

**Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Six Months  
Ended September 30, 2010**

**Matsui Securities Co., Ltd.**

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

---

Filed with the Director of the Kanto Local Finance Bureau

On November 12, 2010



# 1 Information on the Company

## Part 1 Company Financial Outlook

### 1 Major Business Indices

#### Consolidated Business Indices

		Six months Ended September 30, 2009	Six months Ended September 30, 2010	Three months Ended September 30, 2009	Three months Ended September 30, 2010	Year Ended March 31, 2010
Operating revenues	(Millions of Yen)	13,386	11,026	6,548	4,849	24,346
Net operating revenues	(Millions of Yen)	12,750	10,651	6,260	4,679	23,276
Ordinary income	(Millions of Yen)	6,389	5,288	3,409	2,132	11,545
Net income	(Millions of Yen)	4,086	3,305	1,969	1,278	7,661
Net assets	(Millions of Yen)	—	—	70,613	73,651	74,203
Total assets	(Millions of Yen)	—	—	482,211	433,173	466,089
Net assets per share	(Yen)	—	—	275.05	286.88	289.03
Earnings per share	(Yen)	15.92	12.87	7.67	4.98	29.84
Fully diluted earnings per share	(Yen)	14.36	12.03	6.95	4.73	26.97
Equity ratio	(%)	—	—	14.6	17.0	15.9
Cash flows from operating activities	(Millions of Yen)	(49,924)	(6,808)	—	—	(44,912)
Cash flows from investing activities	(Millions of Yen)	(2,305)	(707)	—	—	(3,272)
Cash flows from financing activities	(Millions of Yen)	2,702	6,295	—	—	(3,265)
Cash and cash equivalents at end of period	(Millions of Yen)	—	—	25,313	22,171	23,391
Number of employees		—	—	108	119	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, 2010. There have not been significant changes in the business of the Company's major affiliates for the three months ended September 30, 2010 either.

## **3 Affiliated Companies**

There have not been changes in the composition of the affiliate companies in the three months ended September 30, 2010.

## **4 Employees**

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

The Company and its consolidated subsidiaries employ 119 employees (This number includes 3 employees on maternity leave and other types of leave) and 179 temporary employees.

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

The Company employs 119 employees (This number includes 3 employees on maternity leave and other types of leave) and 175 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, 2010.

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, 2010.

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

There have not been significant contracts made in the three months ended September 30, 2010.

### **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, 2010.

#### **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, 2010 to purchase or dispose equipment as of June 30, 2010.

There have not been any significant plans newly introduced in the three months ended September 30, 2010.

## 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, 2010 (End of the quarterly period)	As of November 12, 2010 (Date of filing of this Report)		
Common Stock	269,264,702 shares	269,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	269,264,702 shares	269,264,702 shares	—	—

Note: The number of shares outstanding as of November 12, 2010 does not include those shares issued as a result of the exercise of new-share purchase rights in the period from November 1, 2010 to November 12, 2010.

## (2) New-Share Purchase Rights

### (i) Bonds with new-share purchase rights

Zero Coupon Convertible Bond due 2011 (Issued on November 17, 2003)	
	As of September 30, 2010
Number of new-share purchase rights	7,788
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	13,402,168
Total value of payment	2 million yen per one new-share purchase right 1,162.2 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: 1,162.2 Yen Value to be capitalized as common stock: 582 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)	15,576



### (3) Exercise of Moving Strike Convertible Bonds

No relevant items.

### (4) Rights Plan

No relevant items.

### (5) 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, 2010 to September 30, 2010	5	269,265	1	11,945	1	9,793

### (6) Principal Shareholders

(As of September 30, 2010)

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
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	8,529	3.17
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	7,754	2.88
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	3,136	1.16
Total	—	169,235	62.85

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 Japan Trustee Services Bank, Ltd. (Trust account), and The Master Trust Bank of Japan, Ltd. (Trust account) for their trustee businesses, the Company does not show these numbers.

## (7) Voting Rights

### (i) Outstanding shares

( As of September 30, 2010 )

	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 12,532,800	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,718,300	2,564,258
Odd lot shares (1 lot = 100 shares)	Common stock 13,602	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,564,258

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 292,500 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)". 2,925 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)".
- 1 treasury shares are included in odd-lot shares.

### (ii) Treasury Stock

( As of September 30, 2010 )

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	12,532,800	—	12,532,800	4.65
Total	—	12,532,800	—	12,532,800	4.65

## 2 Share Price

Monthly highest and lowest prices for the six months ended September 30, 2010		April 2010	May 2010	June 2010	July 2010	August 2010	September 2010
	Highest (Yen)	748	696	632	564	523	510
	Lowest (Yen)	658	580	544	503	477	467

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 executives' title after June 21, 2010 when the Company filed its Annual Securities report for the year ended March 31, 2010.

New title	Former title	Name	Date of change
Director (Director in charge of Compliance Department)	Director (Director in charge of Corporate Administration Department and Compliance Department)	Toshimasa Sekine	June 28, 2010
Director (General manager of CEO Office, Director in charge of Marketing Department)	Director (General manager of CEO Office, Director in charge of Marketing Department and Human Resources Department)	Akira Warita	June 28, 2010
Director (Director in charge of Corporate Administration Department and Human Resources Department)	Director	Hirohito Imada	June 28, 2010
Director (General Manager of Customer Support Department)	Director (General Manager of Customer Support Center)	Ayumi Sato	September 15, 2010
Director (General Manager of Customer Support Center)	Director (General Manager of Marketing Department In charge of Marketing Planning Unit and Corporate Services Unit)	Akihiro Ichimura	September 15, 2010
Director (General manager of CEO Office, Director in charge of Marketing Planning Unit and Corporate Services Unit)	Director (General manager of CEO Office, Director in charge of Marketing Department)	Akira Warita	September 15, 2010
Director (General manager of Corporate Administration and Human Resources Department)	Director (Director in charge of Corporate Administration Department and Human Resources Department)	Hirohito Imada	September 15, 2010
Director (General Manager of RTGS Operation Department and Director in charge of System Department (in charge of Research))	Director (General Manager of RTGS Operation Department)	Takashi Moribe	October 1, 2010
Director (Director in charge of System Department (in charge of Development and Operation))	Director (Director in charge of System Department)	Kunihiko Sato	October 1, 2010

## 4 Operations of Business

### (1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
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
Three months ended September 30, 2010	Brokerage commissions	2,490	—	22	89	2,600
	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	0	—	—	—	0
	Others	168	—	1	251	421
	Total	2,658	—	23	340	3,021

### (2) Net Gain on Trading

(Millions of Yen)

	Three months ended September 30, 2009			Three months ended September 30, 2010		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	1	0	1	(0)	—	(0)
Net gain on trading of bonds and others	1	0	1	1	0	1
Bonds	—	—	—	—	—	—
Others	1	0	1	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 September 30, 2009	3,269,882	1,235	3,271,117
Three months ended September 30, 2010	1,901,185	373	1,901,558

**(Margin Trading)**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended September 30, 2009	2,014,406	—	2,014,406
Three months ended September 30, 2010	1,222,452	186	1,222,638

**ii) Bonds**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended September 30, 2009	—	—	—
Three months ended September 30, 2010	—	—	—

**iii) Beneficiary Certificates**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended September 30, 2009	43,820	29	43,849
Three months ended September 30, 2010	19,633	—	19,633

**iv ) Others**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended September 30, 2009	—	—	768	768
Three months ended September 30, 2010	—	—	284	284

※"Others" are covered warrants.

**(Brokerage trading)**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended September 30, 2009	—	—	768	768
Three months ended September 30, 2010	—	—	284	284

※"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, 2009	5,091,118	—	9,734,044	—	14,825,162
Three months ended September 30, 2010	4,585,038	—	9,984,365	—	14,569,404

**ii ) Bond-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended September 30, 2009	—	—	—	—	—
Three months ended September 30, 2010	—	—	—	—	—

**[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, 2009	—	—	—	—	—	—	—
Three months ended September 30, 2010	—	—	—	0	—	—	—

**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, 2009	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Three months ended September 30, 2010	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, 2009	—	—	—	460	—	—	—
Three months ended September 30, 2010	—	—	—	493	—	—	—

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, 2009	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Three months ended September 30, 2010	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Capital Adequacy Ratio

(Millions of Yen)

		As of September 30, 2009	As of September 30, 2010
Tier I Capital	①	70,532	73,557
Tier II Capital	Net unrealized gain on investment	—	4
	Reserve for financial products transaction liabilities	2,283	1,665
	General allowance for doubtful accounts	228	38
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	2,511	1,708
Assets to be deducted from equity capital	③	8,838	8,377
Equity capital after deduction	① + ② - ③ (A)	64,205	66,888
Risk	Market risk	2	1
	Counterparty risk	4,112	3,799
	Basic risk	3,326	2,372
	Total (B)	7,441	6,172
Capital adequacy ratio	(A) / (B) × 100	862.8%	1,083.6%

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, 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 former Regulations of Quarterly Consolidated Financial Statements. The quarterly consolidated financial statements for the three months ended September 30, 2010 (from July 1, 2010 to September 30, 2010) and for the six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010) 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, 2009 (from July 1, 2009 to September 30, 2009), for the six months ended September 30, 2009 (from April 1, 2009 to September 30, 2009), for the three months ended September 30, 2010 (from July 1, 2010 to September 30, 2010), and for the six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010) 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, 2010	March 31, 2010
Assets		
Current Assets		
Cash and bank deposits	12,506	15,191
Cash segregated as deposits	223,255	246,018
Cash in trust	10,665	22,450
Trading assets:	2,861	1,823
Trading securities and others	0	32
Derivatives	2,861	1,791
Net receivables arising from pre-settlement date trades	—	24
Margin account assets:	160,250	156,429
Loans receivable from customers	153,983	146,634
Cash deposited as collateral for securities borrowed from securities finance companies	6,267	9,795
Receivables on collateralized securities transactions:	2,624	5,143
Cash deposits collateral for securities borrowed	2,624	5,143
Receivables from customers and others	28	35
Short-term guarantee deposits	5,585	4,148
Others	7,821	6,803
Allowance for doubtful accounts	(38)	(249)
Total current assets	425,557	457,814
Fixed assets		
Tangible fixed assets	※1 1,039	※1 1,115
Intangible assets	4,752	5,247
Software	4,743	5,237
Others	9	10
Investments and others	1,825	1,912
Investment securities	279	302
Others	2,400	2,441
Allowance for doubtful accounts	(854)	(831)
Total fixed assets	7,616	8,275
Total assets	433,173	466,089

(Millions of Yen)

	September 30, 2010	March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading liabilities:	146	294
Trading securities and others	—	32
Derivatives	146	262
Net receivables arising from pre-settlement date trades	96	—
Margin account liabilities:	35,664	45,819
Loans from securities finance companies	※2 1,861	※2 4,154
Proceeds of securities sold on customers' account	33,803	41,665
Payables on collateralized securities transactions:	5,892	9,393
Cash deposits as collateral for securities loaned	5,892	9,393
Deposits received	110,872	132,559
Guarantee money received	128,119	133,458
Short-term borrowings	58,036	37,032
Convertible bonds due within one year	15,576	26,506
Accrued income taxes	2,084	3,236
Accrued bonuses	54	104
Others	1,111	1,596
<b>Total current liabilities</b>	<b>357,650</b>	<b>389,997</b>
<b>Long-term liabilities</b>		
Long-term borrowings	—	20
Reserve for retirement bonuses for directors and auditors	204	204
Others	3	0
<b>Total long-term liabilities</b>	<b>207</b>	<b>225</b>
<b>Statutory reserves</b>		
Reserve for financial products transaction liabilities	1,665	1,665
<b>Total statutory reserves</b>	<b>1,665</b>	<b>1,665</b>
<b>Total liabilities</b>	<b>359,522</b>	<b>391,886</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	11,945	11,944
Capital surplus	9,793	9,792
Earned surplus	61,383	61,929
Treasury stock	(9,474)	(9,474)
<b>Total shareholders' equity</b>	<b>73,646</b>	<b>74,190</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gain (loss) on investment securities, net of taxes	5	13
<b>Total valuation and translation adjustments</b>	<b>5</b>	<b>13</b>
<b>Total net assets</b>	<b>73,651</b>	<b>74,203</b>
<b>Total liabilities and net assets</b>	<b>433,173</b>	<b>466,089</b>

## [2] Quarterly Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Operating revenues		
Commissions	9,811	7,277
Brokerage commissions	8,850	6,344
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	0
Others	962	933
Net gain (loss) on trading	3	2
Interest and dividend income	3,571	3,747
Total operating revenues	13,386	11,026
Interest expenses	635	375
Net operating revenues	12,750	10,651
Selling, general and administrative expenses		
Transaction related expenses	1,874	1,691
Employees' compensation and benefits	※1 985	※1 1,002
Occupancy and rental	460	552
Data processing and office supplies	1,916	1,023
Depreciation	836	937
Duties and taxes other than income taxes	86	64
Provision of allowance for doubtful accounts	149	—
Others	65	106
Total selling, general and administrative expenses	6,370	5,376
Operating income	6,380	5,275
Non-operating income		
Dividend income	9	11
Others	10	7
Total non-operating income	19	18
Non-operating expenses		
Others	10	5
Total non-operating expenses	10	5
Ordinary income	6,389	5,288
Special profits		
Gain on sales of investment securities	—	7
Gain on cancellation of convertible bonds	581	82
Reversal of allowance for doubtful accounts	—	189
Total special profits	581	278
Special losses		
Loss on sales and disposals of property and equipment	—	0
Devaluation loss on investment securities	20	—
Total special losses	20	0
Income before income taxes	6,950	5,565
Income taxes - current	2,976	2,045
Income taxes - deferred	(112)	215
Income taxes	2,864	2,260
Income before minority interests	—	3,305
Net income	4,086	3,305

(Millions of Yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010
Operating revenues		
Commissions	4,622	3,021
Brokerage commissions	4,102	2,600
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	520	421
Net gain (loss) on trading	2	1
Interest and dividend income	1,924	1,827
Total operating revenues	6,548	4,849
Interest expenses	288	170
Net operating revenues	6,260	4,679
Selling, general and administrative expenses		
Transaction related expenses	927	806
Employees' compensation and benefits	※1 488	※1 458
Occupancy and rental	287	272
Data processing and office supplies	619	452
Depreciation	450	465
Duties and taxes other than income taxes	31	25
Provision of allowance for doubtful accounts	25	—
Others	21	69
Total selling, general and administrative expenses	2,848	2,548
Operating income	3,412	2,131
Non-operating income		
Dividend income	1	2
Others	2	3
Total non-operating income	4	5
Non-operating expenses		
Others	7	4
Total non-operating expenses	7	4
Ordinary income	3,409	2,132
Special profits		
Reversal of allowance for doubtful accounts	—	22
Total Special profits	—	22
Special losses		
Devaluation loss on investment securities	0	—
Total Special losses	0	—
Income before income taxes	3,409	2,155
Income taxes - current	1,579	967
Income taxes - deferred	(139)	(90)
Income taxes	1,440	877
Income before minority interests	—	1,278
Net income	1,969	1,278

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

(Millions of Yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash flows from operating activities		
Income before income taxes	6,950	5,565
Depreciation and amortization	836	937
Net change in allowance for doubtful accounts	143	(189)
Net change in accrued bonuses	(23)	(50)
Interest and dividend income	(4,043)	(4,130)
Interest expenses	610	349
Gain or loss on sales and disposals of property and equipment	—	0
Gain or loss on sales of investment securities	—	(7)
Devaluation loss on investment securities	20	—
Gain on cancellation of convertible bonds	(581)	(82)
Net change in cash segregated as deposits	(4,026)	22,759
Net change in cash in trust	(1,100)	13,250
Net change in trading assets and liabilities	(357)	(1,187)
Net change in net receivables and payables arising from pre-settlement date trades	(56)	119
Net change in margin assets and liabilities	(65,309)	(13,976)
Net change in receivables on collateralized securities transactions	877	2,519
Net change in deposits received and receivables from customers and others	5,998	(21,680)
Net change in payables on collateralized securities transactions	(66)	(3,501)
Net change in guarantee money received	12,162	(5,339)
Net change in short-term guarantee deposits	(2,699)	(1,437)
Others	(879)	(559)
Sub total	(51,544)	(6,638)
Interest and dividend received	3,687	3,344
Interest paid	(760)	(347)
Income taxes paid	(1,307)	(3,167)
Net cash flows from operating activities	(49,924)	(6,808)
Cash flows from investing activities		
Payments for purchases of property and equipment	(44)	(20)
Payments for purchases of intangible assets	(2,261)	(706)
Proceeds from sales of investment securities	—	14
Others	—	5
Net cash flows from investing activities	(2,305)	(707)
Cash flows from financing activities		
Net change in short-term borrowings	38,000	21,000
Repayments of long-term borrowings	(5,016)	(16)
Repayment for corporate bonds	(20,000)	—
Payments for repurchase of convertible bonds	(7,717)	(10,848)
Proceeds from issuance of shares on the exercise of new-share purchase rights	—	3
Payments for purchase of treasury stock	—	(0)
Dividends paid	(2,565)	(3,843)
Net cash flows from financing activities	2,702	6,295
Translation difference of cash and cash equivalent	(0)	(0)
Net change in cash and cash equivalent	(49,527)	(1,220)
Cash and cash equivalents at beginning of period	74,840	23,391
Cash and cash equivalents at end of period	※1 25,313	※1 22,171

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

Six months ended September 30, 2010

The Company has adopted “Accounting Standard for Asset Retirement Obligations” (Accounting Standard Board of Japan, Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standard Board of Japan, Guidance No. 21, March 31, 2008)” from this first quarterly period. The impact of this change on the quarterly consolidated financial statements is immaterial.

### **Reclassification**

Six months ended September 30, 2010

(Notes to Consolidated Statements of Income)  
“Income before minority interests” is newly represented in the income statements from this quarterly period to adopt the “Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statement” (Cabinet Office Ordinance No. 5, March 24, 2009) based on the “Accounting Standards for Consolidated Financial Statements” (Accounting Standard Board of Japan Statement No. 22, December 26, 2008).

Three months ended September 30, 2010

(Notes to Consolidated Balance Sheet)

Fiduciary assets relating to the customers' foreign derivative transactions had been classified as "Cash in trust" but were reclassified as "Cash segregated as deposits" from the quarterly period ended June 30, 2010 in order to comply with the newly-introduced legislative obligation on securities brokers to segregate these deposits from their own assets.

Fiduciary assets relating to the customers' foreign exchange margin transactions had been classified as "Cash in trust" but were also reclassified as "Cash segregated as deposits" from the quarterly period ended June 30 2010. The segregation of guarantee money received for the foreign exchange margin transactions is also required by law.

"Cash in trust" as of March 31, 2010 includes:

- (1) Fiduciary assets relating to the customers' foreign derivative transactions  
950 Millions of Yen
- (2) Fiduciary assets relating to the customers' foreign exchange margin transactions  
12,300 Millions of Yen

"Cash in trust" as of September 30, 2009 includes:

- (1) Fiduciary assets relating to the customers' foreign derivative transactions  
850 Millions of Yen
- (2) Fiduciary assets relating to the customers' foreign exchange margin transactions  
15,500 Millions of Yen

(Notes to Consolidated Statements of Income)

"Income before minority interests" is newly represented in the income statements from this quarterly period to adopt the "Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statement" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standards for Consolidated Financial Statements" (Accounting Standard Board of Japan Statement No. 22, December 26, 2008).



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

(Six months ended September 30, 2010)

No relevant items.

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

(Six months ended September 30, 2010)

No relevant items.

## Notes to Quarterly Consolidated Financial Statements

### Notes to Quarterly Consolidated Balance Sheet

As of September 30, 2010	As of March 31, 2010																																								
<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <p style="text-align: right;">945 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 739 million yen are collateralized for the loans from securities finance companies. 6,842 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;">34,648</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">1,382</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">8,224</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">4,559</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">32,238</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;">126,250</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">6,224</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">2,466</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">220,029</td> </tr> <tr> <td>5) Securities received from customers as collateral for futures and option trading guarantee</td> <td style="text-align: right;">2,319</td> </tr> </table>	1) Securities lent for customers' short positions in margin trading	34,648	2) Collateralized securities for loans from securities finance companies	1,382	3) Securities loaned out in securities loaned vs. cash transactions	8,224	4) Long-term guarantee securities deposited	4,559	5) Securities pledged as collateral for futures and option trading guarantee	32,238	1) Securities received for customers' long positions in margin trading	126,250	2) Securities borrowed from securities finance companies	6,224	3) Securities received in securities borrowed vs. cash transactions	2,466	4) Guarantee securities received from customers	220,029	5) Securities received from customers as collateral for futures and option trading guarantee	2,319	<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <p style="text-align: right;">862 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 1,218 million yen are collateralized for the loans from securities finance companies. 9,501 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;">46,301</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">4,167</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">11,948</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">6,059</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">7,708</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;">140,144</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">9,971</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">4,991</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">234,481</td> </tr> <tr> <td>5) Securities received from customers as collateral for futures and option trading guarantee</td> <td style="text-align: right;">2,499</td> </tr> </table>	1) Securities lent for customers' short positions in margin trading	46,301	2) Collateralized securities for loans from securities finance companies	4,167	3) Securities loaned out in securities loaned vs. cash transactions	11,948	4) Long-term guarantee securities deposited	6,059	5) Securities pledged as collateral for futures and option trading guarantee	7,708	1) Securities received for customers' long positions in margin trading	140,144	2) Securities borrowed from securities finance companies	9,971	3) Securities received in securities borrowed vs. cash transactions	4,991	4) Guarantee securities received from customers	234,481	5) Securities received from customers as collateral for futures and option trading guarantee	2,499
1) Securities lent for customers' short positions in margin trading	34,648																																								
2) Collateralized securities for loans from securities finance companies	1,382																																								
3) Securities loaned out in securities loaned vs. cash transactions	8,224																																								
4) Long-term guarantee securities deposited	4,559																																								
5) Securities pledged as collateral for futures and option trading guarantee	32,238																																								
1) Securities received for customers' long positions in margin trading	126,250																																								
2) Securities borrowed from securities finance companies	6,224																																								
3) Securities received in securities borrowed vs. cash transactions	2,466																																								
4) Guarantee securities received from customers	220,029																																								
5) Securities received from customers as collateral for futures and option trading guarantee	2,319																																								
1) Securities lent for customers' short positions in margin trading	46,301																																								
2) Collateralized securities for loans from securities finance companies	4,167																																								
3) Securities loaned out in securities loaned vs. cash transactions	11,948																																								
4) Long-term guarantee securities deposited	6,059																																								
5) Securities pledged as collateral for futures and option trading guarantee	7,708																																								
1) Securities received for customers' long positions in margin trading	140,144																																								
2) Securities borrowed from securities finance companies	9,971																																								
3) Securities received in securities borrowed vs. cash transactions	4,991																																								
4) Guarantee securities received from customers	234,481																																								
5) Securities received from customers as collateral for futures and option trading guarantee	2,499																																								

## Notes to Quarterly Consolidated Statements of Income

Six months ended September 30, 2009	Six months ended September 30, 2010
※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 63 million yen of accrued bonuses.	※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 54 million yen of accrued bonuses.

Three months ended September 30, 2009	Three months ended September 30, 2010
※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 31 million yen of accrued bonuses.	※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 24 million yen of accrued bonuses.

## Notes to Quarterly Consolidated Statements of Cash Flows

Six months ended September 30, 2009	Six months ended September 30, 2010																
<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	<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, 2010)</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Cash and bank deposits</td> <td style="text-align: right;">12,506</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">10,665</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(1,000)</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;">22,171</td> </tr> </table>	Cash and bank deposits	12,506	Cash in trust	10,665	Cash in trust which is held to segregate guarantee money	(1,000)	Cash and cash equivalents	22,171
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																
Cash and bank deposits	12,506																
Cash in trust	10,665																
Cash in trust which is held to segregate guarantee money	(1,000)																
Cash and cash equivalents	22,171																

## **Notes Concerning Net Assets**

(As of September 30, 2010 and six months ended September 30, 2010)

1. Outstanding shares

(Number of shares)

Type of share	As of September 30, 2010
Common stock	269,264,702

2. Treasury stock

(Number of shares)

Type of shares	As of September 30, 2010
Common stock	12,532,801

3. New-share purchase rights

No relevant items.

4. Dividends

(1) Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 27, 2010
Type of Shares	Common stock
Amount of dividend payment	3,851 million yen
Dividends per share	15 yen
Date of record for dividends	March 31, 2010
Effective date	June 28, 2010
Source of dividends	Earned surplus

(2) Dividends for which effective date is after September 30, 2010

No relevant items.

5. Significant changes in net assets

No relevant items.

## **Segment Information**

(Three months ended September 30, 2009 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 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.

(Segment Information)

(Additional Information)

The Company has adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (Accounting Standard Board of Japan, Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (Accounting Standard Board of Japan, Statement No. 20, March 21, 2008)" from this first quarterly period.

(Six months ended September 30, 2010 and three months ended September 30, 2010)

Disclosures on segment information have been omitted, as the business of the Company and its consolidated subsidiary consists of only a single segment of online brokerage service.

### **Notes to Financial Instruments**

There have not been significant changes in financial instruments during six months ended September 30, 2010 compared to fiscal year ended March 31, 2010.

### **Notes to Securities**

There have not been significant changes in securities during six months ended September 30, 2010 compared to fiscal year ended March 31, 2010.

### **Notes to Derivative Transactions**

No relevant items.

### **Notes to Stock Options**

No relevant items.

### **Notes to Asset Retirement Obligations**

No relevant items.

## **Per Share Information**

### 1. Net assets per share

As of September 30, 2010		As of March 31, 2010	
Net assets per share	286.88 Yen	Net assets per share	289.03 Yen

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

Items	As of September 30, 2010	As of March 31, 2010
Total net assets on the balance sheets (Millions of Yen)	73,651	74,203
Net assets attributed to common stock (Millions of Yen)	73,651	74,203
Breakdown of difference (Millions of Yen)	—	—
Number of common stock outstanding (Thousands of shares)	269,265	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)	256,732	256,727

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

Six months ended September 30, 2009		Six months ended September 30, 2010	
Earnings/share	15.92 Yen	Earnings/share	12.87 Yen
Fully diluted earnings/share	14.36 Yen	Fully diluted earnings/share	12.03 Yen

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

Items	Six months ended September 30, 2009	Six months ended September 30, 2010
Net income on the statements of income (Millions of Yen)	4,086	3,305
Net income attributed to common stock (Millions of Yen)	4,086	3,305
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	256,727	256,730
Increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)	27,875	18,105
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

Three months ended September 30, 2010

Three months ended September 30, 2009		Three months ended September 30, 2010	
Earnings/share	7.67 Yen	Earnings/share	4.98 Yen
Fully diluted earnings/share	6.95 Yen	Fully diluted earnings/share	4.73 Yen

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

Items	Three months ended September 30, 2009	Three months ended September 30, 2010
Net income on the statements of income (Millions of Yen)	1,969	1,278
Net income attributed to common stock (Millions of Yen)	1,969	1,278
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	256,727	256,732
Increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)	26,703	13,402
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, 2009 , for the six months ended September 30, 2009, for the three months ended September 30, 2010 and for the six months ended September 30, 2010.**