

**Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Nine months  
Ended December 31, 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 February 12, 2010

# **1 Information on the Company**

## **Part 1 Company Financial Outlook**

### **1 Major Business Indices**

#### **Consolidated Business Indices**

|  |                   | Nine months<br>Ended<br>December 31,<br>2008 | Nine months<br>Ended<br>December 31,<br>2009 | Three months<br>Ended<br>December 31,<br>2008 | Three months<br>Ended<br>December 31,<br>2009 | Year Ended<br>March 31, 2009 |
|--|-------------------|--|--|---|---|------------------------------|
| Operating revenues                         | (Millions of Yen) | 21,403                                       | 18,868                                       | 6,381   | 5,483   | 26,724                       |
| Net operating revenues                     | (Millions of Yen) | 19,638                                       | 18,013                                       | 5,848   | 5,263   | 24,464                       |
| Ordinary income                            | (Millions of Yen) | 8,653  | 8,973  | 2,114   | 2,584   | 9,998                        |
| Net income                                 | (Millions of Yen) | 5,184  | 5,716  | 1,261   | 1,630   | 6,921                        |
| Net assets                                 | (Millions of Yen) | —  | —  | 67,325  | 72,253  | 69,090                       |
| Total assets                               | (Millions of Yen) | —  | —  | 460,692                                       | 450,185                                       | 472,145                      |
| Net assets per share                       | (Yen)             | —  | —  | 262.24  | 281.44  | 269.12                       |
| Earnings per share                         | (Yen)             | 19.68  | 22.26  | 4.91  | 6.35  | 26.44                        |
| Fully diluted earnings per share           | (Yen)             | 17.46  | 20.11  | 4.34  | 5.75  | 23.45                        |
| Equity ratio                               | (%)               | —  | —  | 14.6  | 16.0  | 14.6                         |
| Cash flows from operating activities       | (Millions of Yen) | 88,938                                       | (41,004)                                     | —   | —   | 102,118                      |
| Cash flows from investing activities       | (Millions of Yen) | (1,325)                                      | (2,669)                                      | —   | —   | (1,431)                      |
| Cash flows from financing activities       | (Millions of Yen) | (54,802)                                     | (16,300)                                     | —   | —   | (74,828)                     |
| Cash and cash equivalents at end of period | (Millions of Yen) | —  | —  | 81,793  | 14,866  | 74,840                       |
| Number of employees                        |                   | —  | —  | 108   | 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 December 31, 2009. There have not been significant changes in the business of the Company's major affiliates for the three months ended December 31, 2009 either.

## **3 Affiliated Companies**

There have not been changes in the composition of the affiliate companies in the three months ended December 31, 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 177 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 173 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 December 31, 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 December 31, 2009.

## **Part 3 Equipment**

### **1 Major Equipment**

There have not been significant changes in the Company's major equipment in the three months ended December 31, 2009.

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

There have not been significant changes nor completion of the plans during the three months ended December 31, 2009 to purchase or dispose equipment as of September 30, 2009.

There have not been any significant plans newly introduced in the three months ended December 31, 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)<br>Listed at          | Details                      |
|--------------|--|--|---|------------------------------|
|              | As of December 31, 2009<br>(End of the quarterly period) | As of February 12, 2010<br>(Date of filing of this Report) |   |                              |
| Common Stock | 269,260,202 shares                                       | 269,260,202 shares   | Tokyo Stock Exchange<br>(First Section) | 1 unit consists of 100shares |
| Total        | 269,260,202 shares                                       | 269,260,202 shares   | —                                       | —                            |

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

## (2) New-Share Purchase Rights

### (i) New-share purchase rights

| Special resolution from general shareholders' meeting (June 16, 2002) |  |
|---|--|
|   | As of December 31, 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<br>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<br>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 December 31, 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<br>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<br>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<br>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 cannot 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<br>(Thousands of<br>shares) | Shares<br>outstanding<br>(Thousands of<br>shares) | Change<br>(Millions of Yen) | Outstanding<br>Balance<br>(Millions of Yen) | Change<br>(Millions of Yen) | Outstanding<br>Balance<br>(Millions of Yen) |
| From October 1, 2009<br>to December 31, 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 December 31, 2009.

## (6) Voting Rights

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

### (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 )<br>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 )<br>Matsui Securities Co., Ltd. | 1-4, Kojimachi,<br>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 nine months ended December 31, 2009 |               | April 2009 | May 2009 | June 2009 | July 2009 | August 2009 | September 2009 | October 2009 | November 2009 | December 2009 |
|---|---------------|------------|----------|-----------|-----------|-------------|----------------|--------------|---------------|---------------|
|   | Highest (Yen) | 743        | 787      | 931       | 903       | 915         | 869            | 712          | 642           | 690           |
|   | Lowest (Yen)  | 627        | 689      | 765       | 765       | 854         | 715            | 638          | 558           | 577           |

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<br>(General manager of CEO Office,<br>Director in charge of Marketing<br>Department and Human<br>Resources Department) | Director, General manager of<br>Marketing Department<br>(In charge of Marketing Planning<br>Unit) | Akira Warita | September 1, 2009 |

## 4 Operations of Business

### (1) Commissions

(Millions of Yen)

|   | Item   | Stocks | Bonds | Beneficiary<br>Certificates | Others | Total |
|---|--|--------|-------|-----------------------------|--------|-------|
| Three months<br>ended<br>December 31,<br>2008 | Brokerage commissions  | 3,924  | —     | 49                          | 18     | 3,990 |
|   | Commission for<br>underwriting, secondary<br>distribution and solicitation<br>for selling and others for<br>professional investors | 0      | —     | —                           | —      | 0     |
|   | Fee for offering, secondary<br>distribution and solicitation<br>for selling and others for<br>professional investors               | 0      | —     | —                           | —      | 0     |
|   | Others   | 111    | —     | 2                           | 568    | 681   |
|   | Total  | 4,035  | —     | 51                          | 586    | 4,672 |
| Three months<br>ended<br>December 31,<br>2009 | Brokerage commissions  | 3,183  | —     | 34                          | 6      | 3,224 |
|   | Commission for<br>underwriting, secondary<br>distribution and solicitation<br>for selling and others for<br>professional investors | 11     | —     | —                           | —      | 11    |
|   | Fee for offering, secondary<br>distribution and solicitation<br>for selling and others for<br>professional investors               | 0      | —     | —                           | —      | 0     |
|   | Others   | 112    | —     | 1                           | 336    | 449   |
|   | Total  | 3,306  | —     | 35                          | 342    | 3,684 |

### (2) Net Gain on Trading

(Millions of Yen)

|   | Three months ended December 31, 2008 |                             |       | Three months ended December 31, 2009 |                             |       |
|---|--------------------------------------|-----------------------------|-------|--------------------------------------|-----------------------------|-------|
|   | Realized<br>gain and loss            | Evaluation<br>gain and loss | Total | Realized<br>gain and loss            | Evaluation<br>gain and loss | Total |
| Net gain on trading of stocks           | (0)                                  | —                           | (0)   | 0                                    | —                           | 0     |
| 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<br>December 31, 2008 | 3,091,780 | 200                 | 3,091,980 |
| Three months ended<br>December 31, 2009 | 2,477,260 | 693                 | 2,477,952 |

**(Margin Trading)**

(Millions of Yen)

|   | Brokerage | Proprietary trading | Total     |
|---|-----------|---------------------|-----------|
| Three months ended<br>December 31, 2008 | 1,945,023 | —                   | 1,945,023 |
| Three months ended<br>December 31, 2009 | 1,580,026 | —                   | 1,580,026 |

**ii) Bonds**

(Millions of Yen)

|   | Brokerage | Proprietary trading | Total |
|---|-----------|---------------------|-------|
| Three months ended<br>December 31, 2008 | —         | —                   | —     |
| Three months ended<br>December 31, 2009 | —         | —                   | —     |

**iii) Beneficiary Certificates**

(Millions of Yen)

|   | Brokerage | Proprietary trading | Total  |
|---|-----------|---------------------|--------|
| Three months ended<br>December 31, 2008 | 46,350    | —                   | 46,350 |
| Three months ended<br>December 31, 2009 | 32,642    | 17                  | 32,660 |

**iv ) Others**

(Millions of Yen)

|                                      | New-share purchase rights | Commercial paper | Others | Total |
|--------------------------------------|---------------------------|------------------|--------|-------|
| Three months ended December 31, 2008 | —                         | —                | 2,467  | 2,467 |
| Three months ended December 31, 2009 | —                         | —                | 758    | 758   |

※"Others" are covered warrants.

**(Brokerage trading)**

(Millions of Yen)

|                                      | New-share purchase rights | Commercial paper | Others | Total |
|--------------------------------------|---------------------------|------------------|--------|-------|
| Three months ended December 31, 2008 | —                         | —                | 2,467  | 2,467 |
| Three months ended December 31, 2009 | —                         | —                | 758    | 758   |

※"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 December 31, 2008 | 4,751,988       | —                   | 7,227,833      | —                   | 11,979,821 |
| Three months ended December 31, 2009 | 4,901,867       | —                   | 11,603,404     | —                   | 16,505,271 |

**ii ) Bond-based**

(Millions of Yen)

|                                      | Futures trading |                     | Option trading |                     | Total |
|--------------------------------------|-----------------|---------------------|----------------|---------------------|-------|
|                                      | Brokerage       | Proprietary trading | Brokerage      | Proprietary trading |       |
| Three months ended December 31, 2008 | —               | —                   | —              | —                   | —     |
| Three months ended December 31, 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 December 31, 2008 | —            | —       | —   | 11           | —            | —                 | —  |
| Three months ended December 31, 2009 | 174          | 174     | —   | 6            | —            | —                 | —  |

**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 December 31, 2008 | Government Bonds | —            | —       | —   | —            | —            | —                 | —  |
|                                      | Municipal Bonds  | —            | —       | —   | —            | —            | —                 | —  |
|                                      | Special Bonds    | —            | —       | —   | —            | —            | —                 | —  |
|                                      | Corporate Bonds  | —            | —       | —   | —            | —            | —                 | —  |
|                                      | Foreign Bonds    | —            | —       | —   | —            | —            | —                 | —  |
|                                      | Total            | —            | —       | —   | —            | —            | —                 | —  |
| Three months ended December 31, 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 December 31, 2008 | —            | —       | —   | 684          | —            | —                 | —  |
| Three months ended December 31, 2009 | —            | —       | —   | 313          | —            | —                 | —  |

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<br>December 31, 2008 | Commercial Paper     | —            | —       | —   | —            | —            | —                 | —  |
|   | Foreign Certificates | —            | —       | —   | —            | —            | —                 | —  |
|   | Others               | —            | —       | —   | —            | —            | —                 | —  |
| Three months ended<br>December 31, 2009 | Commercial Paper     | —            | —       | —   | —            | —            | —                 | —  |
|   | Foreign Certificates | —            | —       | —   | —            | —            | —                 | —  |
|   | Others               | —            | —       | —   | —            | —            | —                 | —  |

(4) Capital Adequacy Ratio

(Millions of Yen)

|   |  | As of December 31, 2008 | As of December 31, 2009 |
|---|--|-------------------------|-------------------------|
| Tier I Capital                            | ①  | 67,250                  | 72,161                  |
| Tier II Capital                           | Net unrealized gain on investment                      | —                       | 9                       |
|   | Reserve for financial products transaction liabilities | 3,745                   | 2,283                   |
|   | General allowance for doubtful accounts                | 180                     | 214                     |
|   | Long-term Subordinated debts                           | —                       | —                       |
|   | Short-term Subordinated debts                          | —                       | —                       |
|   | Total ②  | 3,926                   | 2,506                   |
| Assets to be deducted from equity capital | ③  | 7,858                   | 8,661                   |
| Equity capital after deduction            | ① + ② - ③ (A)  | 63,317                  | 66,005                  |
| Risk                                      | Market risk  | 2                       | 2                       |
|   | Counterparty risk                                      | 3,596                   | 3,486                   |
|   | Basic risk   | 3,813                   | 3,010                   |
|   | Total (B)  | 7,412                   | 6,499                   |
| Capital adequacy ratio                    | (A) / (B) × 100  | 854.1%                  | 1,015.5%                |

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 December 31, 2008 (from October 1, 2008 to December 31, 2008) and for the nine months ended December 31, 2008 (from April 1, 2008 to December 31, 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 December 31, 2009 (from October 1, 2009 to December 31, 2009) and for the nine months ended December 31, 2009 (from April 1, 2009 to December 31, 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 December 31, 2008 (from October 1, 2008 to December 31, 2008), for the nine months ended December 31, 2008 (from April 1, 2008 to December 31, 2008), for the three months ended December 31, 2009 (from October 1, 2009 to December 31, 2009), and for the nine months ended December 31, 2009 (from April 1, 2009 to December 31, 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)

|  | December 31, 2009 | March 31, 2009 |
|--|-------------------|----------------|
| <b>Assets</b>  |                   |                |
| Current Assets   |                   |                |
| Cash and bank deposits   | 9,064             | 15,839         |
| Cash segregated as deposits  | 245,364           | 237,989        |
| Cash in trust  | 22,551            | 75,751         |
| Trading assets:  | 1,580             | 1,980          |
| Trading securities and others  | 0                 | 0              |
| Derivatives  | 1,580             | 1,980          |
| Repurchased convertible bonds  | —                 | 7,717          |
| Net receivables arising from pre-settlement date trades                                | 259               | 49             |
| Margin account assets:   | 148,532           | 115,246        |
| Loans receivable from customers  | 139,933           | 98,639         |
| Cash deposited as collateral for securities borrowed from securities finance companies | 8,599             | 16,608         |
| Receivables on collateralized securities transactions:                                 | 3,369             | 3,109          |
| Cash deposits collateral for securities borrowed                                       | 3,369             | 3,109          |
| Receivables from customers and others  | 21                | 22             |
| Advance paid for subscription  | —                 | 2              |
| Short-term guarantee deposits  | 4,819             | 2,139          |
| Others   | 6,780             | 5,350          |
| Allowance for doubtful accounts  | (215)             | (127)          |
| <b>Total current assets</b>  | <b>442,125</b>    | <b>465,067</b> |
| Fixed assets   |                   |                |
| Tangible fixed assets  | ※1 1,136          | ※1 1,125       |
| Intangible assets  | 4,712             | 3,653          |
| Software   | 4,701             | 3,642          |
| Others   | 10                | 11             |
| Investments and others   | 2,212             | 2,300          |
| Investment securities  | 300               | 320            |
| Others   | 2,812             | 2,855          |
| Allowance for doubtful accounts  | (901)             | (875)          |
| <b>Total fixed assets</b>  | <b>8,060</b>      | <b>7,078</b>   |
| <b>Total assets</b>  | <b>450,185</b>    | <b>472,145</b> |

(Millions of Yen)

|   | December 31, 2009 | March 31, 2009 |
|---|-------------------|----------------|
| <b>Liabilities</b>  |                   |                |
| Current liabilities   |                   |                |
| Trading liabilities:  | 445               | 192            |
| Derivatives   | 445               | 192            |
| Margin account liabilities:                                       | 40,270            | 57,052         |
| Loans from securities finance companies                           | ※2 5,006          | ※2 17,073      |
| Proceeds of securities sold on customers' account                 | 35,265            | 39,980         |
| Payables on collateralized securities transactions:               | 6,242             | 7,547          |
| Cash deposits as collateral for securities loaned                 | 6,242             | 7,547          |
| Deposits received   | 136,263           | 124,623        |
| Guarantee money received  | 138,261           | 135,112        |
| Suspense account for undelivered securities                       | 6                 | 2              |
| Short-term borrowings   | 19,032            | 5,032          |
| Bonds due within one year   | —                 | 20,000         |
| Convertible bonds due within one year                             | —                 | 8,298          |
| Accrued income taxes  | 2,067             | 1,334          |
| Accrued bonuses   | 78                | 86             |
| Others  | 1,242             | 9,735          |
| Total current liabilities   | 343,906           | 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  | 0                 | 0              |
| Total long-term liabilities                                       | 31,743            | 31,759         |
| Statutory reserves  |                   |                |
| Reserve for financial products transaction liabilities            | 2,283             | 2,283          |
| Total statutory reserves  | 2,283             | 2,283          |
| Total liabilities   | 377,932           | 403,054        |
| <b>Net assets</b>   |                   |                |
| Shareholders' equity  |                   |                |
| Common stock  | 11,944            | 11,944         |
| Capital surplus   | 9,792             | 9,792          |
| Earned surplus  | 59,984            | 56,835         |
| Treasury stock  | (9,474)           | (9,474)        |
| Total shareholders' equity  | 72,244            | 69,096         |
| Valuation and translation adjustments                             |                   |                |
| Net unrealized gain (loss) on investment securities, net of taxes | 9                 | (6)            |
| Total valuation and translation adjustments                       | 9                 | (6)            |
| Total net assets  | 72,253            | 69,090         |
| Total liabilities and net assets                                  | 450,185           | 472,145        |

## [2] Quarterly Consolidated Statements of Income

(Millions of Yen)

|  | Nine months ended<br>December 31, 2008 | Nine months ended<br>December 31, 2009 |
|--|--|--|
| Operating revenues   |  |  |
| Commissions  | 14,487                                 | 13,495                                 |
| Brokerage commissions  | 12,731                                 | 12,073                                 |
| Commission for underwriting, secondary<br>distribution and solicitation for selling and others<br>for professional investors | 1                                      | 11                                     |
| Fee for offering, secondary distribution and<br>solicitation for selling and others for<br>professional investors            | 0                                      | 0                                      |
| Others   | 1,754                                  | 1,411                                  |
| Net gain (loss) on trading   | 5                                      | 5                                      |
| Interest and dividend income   | 6,911                                  | 5,368                                  |
| Total operating revenues   | 21,403                                 | 18,868                                 |
| Interest expenses  | 1,765                                  | 855                                    |
| Net operating revenues   | 19,638                                 | 18,013                                 |
| Selling, general and administrative expenses   |  |  |
| Transaction related expenses   | 3,150                                  | 2,735                                  |
| Employees' compensation and benefits   | ※1 1,579                               | ※1 1,454                               |
| Occupancy and rental   | 377                                    | 749                                    |
| Data processing and office supplies  | 4,777                                  | 2,543                                  |
| Depreciation   | 930                                    | 1,293                                  |
| Duties and taxes other than income taxes   | 129                                    | 112                                    |
| Provision of allowance for doubtful accounts   | —                                      | 119                                    |
| Others   | 102                                    | 95                                     |
| Total selling, general and administrative expenses   | 11,042                                 | 9,100                                  |
| Operating income   | 8,595                                  | 8,914                                  |
| Non-operating income   |  |  |
| Dividend income  | 51                                     | 9                                      |
| Insurance premiums refunded cancellation   | —                                      | 35                                     |
| Others   | 23                                     | 26                                     |
| Total non-operating income   | 74                                     | 70                                     |
| Non-operating expenses   |  |  |
| Others   | 17                                     | 10                                     |
| Total non-operating expenses   | 17                                     | 10                                     |
| Ordinary income  | 8,653                                  | 8,973                                  |
| Special profits  |  |  |
| Gain on cancellation of convertible bonds  | —                                      | 581                                    |
| Reversal of allowance for doubtful accounts  | 26                                     | —                                      |
| Gain on sales of investment securities   | 13                                     | —                                      |
| Others   | 0                                      | —                                      |
| Total special profits  | 39                                     | 581                                    |
| Special losses   |  |  |
| Loss on sales and disposals of property and<br>equipment   | 5                                      | 2                                      |
| Devaluation loss on investment securities  | —                                      | 20                                     |
| Total special losses   | 5                                      | 22                                     |
| Income before income taxes   | 8,686                                  | 9,533                                  |
| Income taxes - current   | 3,102                                  | 3,861                                  |
| Income taxes - deferred  | 400                                    | (44)                                   |
| Income taxes   | 3,502                                  | 3,817                                  |
| Net income   | 5,184                                  | 5,716                                  |

(Millions of Yen)

|  | Three months ended<br>December 31, 2008 | Three months ended<br>December 31, 2009 |
|--|---|---|
| Operating revenues   |   |   |
| Commissions  | 4,672                                   | 3,684                                   |
| Brokerage commissions  | 3,990                                   | 3,224                                   |
| Commission for underwriting, secondary<br>distribution and solicitation for selling and others<br>for professional investors | 0                                       | 11                                      |
| Fee for offering, secondary distribution and<br>solicitation for selling and others for<br>professional investors            | 0                                       | 0                                       |
| Others   | 681                                     | 449                                     |
| Net gain (loss) on trading   | 2                                       | 1                                       |
| Interest and dividend income   | 1,707                                   | 1,797                                   |
| Total operating revenues   | 6,381                                   | 5,483                                   |
| Interest expenses  | 532                                     | 220                                     |
| Net operating revenues   | 5,848                                   | 5,263                                   |
| Selling, general and administrative expenses   |   |   |
| Transaction related expenses   | 1,073                                   | 861                                     |
| Employees' compensation and benefits   | ※1 512                                  | ※1 469                                  |
| Occupancy and rental   | 137                                     | 289                                     |
| Data processing and office supplies  | 1,635                                   | 627                                     |
| Depreciation   | 322                                     | 457                                     |
| Duties and taxes other than income taxes   | 34                                      | 26                                      |
| Provision of allowance for doubtful accounts   | —                                       | (29)                                    |
| Others   | 26                                      | 30                                      |
| Total selling, general and administrative expenses   | 3,740                                   | 2,730                                   |
| Operating income   | 2,109                                   | 2,533                                   |
| Non-operating income   |   |   |
| Dividend income  | 0                                       | 0                                       |
| Insurance premiums refunded cancellation   | —                                       | 35                                      |
| Others   | 11                                      | 16                                      |
| Total non-operating income   | 11                                      | 51                                      |
| Non-operating expenses   |   |   |
| Others   | 6                                       | 0                                       |
| Total non-operating expenses   | 6                                       | 0                                       |
| Ordinary income  | 2,114                                   | 2,584                                   |
| Special profits  |   |   |
| Reversal of allowance for doubtful accounts  | (44)                                    | —                                       |
| Gain on sales of investment securities   | 13                                      | —                                       |
| Others   | 0                                       | —                                       |
| Total special profits  | (31)                                    | —                                       |
| Special losses   |   |   |
| Loss on sales and disposals of property and<br>equipment   | 5                                       | 2                                       |
| Total special losses   | 5                                       | 2                                       |
| Income before income taxes   | 2,077                                   | 2,582                                   |
| Income taxes - current   | 705                                     | 885                                     |
| Income taxes - deferred  | 111                                     | 68                                      |
| Income taxes   | 816                                     | 953                                     |
| Net income   | 1,261                                   | 1,630                                   |

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

(Millions of Yen)

|  | Nine months ended<br>December 31, 2008 | Nine months ended<br>December 31, 2009 |
|--|--|--|
| Cash flows from operating activities   |  |  |
| Income before income taxes   | 8,686                                  | 9,533                                  |
| Depreciation and amortization  | 930                                    | 1,293                                  |
| Net change in allowance for doubtful accounts                                      | (379)                                  | 113                                    |
| Net change in accrued bonuses  | (34)                                   | (9)                                    |
| Interest and dividend income   | (6,923)                                | (5,990)                                |
| Interest expenses  | 1,717                                  | 818                                    |
| Gain or loss on sales and disposals of property and equipment                      | 5                                      | 2                                      |
| Gain or loss on sales of investment securities                                     | (13)                                   | —                                      |
| Devaluation loss on investment securities  | —                                      | 20                                     |
| Gain on cancellation of convertible bonds  | —                                      | (581)                                  |
| Net change in cash segregated as deposits  | (23,988)                               | (7,358)                                |
| Net change in cash in trust  | (650)                                  | —                                      |
| Net change in trading assets and liabilities                                       | 454                                    | 653                                    |
| Net change in net receivables and payables arising from pre-settlement date trades | (16)                                   | (210)                                  |
| Net change in margin assets and liabilities  | 102,364                                | (50,068)                               |
| Net change in receivables on collateralized securities transactions                | (1,189)                                | (260)                                  |
| Net change in deposits received and receivables from customers and others          | 3,399                                  | 11,641                                 |
| Net change in payables on collateralized securities transactions                   | (16,418)                               | (1,305)                                |
| Net change in guarantee money received   | 6,832                                  | 3,149                                  |
| Net change in short-term guarantee deposits  | 14,349                                 | (2,680)                                |
| Others   | 652                                    | (975)                                  |
| Sub total  | 89,779                                 | (42,214)                               |
| Interest and dividend received   | 8,078                                  | 5,339                                  |
| Interest paid  | (1,872)                                | (982)                                  |
| Income taxes paid  | (7,047)                                | (3,148)                                |
| Net cash flows from operating activities   | 88,938                                 | (41,004)                               |
| Cash flows from investing activities   |  |  |
| Payments for purchases of property and equipment                                   | (249)                                  | (49)                                   |
| Payments for purchases of intangible assets  | (1,091)                                | (2,622)                                |
| Proceeds from sales of investment securities                                       | 14                                     | —                                      |
| Others   | 2                                      | 1                                      |
| Net cash flows from investing activities   | (1,325)                                | (2,669)                                |
| Cash flows from financing activities   |  |  |
| Net change in short-term borrowings  | (5,500)                                | 19,000                                 |
| Proceeds from long-term borrowings   | 100                                    | —                                      |
| Repayments of long-term borrowings   | (30,550)                               | (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)                                    | (0)                                    |
| Dividends paid   | (9,398)                                | (2,567)                                |
| Payments made to trust account for purchase of treasury stock                      | (10,018)                               | —                                      |
| Proceeds transferred from trust account for purchase of treasury stock             | 561                                    | —                                      |
| Net cash flows from financing activities   | (54,802)                               | (16,300)                               |
| Translation difference of cash and cash equivalent                                 | (0)                                    | (0)                                    |
| Net change in cash and cash equivalent   | 32,812                                 | (59,974)                               |
| Cash and cash equivalents at beginning of period                                   | 48,981                                 | 74,840                                 |
| Cash and cash equivalents at end of period   | ※1 81,793                              | ※1 14,866                              |

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

(Nine months ended December 31, 2009)

No relevant items.

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

(Nine months ended December 31, 2009)

No relevant items.

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

(Nine months ended December 31, 2009)

No relevant items.

## Notes to Quarterly Consolidated Financial Statements

### Notes to Quarterly Consolidated Balance Sheet

| As of December 31, 2009  | As of March 31, 2009  |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
|--|---|--------|--|-------|---|-------|---|-------|--|-------|--|---------|--|-------|---|-------|---|---------|--|-------|--|---|--------|--|--------|---|-------|---|-------|--|-------|--|--------|--|--------|---|-------|---|---------|--|-------|
| <p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <p style="text-align: right;">818 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 729 million yen are collateralized for the loans from securities finance companies. 9,303 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;">37,950</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">4,911</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">7,641</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">6,014</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">7,935</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;">122,027</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">8,590</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">3,206</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">208,096</td> </tr> <tr> <td>5) Securities received from customers as collateral for futures and option trading guarantee</td> <td style="text-align: right;">2,448</td> </tr> </table> | 1) Securities lent for customers' short positions in margin trading | 37,950 | 2) Collateralized securities for loans from securities finance companies | 4,911 | 3) Securities loaned out in securities loaned vs. cash transactions | 7,641 | 4) Long-term guarantee securities deposited | 6,014 | 5) Securities pledged as collateral for futures and option trading guarantee | 7,935 | 1) Securities received for customers' long positions in margin trading | 122,027 | 2) Securities borrowed from securities finance companies | 8,590 | 3) Securities received in securities borrowed vs. cash transactions | 3,206 | 4) Guarantee securities received from customers | 208,096 | 5) Securities received from customers as collateral for futures and option trading guarantee | 2,448 | <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%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1) Securities lent for customers' short positions in margin trading</td> <td style="text-align: right;">41,830</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">16,094</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">8,150</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">5,233</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">9,202</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;">77,988</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">15,689</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">2,778</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">193,892</td> </tr> <tr> <td>5) Securities received from customers as collateral for futures and option trading guarantee</td> <td style="text-align: right;">1,941</td> </tr> </table> | 1) Securities lent for customers' short positions in margin trading | 41,830 | 2) Collateralized securities for loans from securities finance companies | 16,094 | 3) Securities loaned out in securities loaned vs. cash transactions | 8,150 | 4) Long-term guarantee securities deposited | 5,233 | 5) Securities pledged as collateral for futures and option trading guarantee | 9,202 | 1) Securities received for customers' long positions in margin trading | 77,988 | 2) Securities borrowed from securities finance companies | 15,689 | 3) Securities received in securities borrowed vs. cash transactions | 2,778 | 4) Guarantee securities received from customers | 193,892 | 5) Securities received from customers as collateral for futures and option trading guarantee | 1,941 |
| 1) Securities lent for customers' short positions in margin trading  | 37,950  |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 2) Collateralized securities for loans from securities finance companies   | 4,911   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 3) Securities loaned out in securities loaned vs. cash transactions  | 7,641   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 4) Long-term guarantee securities deposited  | 6,014   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 5) Securities pledged as collateral for futures and option trading guarantee   | 7,935   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 1) Securities received for customers' long positions in margin trading   | 122,027   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 2) Securities borrowed from securities finance companies   | 8,590   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 3) Securities received in securities borrowed vs. cash transactions  | 3,206   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 4) Guarantee securities received from customers  | 208,096   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 5) Securities received from customers as collateral for futures and option trading guarantee   | 2,448   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 1) Securities lent for customers' short positions in margin trading  | 41,830  |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 2) Collateralized securities for loans from securities finance companies   | 16,094  |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 3) Securities loaned out in securities loaned vs. cash transactions  | 8,150   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 4) Long-term guarantee securities deposited  | 5,233   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 5) Securities pledged as collateral for futures and option trading guarantee   | 9,202   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 1) Securities received for customers' long positions in margin trading   | 77,988  |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 2) Securities borrowed from securities finance companies   | 15,689  |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 3) Securities received in securities borrowed vs. cash transactions  | 2,778   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 4) Guarantee securities received from customers  | 193,892   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |
| 5) Securities received from customers as collateral for futures and option trading guarantee   | 1,941   |        |  |       |   |       |   |       |  |       |  |         |  |       |   |       |   |         |  |       |  |   |        |  |        |   |       |   |       |  |       |  |        |  |        |   |       |   |         |  |       |

## Notes to Quarterly Consolidated Statements of Income

| Nine months ended December 31, 2008  | Nine months ended December 31, 2009   |
|--|---|
| ※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 102 million yen of accrued bonuses. | ※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 78 million yen of accrued bonuses. |

| Three months ended December 31, 2008  | Three months ended December 31, 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 14 million yen of accrued bonuses. |

## Notes to Quarterly Consolidated Statements of Cash Flows

| Nine months ended December 31, 2008   | Nine months ended December 31, 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 December 31, 2008)</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">15,733</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">82,209</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(16,150)</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;">81,793</td> </tr> </table> | Cash and bank deposits              | 15,733 | Cash in trust | 82,209 | Cash in trust which is held to segregate guarantee money | (16,150) | Cash and cash equivalents | 81,793 | <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 December 31, 2009)</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">9,064</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">22,551</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;">14,866</td> </tr> </table> | Cash and bank deposits | 9,064 | Cash in trust | 22,551 | Cash in trust which is held to segregate guarantee money | (16,750) | Cash and cash equivalents | 14,866 |
| Cash and bank deposits  | 15,733                              |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash in trust   | 82,209                              |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash in trust which is held to segregate guarantee money  | (16,150)                            |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash and cash equivalents   | 81,793                              |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash and bank deposits  | 9,064                               |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash in trust   | 22,551                              |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash in trust which is held to segregate guarantee money  | (16,750)                            |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |
| Cash and cash equivalents   | 14,866                              |        |               |        |  |          |                           |        |  |                        |       |               |        |  |          |                           |        |

## **Notes Concerning Net Assets**

(As of December 31, 2009 and nine months ended December 31, 2009)

1. Outstanding shares

(Number of shares)

| Type of share | As of December 31, 2009 |
|---------------|-------------------------|
| Common stock  | 269,260,202             |

2. Treasury stock

(Number of shares)

| Type of shares | As of December 31, 2009 |
|----------------|-------------------------|
| Common stock   | 12,532,777              |

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 December 31, 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 nine months ended December 31, 2009 compared to fiscal year ended March 31, 2009.

**Notes to Derivative Transactions**

There have not been any significant derivative transactions in the nine months ended December 31, 2009.

**Notes to Stock Options**

No relevant items.

## **Segment Information**

(Three months ended December 31, 2008, three months ended December 31, 2009, nine months ended December 31, 2008 and nine months ended December 31, 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 December 31, 2009 |            | As of March 31, 2009 |            |
|-------------------------|------------|----------------------|------------|
| Net assets per share    | 281.44 Yen | Net assets per share | 269.12 Yen |

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

| Items  | As of December 31, 2009 | As of March 31, 2009 |
|--|-------------------------|----------------------|
| Total net assets on the balance sheets<br>(Millions of Yen)  | 72,253                  | 69,090               |
| Net assets attributed to common stock<br>(Millions of Yen)   | 72,253                  | 69,090               |
| Breakdown of difference<br>(Millions of Yen)   | —                       | —                    |
| Number of common stock outstanding<br>(Thousands of shares)  | 269,260                 | 269,260              |
| Number of common stock held in treasury<br>(Thousands of shares)                                       | 12,533                  | 12,533               |
| Number of common stock included in the<br>calculation of net assets per share<br>(Thousands of shares) | 256,727                 | 256,727              |

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

Nine months ended December 31, 2009

| Nine months ended December 31, 2008 |           | Nine months ended December 31, 2009 |           |
|-------------------------------------|-----------|-------------------------------------|-----------|
| Earnings/share                      | 19.68 Yen | Earnings/share                      | 22.26 Yen |
| Fully diluted earnings/share        | 17.46 Yen | Fully diluted earnings/share        | 20.11 Yen |

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

| Items  | Nine months ended<br>December 31, 2008 | Nine months ended<br>December 31, 2009 |
|--|--|--|
| Net income on the statements of income<br>(Millions of Yen)  | 5,184                                  | 5,716                                  |
| Net income attributed to common stock<br>(Millions of Yen)   | 5,184                                  | 5,716                                  |
| Net income not attributed to common stock<br>(Millions of Yen)   | —                                      | —                                      |
| Average number of common stock outstanding<br>(Thousands of shares)  | 263,391                                | 256,727                                |
| Increase of common stock considered in the<br>calculation of fully diluted earnings per share<br>(Thousands of shares)               | 33,461                                 | 27,484                                 |
| Significant changes in the residual securities<br>which are not considered in the calculation of<br>fully diluted earnings per share | —                                      | —                                      |

Three months ended December 31, 2009

| Three months ended December 31, 2008 |          | Three months ended December 31, 2009 |          |
|--------------------------------------|----------|--------------------------------------|----------|
| Earnings/share                       | 4.91 Yen | Earnings/share                       | 6.35 Yen |
| Fully diluted earnings/share         | 4.34 Yen | Fully diluted earnings/share         | 5.75 Yen |

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

| Items  | Three months ended<br>December 31, 2008 | Three months ended<br>December 31, 2009 |
|--|---|---|
| Net income on the statements of income<br>(Millions of Yen)  | 1,261                                   | 1,630                                   |
| Net income attributed to common stock<br>(Millions of Yen)   | 1,261                                   | 1,630                                   |
| Net income not attributed to common stock<br>(Millions of Yen)   | —                                       | —                                       |
| Average number of common stock outstanding<br>(Thousands of shares)  | 256,875                                 | 256,727                                 |
| Increase of common stock considered in the<br>calculation of fully diluted earnings per share<br>(Thousands of shares)               | 33,460                                  | 26,702                                  |
| Significant changes in the residual securities<br>which are not considered in the calculation of<br>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 December 31, 2008 , for the nine months ended December 31, 2008, for the three months ended December 31, 2009 and for the nine months ended December 31, 2009.**