total number of voting rights	—	2,565,651

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 149,200 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. are included in "Shares with full voting rights (Other than treasury stock)". 1,492 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 September 30, 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 six months ended September 30, 2009		April 2009	May 2009	June 2009	July 2009	August 2009	September 2009
	Highest (Yen)	743	787	931	903	915	869
	Lowest (Yen)	627	689	765	765	854	715

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

## 3 Executives

Following is the change in the executive titles after June 29, 2009 when the Company filed its Annual Securities report for the year ended March 31, 2009.

### Change of directors' title

New title	Former title	Name	Date of change
Director (General manager of CEO Office, Director in charge of Marketing Department and Human Resources Department)	Director, General manager of Marketing Department (In charge of Marketing Planning Unit)	Akira Warita	September 1, 2009

## 4 Operations of Business

### (1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
Three months ended September 30, 2008	Brokerage commissions	3,819	—	27	20	3,865
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1	—	—	—	1
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	140	—	3	444	587
	Total	3,960	—	30	463	4,453
Three months ended September 30, 2009	Brokerage commissions	4,055	—	42	6	4,102
	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	—	—	—	—	—
	Others	150	—	2	368	520
	Total	4,205	—	43	374	4,622

### (2) Net Gain on Trading

(Millions of Yen)

	Three months ended September 30, 2008			Three months ended September 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	1	(0)	1	1	0	1
Bonds	—	—	—	—	—	—
Others	1	(0)	1	1	0	1
Total	1	(0)	1	2	0	2

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

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended September 30, 2008	2,957,874	7,569	2,965,443
Three months ended September 30, 2009	3,269,882	1,235	3,271,117

**(Margin Trading)**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended September 30, 2008	1,889,357	—	1,889,357
Three months ended September 30, 2009	2,014,406	—	2,014,406

**ii) Bonds**

(Millions of Yen)

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

**iii) Beneficiary Certificates**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended September 30, 2008	25,198	80	25,278
Three months ended September 30, 2009	43,820	29	43,849

**iv ) Others**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended September 30, 2008	—	—	2,809	2,809
Three months ended September 30, 2009	—	—	768	768

※"Others" are covered warrants

**(Brokerage trading)**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended September 30, 2008	—	—	2,809	2,809
Three months ended September 30, 2009	—	—	768	768

※"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 September 30, 2008	8,567,235	—	12,355,542	—	20,922,778
Three months ended September 30, 2009	5,091,118	—	9,734,044	—	14,825,162

**ii ) Bond-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended September 30, 2008	—	—	—	—	—
Three months ended September 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 September 30, 2008	134	12	—	2	—	—	—
Three months ended September 30, 2009	—	—	—	—	—	—	—

**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 September 30, 2008	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Three months ended September 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 September 30, 2008	—	—	—	208	—	—	—
Three months ended September 30, 2009	—	—	—	460	—	—	—



**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 September 30, 2008	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Three months ended September 30, 2009	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

**(4) Capital Adequacy Ratio**

(Millions of Yen)

		As of September 30, 2008	As of September 30, 2009
Tier I Capital	①	68,598	70,532
Tier II Capital	Net unrealized gain on investment	—	—
	Reserve for financial products transaction liabilities	3,745	2,283
	General allowance for doubtful accounts	234	228
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	3,980	2,511
Assets to be deducted from equity capital	③	7,656	8,838
Equity capital after deduction	① + ② - ③ (A)	64,921	64,205
Risk	Market risk	3	2
	Counterparty risk	4,737	4,112
	Basic risk	3,938	3,326
	Total (B)	8,679	7,441
Capital adequacy ratio	(A) / (B) × 100	747.9%	862.8%

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

	September 30, 2009	March 31, 2009
Assets		
Current Assets		
Cash and bank deposits	16,413	15,839
Cash segregated as deposits	242,015	237,989
Cash in trust	26,750	75,751
Trading assets:	2,411	1,980
Trading securities and others	0	0
Derivatives	2,411	1,980
Repurchased convertible bonds	—	7,717
Net receivables arising from pre-settlement date trades	105	49
Margin account assets:	173,071	115,246
Loans receivable from customers	163,191	98,639
Cash deposited as collateral for securities borrowed from securities finance companies	9,881	16,608
Receivables on collateralized securities transactions:	2,231	3,109
Cash deposits collateral for securities borrowed	2,231	3,109
Receivables from customers and others	109	22
Advance paid for subscription	—	2
Short-term guarantee deposits	4,838	2,139
Others	6,413	5,350
Allowance for doubtful accounts	(229)	(127)
<b>Total current assets</b>	<b>474,127</b>	<b>465,067</b>
Fixed assets		
Tangible fixed assets	※1 1,175	※1 1,125
Intangible assets	4,695	3,653
Software	4,685	3,642
Others	11	11
Investments and others	2,213	2,300
Investment securities	300	320
Others	2,828	2,855
Allowance for doubtful accounts	(916)	(875)
<b>Total fixed assets</b>	<b>8,083</b>	<b>7,078</b>
<b>Total assets</b>	<b>482,211</b>	<b>472,145</b>

(Millions of Yen)

	September 30, 2009	March 31, 2009
<b>Liabilities</b>		
Current liabilities		
Trading liabilities:	265	192
Derivatives	265	192
Margin account liabilities:	49,568	57,052
Loans from securities finance companies	※2 8,117	※2 17,073
Proceeds of securities sold on customers' account	41,451	39,980
Payables on collateralized securities transactions:	7,480	7,547
Cash deposits as collateral for securities loaned	7,480	7,547
Deposits received	130,707	124,623
Guarantee money received	147,274	135,112
Suspense account for undelivered securities	—	2
Short-term borrowings	38,032	5,032
Bonds due within one year	—	20,000
Convertible bonds due within one year	—	8,298
Accrued income taxes	3,024	1,334
Accrued bonuses	63	86
Others	1,146	9,735
Total current liabilities	377,561	369,013
Long-term liabilities		
Convertible bonds	31,502	31,502
Long-term borrowings	36	52
Reserve for retirement bonuses for directors and auditors	204	204
Others	11	0
Total long-term liabilities	31,753	31,759
Statutory reserves		
Reserve for financial products transaction liabilities	2,283	2,283
Total statutory reserves	2,283	2,283
Total liabilities	411,597	403,054
<b>Net assets</b>		
Shareholders' equity		
Common stock	11,944	11,944
Capital surplus	9,792	9,792
Earned surplus	58,354	56,835
Treasury stock	(9,474)	(9,474)
Total shareholders' equity	70,615	69,096
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	(1)	(6)
Total valuation and translation adjustments	(1)	(6)
Total net assets	70,613	69,090
Total liabilities and net assets	482,211	472,145

## [2] Quarterly Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Operating revenues		
Commissions	9,815	9,811
Brokerage commissions	8,741	8,850
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1	—
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,073	962
Net gain (loss) on trading	3	3
Interest and dividend income	5,204	3,571
Total operating revenues	15,022	13,386
Interest expenses	1,233	635
Net operating revenues	13,789	12,750
Selling, general and administrative expenses		
Transaction related expenses	2,077	1,874
Employees' compensation and benefits	※1 1,067	※1 985
Occupancy and rental	239	460
Data processing and office supplies	3,141	1,916
Depreciation	607	836
Duties and taxes other than income taxes	95	86
Provision of allowance for doubtful accounts	—	149
Others	76	65
Total selling, general and administrative expenses	7,303	6,370
Operating income	6,487	6,380
Non-operating income		
Dividend income	51	9
Others	12	10
Total non-operating income	63	19
Non-operating expenses		
Others	11	10
Total non-operating expenses	11	10
Ordinary income	6,539	6,389
Special profits		
Gain on cancellation of convertible bonds	—	581
Reversal of allowance for doubtful accounts	70	—
Total Special profits	70	581
Special losses		
Devaluation loss on investment securities	—	20
Total Special losses	—	20
Income before income taxes	6,609	6,950
Income taxes - current	2,397	2,976
Income taxes - deferred	289	(112)
Income taxes	2,686	2,864
Net income	3,923	4,086

(Millions of Yen)

	Three months ended September 30, 2008	Three months ended September 30, 2009
Operating revenues		
Commissions	4,453	4,622
Brokerage commissions	3,865	4,102
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1	—
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—
Others	587	520
Net gain (loss) on trading	1	2
Interest and dividend income	2,531	1,924
Total operating revenues	6,985	6,548
Interest expenses	614	288
Net operating revenues	6,371	6,260
Selling, general and administrative expenses		
Transaction related expenses	1,009	927
Employees' compensation and benefits	※1 521	※1 488
Occupancy and rental	120	287
Data processing and office supplies	1,548	619
Depreciation	316	450
Duties and taxes other than income taxes	34	31
Provision of allowance for doubtful accounts	(15)	25
Others	31	21
Total selling, general and administrative expenses	3,565	2,848
Operating income	2,807	3,412
Non-operating income		
Dividend income	1	1
Others	9	2
Total non-operating income	11	4
Non-operating expenses		
Others	9	7
Total non-operating expenses	9	7
Ordinary income	2,808	3,409
Special profits		
Reversal of allowance for doubtful accounts	70	—
Total Special profits	70	—
Special losses		
Devaluation loss on investment securities	—	0
Total Special losses	—	0
Income before income taxes	2,878	3,409
Income taxes - current	1,220	1,579
Income taxes - deferred	(19)	(139)
Income taxes	1,202	1,440
Net income	1,677	1,969

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

(Millions of Yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Cash flows from operating activities		
Income before income taxes	6,609	6,950
Depreciation and amortization	607	836
Net change in allowance for doubtful accounts	(327)	143
Net change in accrued bonuses	(68)	(23)
Interest and dividend income	(5,215)	(4,043)
Interest expenses	1,201	610
Devaluation loss on investment securities	—	20
Gain on cancellation of convertible bonds	—	(581)
Net change in cash segregated as deposits	(28,000)	(4,026)
Net change in cash in trust	(1,600)	(1,100)
Net change in trading assets and liabilities	182	(357)
Net change in net receivables and payables arising from pre-settlement date trades	466	(56)
Net change in margin assets and liabilities	46,591	(65,309)
Net change in receivables on collateralized securities transactions	(1,102)	877
Net change in deposits received and receivables from customers and others	4,106	5,998
Net change in payables on collateralized securities transactions	(9,585)	(66)
Net change in guarantee money received	22,879	12,162
Net change in short-term guarantee deposits	3,707	(2,699)
Others	392	(879)
Sub total	40,845	(51,544)
Interest and dividend received	5,215	3,687
Interest paid	(1,214)	(760)
Income taxes paid	(4,705)	(1,307)
Net cash flows from operating activities	40,141	(49,924)
Cash flows from investing activities		
Payments for purchases of property and equipment	(0)	(44)
Payments for purchases of intangible assets	(824)	(2,261)
Others	1	—
Net cash flows from investing activities	(823)	(2,305)
Cash flows from financing activities		
Net change in short-term borrowings	(5,500)	38,000
Proceeds from long-term borrowings	100	—
Repayments of long-term borrowings	(550)	(5,016)
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	3	—
Payments for purchase of treasury stock	(0)	—
Dividends paid	(9,390)	(2,565)
Payments made to trust account for purchase of treasury stock	(10,018)	—
Net cash flows from financing activities	(25,355)	2,702
Translation difference of cash and cash equivalent	0	(0)
Net change in cash and cash equivalent	13,963	(49,527)
Cash and cash equivalents at beginning of period	48,981	74,840
Cash and cash equivalents at end of period	※1 62,944	※1 25,313

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

(Six months ended September 30, 2009)

No relevant items.

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

(Six months ended September 30, 2009)

No relevant items.

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

(Six months ended September 30, 2009)

No relevant items.



## Notes to Quarterly Consolidated Financial Statements

### Notes to Quarterly Consolidated Balance Sheet

As of September 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;">774 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 964 million yen are collateralized for the loans from securities finance companies. 11,507 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;">42,923</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">7,977</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">9,408</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">7,059</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">7,022</td> </tr> </table> <p>(2) Securities received (Millions of Yen)</p> <table style="width: 100%; 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## Notes to Quarterly Consolidated Statements of Income

Six months ended September 30, 2008	Six months ended September 30, 2009
※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 68 million yen of accrued bonuses.	※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 63 million yen of accrued bonuses.

Three months ended September 30, 2008	Three months ended September 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 31 million yen of accrued bonuses.

## Notes to Quarterly Consolidated Statements of Cash Flows

Six months ended September 30, 2008	Six months ended September 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 September 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;">13,241</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">69,946</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>Cash in trust account for purchase of treasury stocks</td> <td style="text-align: right;">(3,143)</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;">62,944</td> </tr> </table>	Cash and bank deposits	13,241	Cash in trust	69,946	Cash in trust which is held to segregate guarantee money	(17,100)	Cash in trust account for purchase of treasury stocks	(3,143)	Cash and cash equivalents	62,944	<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 September 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;">16,413</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">26,750</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(17,850)</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;">25,313</td> </tr> </table>	Cash and bank deposits	16,413	Cash in trust	26,750	Cash in trust which is held to segregate guarantee money	(17,850)	Cash and cash equivalents	25,313
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Cash and cash equivalents	25,313																		

## **Notes Concerning Net Assets**

(As of September 30, 2009 and six months ended September 30, 2009)

1. Outstanding shares

(Number of shares)

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

2. Treasury stock

(Number of shares)

Type of shares	As of September 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 September 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 six months ended September 30, 2009 compared to fiscal year ended March 31, 2009.

**Notes to Derivative Transactions**

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

**Notes to Stock Options**

No relevant items.

## **Segment Information**

(Three months ended September 30, 2008, three months ended September 30, 2009, six months ended September 30, 2008 and six months ended September 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 and 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

As of September 30, 2009		As of March 31, 2009	
Net assets per share	275.05 Yen	Net assets per share	269.12 Yen

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

Items	As of September 30, 2009	As of March 31, 2009
Total net assets on the balance sheets (Millions of Yen)	70,613	69,090
Net assets attributed to common stock (Millions of Yen)	70,613	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

Six months ended September 30, 2009

Six months ended September 30, 2008		Six months ended September 30, 2009	
Earnings/share	14.71 Yen	Earnings/share	15.92 Yen
Fully diluted earnings/share	13.07 Yen	Fully diluted earnings/share	14.36 Yen

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

Items	Six months ended September 30, 2008	Six months ended September 30, 2009
Net income on the statements of income (Millions of Yen)	3,923	4,086
Net income attributed to common stock (Millions of Yen)	3,923	4,086
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	266,649	256,727
Increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)	33,462	27,875
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

Three months ended September 30, 2009

Three months ended September 30, 2008		Three months ended September 30, 2009	
Earnings/share	6.35 Yen	Earnings/share	7.67 Yen
Fully diluted earnings/share	5.64 Yen	Fully diluted earnings/share	6.95 Yen

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

Items	Three months ended September 30, 2008	Three months ended September 30, 2009
Net income on the statements of income (Millions of Yen)	1,677	1,969
Net income attributed to common stock (Millions of Yen)	1,677	1,969
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	264,075	256,727
Increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)	33,461	26,703
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 September 30, 2008 , for the six months ended September 30, 2008, for the three months ended September 30, 2009 and for the six months ended September 30, 2009.**