

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

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On February 14, 2011

1 Information on the Company

Part 1 Company Financial Outlook

1 Major Business Indices

Consolidated Business Indices

		Nine months Ended December 31, 2009	Nine months Ended December 31, 2010	Three months Ended December 31 2009	Three months Ended December 31 2010	Year Ended March 31, 2010
Operating revenues	(Millions of Yen)	18,868	15,819	5,483	4,793	24,346
Net operating revenues	(Millions of Yen)	18,013	15,259	5,263	4,608	23,276
Ordinary income	(Millions of Yen)	8,973	7,387	2,584	2,100	11,545
Net income	(Millions of Yen)	5,716	4,531	1,630	1,226	7,661
Net assets	(Millions of Yen)	—	—	72,253	74,871	74,203
Total assets	(Millions of Yen)	—	—	450,185	432,444	466,089
Net assets per share	(Yen)	—	—	281.44	291.63	289.03
Earnings per share	(Yen)	22.26	17.65	6.35	4.77	29.84
Fully diluted earnings per share	(Yen)	20.11	16.58	5.75	4.54	26.97
Equity ratio	(%)	—	—	16.0	17.3	15.9
Cash flows from operating activities	(Millions of Yen)	(41,004)	13,634	—	—	(44,912)
Cash flows from investing activities	(Millions of Yen)	(2,669)	(963)	—	—	(3,272)
Cash flows from financing activities	(Millions of Yen)	(16,300)	(19,706)	—	—	(3,265)
Cash and cash equivalents at end of period	(Millions of Yen)	—	—	14,866	16,356	23,391
Number of employees		—	—	108	118	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, 2010. There have not been significant changes in the business of the Company's major affiliates for the three months ended December 31, 2010 either.

3 Affiliated Companies

There have not been changes in the composition of the affiliate companies in the three months ended December 31, 2010.

4 Employees

(1) Consolidated basis

The Company and its consolidated subsidiaries employ 118 employees (This number includes 2 employees on maternity leave and other types of leave) and 169 temporary employees.

(2) Stand-alone basis

The Company employs 118 employees (This number includes 2 employees on maternity leave and other types of leave) and 165 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, 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 December 31, 2010.

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, 2010.

2 Plans for Equipment Purchase or Disposal

The purpose of the Company's investment is to meet the necessity of enhancing the capability of the system and introducing new services. The original plan of investment for this fiscal year at the beginning was 3,000 million yen, which falls down reflecting the current situation to 1,600 million yen as of December 31, 2010.

There have not been any significant plans newly introduced in the three months ended December 31, 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 December 31, 2010 (End of the quarterly period)	As of February 14, 2011 (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 February 14, 2011 does not include those shares issued as a result of the exercise of new-share purchase rights in the period from February 1, 2011 to February 14, 2011.

(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 December 31, 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 1 unit: 100 shares
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 October 1, 2010 to December 31, 2010	—	269,265	—	11,945	—	9,793

(6) Principal Shareholders

Followings are the changes in the status of principal shareholders during three months ended December 31, 2010 compared to the one as of September 30, 2010.

Name	As of September 30,2010		As of December 31,2010	
	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)
Michio Matsui	31,864	11.83	25,714	9.55
Michitaro Matsui	4,390	1.63	6,440	2.39
Chiaki Matsui	4,390	1.63	6,440	2.39
Yuma Matsui	4,390	1.63	6,440	2.39

Note: The table above is based on the Amendment Report of Possession of Large Volume of Shares filed on November 1, 2010 by Michio Matsui with October 26, 2010 being the report date. This change reflects the sale of shares by Michio Matsui to his three children with their total number of shares in possession left unchanged.

The Company does not recognize other changes in the status of principal shareholders.

(7) Voting Rights

Following tables show the status of voting rights as of September 30, 2010 instead of those as of December 31, 2010 for the Company is not able to settle the list of shareholders as of December 31, 2010.

(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 nine months ended December 31, 2010		April 2010	May 2010	June 2010	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
	Highest (Yen)	748	696	632	564	523	510	496	547	617
	Lowest (Yen)	658	580	544	503	477	467	436	440	512

Note: The highest and lowest prices are quoted in the 1st 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

New title	Former title	Name	Date of change
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 December 31, 2009	Brokerage commissions	3,183	—	34	6	3,224
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	—	—	—	11
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	112	—	1	336	449
	Total	3,306	—	35	342	3,684
Three months ended December 31, 2010	Brokerage commissions	2,737	—	24	122	2,883
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	3	—	—	—	3
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	98	—	1	205	304
	Total	2,838	—	25	327	3,190

(2) Net Gain on Trading

(Millions of Yen)

	Three months ended December 31, 2009			Three months ended December 31, 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	0	—	0	(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	1	(0)	1	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 December 31, 2009	2,477,260	693	2,477,952
Three months ended December 31, 2010	2,281,014	3	2,281,017

(Margin Trading)

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended December 31, 2009	1,580,026	—	1,580,026
Three months ended December 31, 2010	1,502,740	—	1,502,740

ii) Bonds

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended December 31, 2009	—	—	—
Three months ended December 31, 2010	—	—	—

iii) Beneficiary Certificates

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended December 31, 2009	32,642	17	32,660
Three months ended December 31, 2010	21,470	—	21,470

iv) Others

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended December 31, 2009	—	—	758	758
Three months ended December 31, 2010	—	—	4	4

※"Others" are covered warrants.

(Brokerage trading)

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Three months ended December 31, 2009	—	—	758	758
Three months ended December 31, 2010	—	—	4	4

※"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, 2009	4,901,867	—	11,603,404	—	16,505,271
Three months ended December 31, 2010	3,876,621	—	8,860,459	—	12,737,080

ii) Bond-based

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended December 31, 2009	—	—	—	—	—
Three months ended December 31, 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 December 31, 2009	174	174	—	6	—	—	—
Three months ended December 31, 2010	57	57	—	1	—	—	—

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, 2009	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Three months ended December 31, 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 December 31, 2009	—	—	—	313	—	—	—
Three months ended December 31, 2010	—	—	—	354	—	—	—

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 December 31, 2009	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Three months ended December 31, 2010	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Capital Adequacy Ratio

(Millions of Yen)

		As of December 31, 2009	As of December 31, 2010
Tier I Capital	①	72,161	74,780
Tier II Capital	Net unrealized gain on investment	9	—
	Reserve for financial products transaction liabilities	2,283	1,665
	General allowance for doubtful accounts	214	54
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	2,506	1,719
Assets to be deducted from equity capital	②	8,661	7,922
Equity capital after deduction	① + ② - ③(A)	66,005	68,577
Risk	Market risk	2	0
	Counterparty risk	3,486	3,557
	Basic risk	3,010	2,304
	Total (B)	6,499	5,861
Capital adequacy ratio	(A) / (B) × 100	1,015.5%	1,169.9%

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, 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 former Regulations of Quarterly Consolidated Financial Statements. The quarterly consolidated financial statements for the three months ended December 31, 2010 (from October 1, 2010 to December 31, 2010) and for the nine months ended December 31, 2010 (from April 1, 2010 to December 31, 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 December 31, 2009 (from October 1, 2009 to December 31, 2009), for the nine months ended December 31, 2009 (from April 1, 2009 to December 31, 2009), for the three months ended December 31, 2010 (from October 1, 2010 to December 31, 2010), and for the nine months ended December 31, 2010 (from April 1, 2010 to December 31, 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)

	December 31, 2010	March 31, 2010
Assets		
Current Assets		
Cash and bank deposits	6,390	15,191
Cash segregated as deposits	243,801	246,018
Cash in trust	11,166	22,450
Trading assets:	3,054	1,823
Trading securities and others	0	32
Derivatives	3,054	1,791
Net receivables arising from pre-settlement date trades	—	24
Margin account assets:	144,485	156,429
Loans receivable from customers	136,163	146,634
Cash deposited as collateral for securities borrowed from securities finance companies	8,321	9,795
Receivables on collateralized securities transactions:	4,851	5,143
Cash deposits collateral for securities borrowed	4,851	5,143
Receivables from customers and others	11	35
Short-term guarantee deposits	5,228	4,148
Others	6,190	6,803
Allowance for doubtful accounts	(54)	(249)
Total current assets	425,122	457,814
Fixed assets		
Tangible fixed assets	※1 1,017	※1 1,115
Intangible assets	4,456	5,247
Software	4,448	5,237
Others	8	10
Investments and others	1,849	1,912
Investment securities	271	302
Others	2,444	2,441
Allowance for doubtful accounts	(866)	(831)
Total fixed assets	7,322	8,275
Total assets	432,444	466,089

(Millions of Yen)

	December 31, 2010	March 31, 2010
Liabilities		
Current liabilities		
Trading liabilities:	143	294
Trading securities and others	—	32
Derivatives	143	262
Net receivables arising from pre-settlement date trades	161	—
Margin account liabilities:	43,821	45,819
Loans from securities finance companies	※2 3,144	※2 4,154
Proceeds of securities sold on customers' account	40,677	41,665
Payables on collateralized securities transactions:	6,424	9,393
Cash deposits as collateral for securities loaned	6,424	9,393
Deposits received	127,602	132,559
Guarantee money received	128,112	133,458
Short-term borrowings	32,036	37,032
Convertible bonds due within one year	15,576	26,506
Accrued income taxes	787	3,236
Accrued bonuses	77	104
Others	963	1,596
Total current liabilities	355,702	389,997
Long-term liabilities		
Long-term borrowings	—	20
Reserve for retirement bonuses for directors and auditors	204	204
Others	3	0
Total long-term liabilities	207	225
Statutory reserves		
Reserve for financial products transaction liabilities	1,665	1,665
Total statutory reserves	1,665	1,665
Total liabilities	357,574	391,886
Net assets		
Shareholders' equity		
Common stock	11,945	11,944
Capital surplus	9,793	9,792
Earned surplus	62,609	61,929
Treasury stock	(9,474)	(9,474)
Total shareholders' equity	74,872	74,190
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	(1)	13
Total valuation and translation adjustments	(1)	13
Total net assets	74,871	74,203
Total liabilities and net assets	432,444	466,089

[2] Quarterly Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Operating revenues		
Commissions	13,495	10,467
Brokerage commissions	12,073	9,227
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	3
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,411	1,237
Net gain (loss) on trading	5	3
Interest and dividend income	5,368	5,349
Total operating revenues	18,868	15,819
Interest expenses	855	559
Net operating revenues	18,013	15,259
Selling, general and administrative expenses		
Transaction related expenses	2,735	2,473
Employees' compensation and benefits	※1 1,454	※1 1,493
Occupancy and rental	749	831
Data processing and office supplies	2,543	1,485
Depreciation	1,293	1,390
Duties and taxes other than income taxes	112	86
Provision of allowance for doubtful accounts	119	—
Others	95	129
Total selling, general and administrative expenses	9,100	7,887
Operating income	8,914	7,372
Non-operating income		
Dividend income	9	11
Insurance premiums refunded cancellation	35	0
Others	26	10
Total non-operating income	70	21
Non-operating expenses		
Others	10	5
Total non-operating expenses	10	5
Ordinary income	8,973	7,387
Special profits		
Gain on sales of investment securities	—	7
Gain on cancellation of convertible bonds	581	82
Reversal of allowance for doubtful accounts	—	160
Total special profits	581	249
Special losses		
Loss on sales and disposals of property and equipment	2	3
Devaluation loss on investment securities	20	—
Loss on sales of investment securities	—	1
Total special losses	22	4
Income before income taxes	9,533	7,632
Income taxes - current	3,861	2,815
Income taxes - deferred	(44)	287
Income taxes	3,817	3,102
Income before minority interests	—	4,531
Net income	5,716	4,531

(Millions of Yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010
Operating revenues		
Commissions	3,684	3,190
Brokerage commissions	3,224	2,883
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	3
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	449	304
Net gain (loss) on trading	1	1
Interest and dividend income	1,797	1,602
Total operating revenues	5,483	4,793
Interest expenses	220	185
Net operating revenues	5,263	4,608
Selling, general and administrative expenses		
Transaction related expenses	861	782
Employees' compensation and benefits	※1 469	※1 490
Occupancy and rental	289	279
Data processing and office supplies	627	462
Depreciation	457	453
Duties and taxes other than income taxes	26	22
Provision of allowance for doubtful accounts	(29)	—
Others	30	23
Total selling, general and administrative expenses	2,730	2,512
Operating income	2,533	2,097
Non-operating income		
Dividend income	0	0
Insurance premiums refunded cancellation	35	—
Others	16	3
Total non-operating income	51	3
Non-operating expenses		
Others	0	0
Total non-operating expenses	0	0
Ordinary income	2,584	2,100
Special profits		
Reversal of allowance for doubtful accounts	—	(28)
Total Special profits	—	(28)
Special losses		
Devaluation loss on investment securities	2	3
Loss on sales of investment securities	—	1
Total Special losses	2	4
Income before income taxes	2,582	2,067
Income taxes - current	885	770
Income taxes - deferred	68	72
Income taxes	953	842
Income before minority interests	—	1,226
Net income	1,630	1,226

[3] Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Cash flows from operating activities		
Income before income taxes	9,533	7,632
Depreciation and amortization	1,293	1,390
Net change in allowance for doubtful accounts	113	(160)
Net change in accrued bonuses	(9)	(27)
Interest and dividend income	(5,990)	(5,967)
Interest expenses	818	524
Gain or loss on sales and disposals of property and equipment	2	3
Gain or loss on sales of investment securities	—	(6)
Devaluation loss on investment securities	20	—
Gain on cancellation of convertible bonds	(581)	(82)
Net change in cash segregated as deposits	(7,358)	2,205
Net change in cash in trust	—	13,050
Net change in trading assets and liabilities	653	(1,383)
Net change in net receivables and payables arising from pre-settlement date trades	(210)	185
Net change in margin assets and liabilities	(50,068)	9,947
Net change in receivables on collateralized securities transactions	(260)	292
Net change in deposits received and receivables from customers and others	11,641	(4,933)
Net change in payables on collateralized securities transactions	(1,305)	(2,970)
Net change in guarantee money received	3,149	(5,346)
Net change in short-term guarantee deposits	(2,680)	(1,113)
Others	(975)	787
Sub total	(42,214)	14,029
Interest and dividend received	5,339	5,350
Interest paid	(982)	(534)
Income taxes paid	(3,148)	(5,211)
Net cash flows from operating activities	(41,004)	13,634
Cash flows from investing activities		
Payments for purchases of property and equipment	(49)	(36)
Payments for purchases of intangible assets	(2,622)	(949)
Proceeds from sales of investment securities	—	16
Others	1	6
Net cash flows from investing activities	(2,669)	(963)
Cash flows from financing activities		
Net change in short-term borrowings	19,000	(5,000)
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)	(0)
Dividends paid	(2,567)	(3,845)
Net cash flows from financing activities	(16,300)	(19,706)
Translation difference of cash and cash equivalent	(0)	(0)
Net change in cash and cash equivalent	(59,974)	(7,035)
Cash and cash equivalents at beginning of period	74,840	23,391
Cash and cash equivalents at end of period	※1 14,866	※1 16,356

Changes in Significant Accounting Policies for the Quarterly Consolidated Financial Statements

Nine months ended December 31, 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

Nine months ended December 31, 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 December 31, 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 December 31, 2009 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
14,800 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

(Nine months ended December 31, 2010)

No relevant items.

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

(Nine months ended December 31, 2010)

No relevant items.

Notes to Quarterly Consolidated Financial Statements

Notes to Quarterly Consolidated Balance Sheet

As of December 31, 2010	As of March 31, 2010																																								
<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <p style="text-align: right;">897 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 891 million yen are collateralized for the loans from securities finance companies. 4,849 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.</p> <p>3 Fair value of securities received and deposited are as follows.</p> <p>(1) Securities deposited (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1) Securities lent for customers' short positions in margin trading</td> <td style="text-align: right;">43,954</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">3,087</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">9,483</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">3,897</td> </tr> <tr> <td>5) Securities pledged as collateral for futures and option trading guarantee</td> <td style="text-align: right;">33,209</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;">127,842</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">8,223</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">4,619</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">230,550</td> </tr> <tr> <td>5) Securities received from customers as collateral for futures and option trading guarantee</td> <td style="text-align: right;">2,412</td> </tr> </table>	1) Securities lent for customers' short positions in margin trading	43,954	2) Collateralized securities for loans from securities finance companies	3,087	3) Securities loaned out in securities loaned vs. cash transactions	9,483	4) Long-term guarantee securities deposited	3,897	5) Securities pledged as collateral for futures and option trading guarantee	33,209	1) Securities received for customers' long positions in margin trading	127,842	2) Securities borrowed from securities finance companies	8,223	3) Securities received in securities borrowed vs. cash transactions	4,619	4) Guarantee securities received from customers	230,550	5) Securities received from customers as collateral for futures and option trading guarantee	2,412	<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
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Notes to Quarterly Consolidated Statements of Income

Nine months ended December 31, 2009	Nine months ended December 31, 2010
※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 78 million yen of accrued bonuses.	※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 77 million yen of accrued bonuses.

Three months ended December 31, 2009	Three months ended December 31, 2010
※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 14 million yen of accrued bonuses.	※1 Employees' compensation and benefit reported in the quarterly consolidated statements of income include 23 million yen of accrued bonuses.

Notes to Quarterly Consolidated Statements of Cash Flows

Nine months ended December 31, 2009	Nine months ended December 31, 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 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	<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, 2010)</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;">6,390</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">11,166</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(1,200)</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;">16,356</td> </tr> </table>	Cash and bank deposits	6,390	Cash in trust	11,166	Cash in trust which is held to segregate guarantee money	(1,200)	Cash and cash equivalents	16,356
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Cash and cash equivalents	16,356																

Notes Concerning Net Assets

(As of December 31, 2010 and nine months ended December 31, 2010)

1. Outstanding shares

(Number of shares)

Type of share	As of December 31, 2010
Common stock	269,264,702

2. Treasury stock

(Number of shares)

Type of shares	As of December 31, 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 December 31, 2010

No relevant items.

5. Significant changes in net assets

No relevant items.

Segment Information

(Three months ended December 31, 2009 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 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.

(Nine months ended December 31, 2010 and three months ended December 31, 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 nine months ended December 31, 2010 compared to fiscal year ended March 31, 2010.

Notes to Securities

There have not been significant changes in securities during nine months ended December 31, 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 December 31, 2010		As of March 31, 2010	
Net assets per share	291.63 Yen	Net assets per share	289.03 Yen

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

Items	As of December 31, 2010	As of March 31, 2010
Total net assets on the balance sheets (Millions of Yen)	74,871	74,203
Net assets attributed to common stock (Millions of Yen)	74,871	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

Nine months ended December 31, 2009		Nine months ended December 31, 2010	
Earnings/share	22.26 Yen	Earnings/share	17.65 Yen
Fully diluted earnings/share	20.11 Yen	Fully diluted earnings/share	16.58 Yen

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

Items	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net income on the statements of income (Millions of Yen)	5,716	4,531
Net income attributed to common stock (Millions of Yen)	5,716	4,531
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)	27,484	16,537
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

Three months ended December 31, 2009		Three months ended December 31, 2010	
Earnings/share	6.35 Yen	Earnings/share	4.77 Yen
Fully diluted earnings/share	5.75 Yen	Fully diluted earnings/share	4.54 Yen

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

Items	Three months ended December 31, 2009	Three months ended December 31, 2010
Net income on the statements of income (Millions of Yen)	1,630	1,226
Net income attributed to common stock (Millions of Yen)	1,630	1,226
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)	26,702	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 December 31, 2009 , for the nine months ended December 31, 2009, for the three months ended December 31, 2010 and for the nine months ended December 31, 2010.