

Annual Securities Report
Including Financial Statements
Under Japanese GAAP
For the Year
Ended March 31, 2009

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On June 29, 2009

1 Information on the Company

Part 1 Outlook for the Company's Status

1 Major Business Indices

(1) Consolidated Business Indices

		Year Ended March 31, 2005	Year Ended March 31, 2006	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009
Operating revenues	(Millions of Yen)	36,918	57,072	43,691	39,915	26,724
Net operating revenues	(Millions of Yen)	34,623	54,150	40,708	36,689	24,464
Ordinary income	(Millions of Yen)	22,571	37,062	22,720	20,744	9,998
Net income	(Millions of Yen)	12,645	20,650	13,444	12,781	6,921
Net assets	(Millions of Yen)	49,715	67,645	75,281	81,044	69,090
Total assets	(Millions of Yen)	703,456	1,067,210	839,475	513,369	472,145
Net assets per share	(Yen)	557.20	252.17	279.70	301.03	269.12
Earnings per share	(Yen)	140.98	77.11	50.02	47.48	26.44
Fully diluted earnings per share	(Yen)	125.56	68.78	44.73	42.43	23.45
Equity ratio	(%)	7.1	6.3	9.0	15.8	14.6
Return on equity	(%)	28.5	35.2	18.8	16.4	9.2
Price earnings ratio	(Times)	30.39	21.17	20.65	11.88	24.28
Cash flows from operating activities	(Millions of Yen)	(25,019)	(30,650)	(30,991)	127,957	102,118
Cash flows from investing activities	(Millions of Yen)	(1,026)	(949)	(1,074)	(77)	(1,431)
Cash flows from financing activities	(Millions of Yen)	57,552	72,750	5,499	(154,736)	(74,828)
Cash and cash equivalents at end of period	(Millions of Yen)	61,251	102,403	75,837	48,981	74,840
Number of employees		148	126	109	109	108
[Average temporary staff]		[34]	[84]	[200]	[214]	[203]

Note:

1. The Company split its stock three-for-one on May 17, 2005 for the shareholders as of March 31, 2005, and the stock prices as of March 31, 2005 are those of ex-rights. The price earnings ratio for the year ended March 31, 2005 is calculated by multiplying the ex-rights price by the split ratio.
2. The Company has adopted "Accounting Standard for the Presentation of Net Assets in the Balance Sheet" (Accounting Standard Board of Japan, Statement No. 5) and "Guideline for the application of Accounting Standard for the Presentation of Net Assets in the Balance Sheet" (Accounting Standard Board of Japan, Statement No. 8) for the year ended March 31, 2007 and the following fiscal periods.

(2) Non-Consolidated Business Indices

		Year Ended March 31, 2005	Year Ended March 31, 2006	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009
Operating revenues [Commissions]	(Millions of Yen)	36,918 [27,083]	57,072 [42,477]	43,691 [26,936]	39,915 [24,521]	26,724 [18,263]
Net operating revenues	(Millions of Yen)	34,623	54,150	40,708	36,689	24,464
Ordinary income	(Millions of Yen)	22,559	37,052	22,709	20,732	9,986
Net income	(Millions of Yen)	12,638	20,644	13,449	12,771	6,913
Capital stock	(Millions of Yen)	11,469	11,750	11,922	11,942	11,944
Total shares outstanding	(1,000 shares)	89,055	268,281	269,183	269,254	269,260
Net assets	(Millions of Yen)	49,658	67,581	75,222	80,975	69,014
Total assets	(Millions of Yen)	703,393	1,067,143	839,414	513,296	472,063
Net assets per share	(Yen)	556.56	251.93	279.48	300.78	268.82
Annual dividends per share [Interim dividends per share]	(Yen)	42.58 [—]	23.09 [—]	23.00 [—]	35.00 [—]	10.00 [—]
Earnings per share	(Yen)	140.90	77.08	50.04	47.44	26.41
Fully diluted earnings per share	(Yen)	125.49	68.76	44.75	42.40	23.42
Equity ratio	(%)	7.1	6.3	9.0	15.8	14.6
Return on equity	(%)	28.5	35.2	18.8	16.4	9.2
Price earnings ratio	(Times)	30.40	21.17	20.64	11.89	24.31
Dividend payout ratio	(%)	30.00	30.00	46.0	73.8	37.9
Capital adequacy ratio	(%)	371.5	346.0	432.9	707.1	865.4
Number of employees [Average temporary staff]		147 [33]	125 [83]	108 [199]	108 [211]	108 [199]

Note:

1. Capital adequacy ratio is calculated with appropriated retained earnings being deduced from Tier I capital.
2. Dividend of 35 yen per share for the year ended March 31, 2008 includes commemorative dividend of 15 yen.
3. The Company split its stock three-for-one on May 17, 2005 for the shareholders as of March 31, 2005, and the stock prices as of March 31, 2005 are those of ex-rights. The price earnings ratio for the year ended March 31, 2005 is calculated by multiplying the ex-rights price by the split ratio.
4. The Company has adopted "Accounting Standard for the Presentation of Net Assets in the Balance Sheet" (Accounting Standard Board of Japan, Statement No. 5) and "Guideline for the application of Accounting Standard for the Presentation of Net Assets in the Balance Sheet" (Accounting Standard Board of Japan, Statement No. 8) for the year ended March 31, 2007 and the following fiscal periods.

2 Affiliated Companies

(As of March 31, 2009)

Name	Address	Common stock	Business involved	Company's Holding of the voting right	Relationship details
(Consolidated subsidiary) Matsui Real Estate Co., Ltd.	Chuo-ku, Tokyo, Japan	100 million yen	Holding, administration and rental of real estate	100%	4 executive officers (directors and an auditor) are appointed as directors and an auditor of Matsui Real Estate Co., Ltd. Matsui Real Estate Co., Ltd. rents its real estates to the Company and partly maintains the Company's facilities.

3 Employees

(1) Consolidated Company

The Company and its consolidated subsidiaries employ 108 employees (This number includes five employees on maternity leave and other types of leave) and 203 temporary employees.

(2) Non-Consolidated Company

The Company employs 108 employees (This number includes five employees on maternity leave and other types of leave) and 199 temporary employees. The average age is 35.7, the average length of service of employees is 8.6 years and the average of their annual compensation is 6,642 thousand yen.

(3) Employees' Union

The Company has been maintaining a good relationship with the Matsui Securities Co., Ltd. Employees' Union. The total number of Union members is 76.

Part 2 Outlook for the Company's Business

1. Risk of the Company's Business

The material business risks that the Company recognizes as of March 31, 2009 are as follows:

1. Fluctuation of operating results: The operating result of the Company may fluctuate reflecting the nature of the Company's business.
2. Severe competition in securities brokerage business: The Company faces severe competition with various types of present and potential competitors.
3. Concentration of securities brokerage business: The Company concentrates its resources on its securities brokerage business, which may risk the Company's operating results when circumstances become unfavorable.
4. Risk related to margin trading
 - 1) Dependence on margin trading: Revenue of the Company considerably relies on margin trading.
 - 2) Effect on the Capital Adequacy Ratio: The growth of the balance of margin trading lowers the Company's capital adequacy ratio.
 - 3) Credit risk: The Company takes credit risks of its customers by providing margin trading service.
 - 4) Liquidity risk: The Company requires operating cash to provide margin trading service to its customers. The Company might face liquidity problems in fund procurement when the market situation becomes unfavorable.
5. Reliability of system: The stability of the online brokerage system is crucial to the Company's business.
6. Market risk in underwriting business: The Company faces market risk in its underwriting business.
7. Protection of personal data: Personal Information Protection Law strictly requires the Company to protect personal data of customers and others.
8. Dependence on business partners: The operation of The Company's business significantly relies on outside business partners, mostly in the operation of its online trading system and the provision of trade information to its customers.

9. Dependence on specific executives: As the organization of the Company is relatively small, an unexpected absence or accident of specific executives, especially Mr. Michio MATSUI, CEO, may destabilize or damage the management of the business.
10. Risk related to foreign exchange margin trading: The Company trades foreign exchange transactions with Macquarie Bank Limited to cover positions held through foreign exchange margin trades with its customers. As a result, the Company takes credit risk from Macquarie Bank Limited.
11. Future regulations: New regulations may be introduced which negatively impact the Company's business.
12. Compliance: Violation of laws or regulations by the Company or its employees may cause legal punishment or deterioration of its reputation.
13. Others: There are no significant law suits in dispute that may have a material effect on the financial results as of March 31, 2009.

2. Important Contracts for the Company's Business

Contract term	Title	Counterparty	Content
From February 2007 to May 2009	Contract on the Information Processing	CSK Securities Service Co., Ltd.	Information services on brokerage services
From June 2009 to May 2011	Contract on the Information Processing	CSK Securities Service Co., Ltd.	Information processing services on brokerage services

Note: The company contracted "Contract on the Information Processing" shown in the lower line of the table above in November 2008, to succeed "Contract on the Information Processing" which had ended in May 2009, shown in the upper line of the table.

3. Research and Development

No relevant Items.

Part 3 Equipment

1 Investment in Equipment

The company invested 1,790 million yen during the year ended March 31, 2009 mainly to acquire software to enhance capability of the system and introduce new services.

2 Major Equipment

(1) The Company

Offices	Location	Category	Book value (Millions of Yen)				Number of employees
			Buildings	Equipment	Land (Area m ²)	Total	
Headquarters	Chiyoda-ku, Tokyo	Headquarter function	84	125	— (—)	210	102 (38)
Sapporo Call Center	Chuo-ku, Sapporo, Hokkaido	Call Center equipment	—	6	— (—)	6	6 (161)
Nihombashi Branch	Chuo-ku, Tokyo	Other equipment	11	4	— (—)	16	— (—)

Note:

1. The headquarters are rented from Sumitomo Realty & Development Co., Ltd., the Sapporo Call Center is rented from Nippon Life Insurance Company and the Nihombashi Branch is rented from Matsui Real Estate Co., Ltd., the Company's subsidiary.
2. Costs incurred in relation to investments in the online securities trading system are mainly accounted for as "Software" in the balance sheet of the Company. The book value of Software totaled 3,642 million yen as of March 31, 2009.
3. The number in parentheses under the number of employees shows the average number of temporary employees.

(2) Domestic Subsidiary

Name	Location	Category	Book value (Millions of yen)				Number of employees
			Buildings	Equipment	Land (Area m ²)	Total	
Matsui Real Estate Co., Ltd.	Chuo-ku, Tokyo	Other equipment	34	0	244 (2,562)	278	— (1)

Note: The number in parentheses under the number of employees shows the average number of temporary employees.

3 Plans to Purchase or Dispose Equipment

The Company plans to invest 4,200 million yen mainly in online securities trading systems using its own capital from April 2009 through March 2010. The Company has no plans to dispose of any major equipment.

Part 4 Corporate Profiles

1 Number of Shares

(1) Total Number of Shares

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

	Number of Shares Outstanding		Stock Exchanges Listed
	As of March 31, 2009 (End of the fiscal year ended March 31, 2009)	As of June 29, 2009 (Date of the filing of this Report)	
Common Stock	269,260,202 shares	269,260,202 shares	Tokyo Stock Exchange (First Section)
Total	269,260,202 shares	269,260,202 shares	—

Note: The number of shares outstanding as of June 29, 2009 does not include those shares issued as a result of the exercise of new-share purchase rights in the period from June 1, 2009 to June 29, 2009.

(2) New-Share Purchase Rights

Zero Coupon Convertible Bonds due 2011 (Issued on November 17, 2003)		
	As of March 31, 2009	As of May 31, 2009
Number of new-share purchase rights	19,900	15,751
Number of new-share purchase rights held by the Company	—	—
Stock on which the new-share purchase rights will be executed	Common Stock	Common Stock
Number of shares to be issued by the new-share purchase rights	33,459,436	26,701,135
Total value of payment	2 million yen per one new-share purchase rights 1,189.5Yen per share	2 million yen per one new-share purchase rights 1,179.8 Yen per share
Period of exercise of rights	From December 1, 2003 to March 17, 2011	
Price of issuance and amount to be capitalized as common stock	Price of Issuance: 1,189.5 Yen Value to be capitalized as common stocks: 595 Yen	Price of Issuance: 1,179.8Yen Value to be capitalized as common stocks: 590 Yen
Conditions of execution	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)	39,800	31,502

The new-share purchase rights issued as stock options: See (8) Details of Stock Options.

(3) Rights Plan

No relevant items.

(4) Total Number of Shares Outstanding and Capital Stock

	Shares Outstanding (Thousands of shares)		Capital Stock (Millions of Yen)		Additional Paid-in Capital (Millions of Yen)		Note
	Change	Outstanding amount	Change	Outstanding amount	Change	Outstanding amount	
From April 1, 2004 To March 31, 2005	88	89,055	6	11,469	6	9,317	Exercise of New-share purchase rights
From April 1, 2005 To March 31, 2006	179,226	268,281	281	11,750	281	9,598	Note: 1, 2, 3
From April 1, 2006 To March 31, 2007	901	269,183	172	11,922	172	9,770	Exercise of New-share purchase rights
From April 1, 2007 To March 31, 2008	71	269,254	20	11,942	20	9,790	Exercise of New-share purchase rights
From April 1, 2008 To March 31, 2009	6	269,260	2	11,944	2	9,792	Exercise of New-share purchase rights

Note:

- As a result of the stock split three-for-one on May 17, 2005, the number of shares increased by 178,111 thousand shares compared to the total shares outstanding as of March 31, 2005.
- As a result of the exercise of new-share purchase rights of the Convertible Bonds, the shares outstanding increased by 156 thousand shares, Capital stock increased by 100 million yen and Additional paid-in Capital increased by 100 million yen.
- As a result of the exercise of new-share purchase rights, the shares outstanding increased by 960 thousand shares, Capital stock increased by 181 million yen and Additional paid-in Capital increased by 181 million yen.

(5) Distribution of Shares

(As of March 31, 2009)

	Distribution of shares (1 unit = 100 shares)								Odd-lot Shares (Shares)
	National and municipal governments	Financial institutions	Securities companies	Other institutions	Foreign institutions and others		Individuals and others	Total	
					Share- holders other than individuals	Individuals			
Number of shareholders	—	35	28	165	248	9	44,124	44,609	—
Number of shares in possession (unit)	—	322,769	30,154	358,229	299,611	366	1,681,349	2,692,478	12,402
Percentage of shares in possession (%)	—	11.99	1.12	13.30	11.13	0.01	62.45	100.00	—

Note:

- 125,327 units out of 12,532,743 treasury stock are included in the "Individuals and others" and 43 shares out of 12,532,743 treasury stock are included in "odd-lot shares".
- 4 units under the title of Japan Securities Depository Center Inc. are included in "other institutions".

(6) Principal Shareholders

(As of March 31, 2009)

Name	Address	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)
Chizuko Matsui	Bunkyo-ku, Tokyo, Japan	69,700	25.89
Michio Matsui	Bunkyo-ku, Tokyo, Japan	31,864	11.83
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	24,391	9.06
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	10,692	3.97
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	9,356	3.47
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	7,808	2.90
Japan Trustee Services Bank, Ltd. (Trust account 4G)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	7,273	2.70
Michitaro Matsui	Bunkyo-ku, Tokyo, Japan	4,390	1.63
Chiaki Matsui	Bunkyo-ku, Tokyo, Japan	4,390	1.63
Yuma Matsui	Bunkyo-ku, Tokyo, Japan	4,390	1.63
Total	—	174,253	64.72

Note:

- 12,533 thousands of treasury stock (4.65% of total shares outstanding) are not included in the table.
- Because the Company was not able to verify the number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account), and Japan Trustee Services Bank, Ltd. (Trust account 4G) for their trustee businesses, the Company does not show these numbers.

(7) Voting Rights

(i) Outstanding shares

(As of March 31, 2009)

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

Note:

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

(ii) Treasury Stock

(As of March 31, 2009)

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

(8) Details of Stock Options

The number of shares to be issued as of June 29, 2009 does not reflect the reduction of shares to be issued by the execution of new-share purchase rights for the period from June 1, 2009 to June 29, 2009.

(As of June 29, 2009)

Special resolution of general shareholders' meeting (June 16, 2002)	
Number of shares to be issued	4,500 Common stock
Eligible holder of rights	Employees: 1 (4,500 Shares)
Value of payment	559 Yen per share
Period of exercise of rights	From July 15, 2005 to July 14, 2010
Price of issuance and amount to be capitalized as common stock	Price of issuance: 559 Yen Capitalized as common stock: 280 Yen
Restrictions on assignment of rights	Assignments of rights require the approval of board of directors.
Alternative payment on the exercise of the rights	—
Grant of rights due to corporate reorganization	—

(As of June 29, 2009)

Special resolution of general shareholders' meeting (June 27, 2004)	
Number of shares to be issued	477,000 Common stock
Eligible holder of rights	Directors: 6 (213,000 Shares) Employees: 40 (258,000 Shares)
Value of payment	1,217 Yen per share
Price of issuance and amount to be capitalized as common stock	Price of issuance: 1,217 Yen Capitalized as common stock: 609 Yen
Period of exercise of rights	From July 15, 2006 to July 14, 2009
Restrictions on assignment of rights	Assignments of rights require the approval of board of directors.
Alternative payment on the exercise of the rights	—
Grant of rights due to corporate reorganization	—

2 Acquisition of treasury stock

(1) Acquisition based on the resolution of shareholders' meeting

No relevant items.

(2) Acquisition based on the resolution of board of directors

Item	Number of shares	Total value (Millions of Yen)
The resolution of board of directors held on July 31, 2008 (Term of acquisition: From August 1, 2008 to October 31, 2008)	12,500,000	10,000
Acquisition of treasury stock prior to the fiscal year ended March 31, 2009	—	—
Acquisition of treasury stock during the fiscal year ended March 31, 2009	12,500,000	9,452
Total number and value of shares left to be purchased	—	548
Percentage of shares left to be purchased as of March 31, 2009	—	5.5
Acquisition of treasury stock from April 1, 2009 to June 29, 2009	—	—
Percentage of shares left to be purchased as of June 29, 2009	—	5.5

(3) Acquisition not based on the resolution of shareholders' meeting nor board of directors

Item	Number of shares	Total value (Millions of Yen)
Acquisition of treasury stock during the year ended March 31, 2009	605	0
Acquisition of treasury stock from April 1, 2009 to June 29, 2009	—	—

Note: Acquisition of treasury stock from April 1, 2009 to June 29, 2009 does not include the purchase of odd-lot shares from June 1, 2009 to June 29, 2009.

(4) Retirement and holdings of treasury stocks

Item	Year ended March 31, 2009		From April 1, 2009 to June 29, 2009	
	Number of shares	Total value of retirement (Millions of Yen)	Number of shares	Total value of retirement (Millions of Yen)
Treasury stock subscribed	—	—	—	—
Treasury stock retired	—	—	—	—
Treasury stock transferred by merger, stock exchanges or corporate separation	—	—	—	—
Others (-)	—	—	—	—
Number of treasury stock	12,532,743	—	12,532,743	—

Note: The number of treasury stock from April 1, 2009 to June 29, 2009 does not include the purchase of odd-lot shares from June 1, 2009 to June 29, 2009.

3 Dividend Policy

The dividend policy of the Company is to distribute 30% or above of consolidated net income to its shareholders, considering various factors, such as the level of equity to provide margin-trading services to its customers and the circumstances to make strategic investments.

The Company basically distributes dividends once a year based on the resolution of the shareholders' meetings.

The shareholders' meeting resolved to distribute 10 yen per share with March 31, 2009 being the date of record for dividends considering the situation that the equity level is already sufficiently high to prepare for a sudden increase in margin-trade volume.

Retained earnings are to be used to invest in online securities trading systems and to increase working capital for margin-trading services to its customers.

The articles of incorporation of the Company allow interim dividends.

Distribution of retained earnings for the year ended March 31, 2009 is as follows:

Date of resolution	Amount of dividend payment	Dividends per share
Ordinary General Meeting of Shareholders held on June 28, 2009	2,567 million yen	10 yen

4 Price of Shares

Yearly highest and lowest prices for the last five fiscal years		Year Ended March 31, 2005	Year Ended March 31, 2006	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009
	Highest (Yen)	4,370 [1,509]	1,861	1,716	1,161	883
	Lowest (Yen)	2,695 [1,355]	1,000	770	561	476

Note:

1. The highest and lowest prices are quoted on the 1st section of the Tokyo Stock Exchange.
2. The numbers in parentheses show ex-rights price by stock split.

Monthly highest and lowest prices for the second half of fiscal year Ended March 31, 2009		October 2008	November 2008	December 2008	January 2009	February 2009	March 2009
	Highest (Yen)	774	692	756	764	690	683
	Lowest (Yen)	476	561	590	618	547	533

Note:

3. The highest and lowest prices are quoted on the 1st section of the Tokyo Stock Exchange.

5 Executives

	Title	Number of shares in possession
Michio Matsui	President and Chief Executive Officer	31,864
Toshimasa Sekine	Director (Director in charge of Corporate Administration Dept. and Compliance Dept.)	20
Ayumi Sato	Director (General Manager of Customer Support Center)	46
Takashi Moribe	Director (General Manager of RTGS Operation Dept.)	27
Akihiro Ichimura	Director (General Manager of Marketing Dept. In charge of Customer Service Planning Unit and Corporate Services Unit)	3
Kunihiko Sato	Director (Director in charge of System Dept.)	26
Akira Warita	Director (General Manager of Marketing Dept. In charge of Marketing Planning Unit)	10
Shinichi Uzawa	Director (General Manager of Finance Dept.)	20
Masashi Watanabe	Director (General Manager of Marketing Dept. In charge of Business Development Unit)	3
Yukihiro Yabuki	Standing Corporate Auditor	11
Norio Igarashi	Corporate Auditor	—
Toshihiro Takagi	Corporate Auditor	6
Yasuo Mochizuki	Corporate Auditor	—
Total	—	32,036

The Company appointed Mr. Yoshio Yoshida, a lawyer, as a substitute auditor in preparation for the vacancy of the incumbent auditors.

6 Operations of Business

(1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
Year ended March 31, 2008	Brokerage commissions	21,861	—	130	94	22,085
	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	2	—	—	—	2
	Others	649	—	8	1,767	2,424
	Total	22,523	—	138	1,861	24,521
Year ended March 31, 2009	Brokerage commissions	15,672	—	146	70	15,888
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1	—	—	—	1
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1	—	—	—	1
	Others	460	—	10	1,904	2,374
	Total	16,134	—	156	1,973	18,263

(2) Net Gain on Trading

(Millions of Yen)

	Year ended March 31, 2008			Year ended March 31, 2009		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	(0)	—	(0)	(2)	—	(2)
Net gain on trading of bonds and others	9	0	9	6	(0)	6
Bonds	—	—	—	—	—	—
Others	9	0	9	6	(0)	6
Total	9	0	9	4	(0)	4

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

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2008	18,983,033	2,630	18,985,663
Year ended March 31, 2009	12,645,037	8,420	12,653,457

(Margin Trading)

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2008	12,218,252	—	12,218,252
Year ended March 31, 2009	8,004,150	—	8,004,150

ii)Bonds

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2008	—	—	—
Year ended March 31, 2009	—	—	—

iii)Beneficiary Certificates

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2008	122,425	20	122,444
Year ended March 31, 2009	138,288	80	138,368

iv)Others

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Year ended March 31, 2008	—	—	14,047	14,047
Year ended March 31, 2009	—	—	9,653	9,653

※"Others" are covered warrants

(Brokerage trading)

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Year ended March 31, 2008	—	—	14,047	14,047
Year ended March 31, 2009	—	—	9,653	9,653

※"Others" are covered warrants

[2] Futures Trading

i)Stock-based

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Year ended March 31, 2008	49,017,260	983	49,606,814	6,543	98,631,600
Year ended March 31, 2009	24,588,527	—	34,854,068	—	59,442,594

ii)Bond-based

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Year ended March 31, 2008	—	—	—	—	—
Year ended March 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
Year ended March 31, 2008	379	379	—	117	—	—	—
Year ended March 31, 2009	134	12	—	16	—	—	—

ii)Bonds

(Millions of Yen)

	Item	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Year ended March 31, 2008	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Year ended March 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
Year ended March 31, 2008	—	—	—	4,036	—	—	—
Year ended March 31, 2009	—	—	—	1,518	—	—	—

iv)Others

(Millions of Yen)

	Products	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Year ended March 31, 2008	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Year ended March 31, 2009	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Other Operations
[1] Custody of Securities

	item	Domestic Securities	Foreign Securities	
As of March 31, 2008	Stocks (thousand shares)	1,472,553	522,569	
	Bonds (million yen)	—	—	
	Beneficiary certificates	Unit type	—	—
		Open type	Stocks (million units)	1
			Bonds (million units)	3,841
	Subscription warrant (million yen)	—	—	
	Commercial paper (million yen)	—	—	
	Other foreign securities (million yen)	—	—	
Others (million warrants)	—	258		
As of March 31, 2009	Stocks (thousand shares)	1,792,739	575,483	
	Bonds (million yen)	—	—	
	Beneficiary certificates	Unit type	—	—
		Open type	Stocks (million units)	1
			Bonds (million units)	3,586
	Subscription warrant (million yen)	—	—	
	Commercial paper (million yen)	—	—	
	Other foreign securities (million yen)	—	—	
Others (million warrants)	—	119		

[2] Margin trading

(Thousands of shares, millions of Yen)

	Loans to customers for their margin trading and the number of shares customers bought with the loan		Number of shares the Company lends to customers and the value of these securities sold by customers	
	Value	Number of shares	Number of shares	Value
Year ended March 31, 2008	203,823	247,925	26,312	24,041
Year ended March 31, 2009	98,639	196,846	63,067	39,980

(5) Capital Adequacy Ratio

(Millions of Yen)

		As of March 31, 2008	As of March 31, 2009
Tier I Capital ①		71,552	66,446
Tier II Capital	Net unrealized gain on investment	—	—
	Reserve for securities transactions	3,745	—
	Reserve for financial products transaction liabilities	—	2,283
	General allowance for doubtful accounts	278	127
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	4,024	2,410
Assets to be deducted from equity capital ③		7,592	7,418
Equity capital after deduction ① + ② - ③ (A)		67,984	61,437
Risk	Market risk	3	3
	Counterparty risk	5,252	3,409
	Basic risk	4,357	3,686
	Total (B)	9,614	7,099
Capital adequacy ratio (A) / (B) × 100		707.1%	865.4%

Note: Capital adequacy ratio is calculated with appropriated retained earnings being deducted from Tier I Capital. Values are rounded down to the nearest million yen.

Part 5 Financial Status

1 Presentation of Financial Statements

(1) Consolidated Financial Statements

Pursuant to the “Regulations of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976) and its Article 46 and 68, the 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 Consolidated Financial Statements”.

The consolidated financial statements for the year ended March 31, 2008 have been prepared according to the former Regulations of Consolidated Financial Statements, and the consolidated financial statements for the year ended March 31, 2009 have been prepared according to the current Regulations of Consolidated Financial Statements.

(2) Non-Consolidated Financial Statements

Pursuant to the “Regulations of Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) and its Article 2, the non-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 Financial Statements”.

The non-consolidated financial statements for the year ended March 31, 2008 have been prepared according to the former Regulations of Financial Statements and the non-consolidated financial statements for the year ended March 31, 2009 have been prepared according to the current Regulations of Financial Statements.

(3) Presentation of Amounts

The amounts presented in the consolidated and non-consolidated financial statements are rounded to the nearest million yen.

2 Audit Report

The consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2008 and the consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2009 were audited by PricewaterhouseCoopers Aarata based on the Article 193-2-1 of Financial Instruments and Exchange Law.

Notice to readers:

The accompanying consolidated financial statements and non-consolidated financial statements have been prepared in accordance with the provision set forth in the Corporation Law of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements and non-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 and jurisdictions other than Japan.

1 Consolidated Financial Statements

(1) Consolidated Financial Statements

[1] Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2008	March 31, 2009
Assets		
Current Assets		
Cash and bank deposits	22,978	15,839
Cash segregated as deposits	208,012	237,989
Cash in trust	41,503	75,751
Trading assets:	3,059	1,980
Trading securities and others	—	0
Derivatives	3,059	1,980
Repurchased convertible bonds	—	7,717
Net receivables arising from pre-settlement date trades	1	49
Margin account assets:	207,232	115,246
Loans receivable from customers	203,823	98,639
Cash deposited as collateral for securities borrowed from securities finance companies	3,408	16,608
Receivables on collateralized securities transactions:	708	3,109
Cash deposits collateral for securities borrowed	708	3,109
Receivables from customers and others	65	22
Receivables from customers	65	22
Others	0	0
Advances paid for subscription	—	2
Short-term guarantee deposits	15,349	2,139
Advances paid	1	1
Prepaid expenses	163	157
Accounts receivable	0	—
Accrued income	4,260	2,977
Deferred income taxes	524	192
Others	2,553	2,024
Allowance for doubtful accounts	(279)	(127)
Total current assets	506,129	465,067
Fixed assets		
Tangible fixed assets	965	1,125
Buildings	※1 353	※1 330
Equipment and instruments	※1 177	※1 360
Land	435	435
Intangible assets	3,291	3,653
Software	3,274	3,642
Telephone subscription rights	8	7
Others	8	4
Investments and others	2,984	2,300
Investment securities	343	320
Investment in partnership	2	2
Long-term loans receivable	211	204
Long-term guarantee deposits	288	293
Long-term prepaid expenses	3	3
Deferred income taxes	2,100	1,443
Others	1,241	909
Allowance for doubtful accounts	(1,204)	(875)
Total fixed assets	7,240	7,078
Total assets	513,369	472,145

(Millions of Yen)

	March 31, 2008	March 31, 2009
Liabilities		
Current liabilities		
Trading liabilities:	175	192
Derivatives	175	192
Margin account liabilities:	29,720	57,052
Loans from securities finance companies	※2 5,679	※2 17,073
Proceeds of securities sold on customers' account	24,041	39,980
Payables on collateralized securities transactions:	22,278	7,547
Cash deposits as collateral for securities loaned	22,278	7,547
Deposits received	119,965	124,623
Deposits received from customers	119,328	123,952
Others	637	671
Guarantee money received	128,036	135,112
Suspense account for undelivered securities	16	2
Short-term borrowings	36,050	5,032
Bonds due within one year	20,000	20,000
Convertible bonds due within one year	—	8,298
Advances received	0	0
Deferred revenue	61	50
Accounts payable	448	8,338
Accrued expenses	1,926	1,347
Accrued income taxes	4,761	1,334
Accrued bonuses	136	86
Total current liabilities	363,572	369,013
Long-term liabilities		
Bonds	20,000	—
Convertible bonds	39,800	31,502
Long-term borrowings	5,000	52
Reserve for retirement bonuses for directors and auditors	206	204
Others	0	0
Total long-term liabilities	65,006	31,759
Statutory reserves		
Reserve for securities transactions	※4 3,746	—
Reserve for financial products transaction liabilities	—	※4 2,283
Total statutory reserves	3,746	2,283
Total liabilities	432,324	403,054

(Millions of Yen)

	March 31, 2008	March 31, 2009
Net assets		
Shareholders' equity		
Common stock	11,942	11,944
Capital surplus	9,790	9,792
Earned surplus	59,337	56,835
Treasury stock	(22)	(9,474)
Total shareholders' equity	81,046	69,096
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	(2)	(6)
Total valuation and translation adjustments	(2)	(6)
Total net assets	81,044	69,090
Total liabilities and net assets	513,369	472,145

[2] Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Operating revenues		
Commissions	24,521	18,263
Brokerage commissions	22,085	15,888
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	1
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	2	1
Others	2,424	2,374
Net gain (loss) on trading	9	4
Interest and dividend income	15,384	8,456
Total operating revenues	39,915	26,724
Interest expenses	3,226	2,260
Net operating revenues	36,689	24,464
Selling, general and administrative expenses		
Transaction related expenses	4,601	4,096
Employees' compensation and benefits	※1 2,169	※1 2,024
Occupancy and rental	441	501
Data processing and office supplies	6,752	6,353
Depreciation	1,076	1,261
Duties and taxes other than income taxes	243	160
Provision of allowance for doubtful accounts	586	—
Others	162	125
Total selling, general and administrative expenses	16,030	14,521
Operating income	20,660	9,943
Non-operating income		
Compensation income for damages	7	8
Dividend income	59	51
Others	29	24
Total non-operating income	94	83
Non-operating expenses		
Commissions on syndicated loans	3	1
Others	6	26
Total non-operating expenses	9	28
Ordinary income	20,744	9,998
Special profits		
Gain on sales of investment securities	1,110	13
Reversal of reserve for financial products transaction liabilities	—	1,463
Reversal of allowance for doubtful accounts	—	124
Others	—	0
Total special profits	1,110	1,600
Special losses		
Loss on sales and disposals of property and equipment	※2 0	※2 8
Provision for statutory reserves	346	—
Devaluation loss on telephone subscription rights	0	—
Devaluation loss on investment securities	1	9
Others	0	—
Total special losses	348	17
Income before income taxes	21,507	11,582
Income taxes - current	9,047	3,670
Income taxes - deferred	(321)	991
Income taxes	8,726	4,661
Net income	12,781	6,921

[3] Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year ended march 31, 2008	Year ended march 31, 2009
Shareholders' equity		
Common stock		
Balance at the end of previous period	11,922	11,942
Changes in the current term		
Issuance of new shares	20	2
Total changes of items in the current term	20	2
Balance at the end of current period	11,942	11,944
Capital surplus		
Balance at the end of previous period	9,770	9,790
Changes in the current term		
Issuance of new shares	20	2
Total changes of items in the current term	20	2
Balance at the end of current period	9,790	9,792
Earned surplus		
Balance at the end of previous period	52,747	59,337
Changes in the current term		
Dividends from capital and earned surplus	(6,190)	(9,423)
Net income	12,781	6,921
Total changes of items in the current term	6,590	(2,502)
Balance at the end of the current term	59,337	56,835
Treasury stock		
Balance at the end of previous period	(22)	(22)
Changes in the current term		
Purchase of treasury stock	(0)	(9,452)
Total changes of items in the current term	(0)	(9,452)
Balance at the end of current period	(22)	(9,474)
Total shareholders' equity		
Balance at the end of previous period	74,417	81,046
Changes in the current term		
Issuance of new shares	40	3
Dividends from capital and earned surplus	(6,190)	(9,423)
Net income	12,781	6,921
Purchase of treasury stock	(0)	(9,452)
Total changes of items in the current term	6,630	(11,950)
Balance at the end of current period	81,046	69,096
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the end of previous period	865	(2)
Changes in the current term		
Net change of items other than shareholders' equity	(867)	(4)
Total changes of items in the current term	(867)	(4)
Balance at the end of current period	(2)	(6)
Total valuation and translation adjustments		
Balance at the end of previous period	865	(2)
Changes in the current term		
Net change of items other than shareholders' equity	(867)	(4)
Total changes of items in the current term	(867)	(4)
Balance at the end of current period	(2)	(6)

(Millions of Yen)

	Year ended march 31, 2008	Year ended march 31, 2009
Total net assets		
Balance at the end of previous period	75,281	81,044
Changes in the current term		
Issuance of new shares	40	3
Dividends from capital and earned surplus	(6,190)	(9,423)
Net income	12,781	6,921
Purchase of treasury stock	(0)	(9,452)
Net change of items other than shareholders' equity	(867)	(4)
Total changes of items in the current term	5,763	(11,954)
Balance at the end of current period	81,044	69,090

[4] Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Income before income taxes	21,507	11,582
Depreciation and amortization	1,076	1,261
Net change in allowance for doubtful accounts	573	(481)
Net change in accrued bonuses	54	(50)
Net change in reserve for securities transactions	346	—
Net change in reserve for financial products transaction liabilities	—	(1,463)
Interest and dividend income	(2,470)	(8,702)
Interest expenses	2,218	2,198
Interest income on margin transactions	(12,805)	—
Interest expenses on margin transactions	840	—
Gain or loss on sales and disposals of property and equipment	0	8
Devaluation loss on telephone subscription rights	0	—
Gain or loss on sales of investment securities	(1,110)	(13)
Devaluation loss on investment securities	1	9
Net change in cash segregated as deposits	60,014	(29,985)
Net change in cash in trust	500	(1,250)
Net change in trading assets and liabilities	(2,883)	1,096
Net change in net receivables and payables arising from pre-settlement date trades	173	(48)
Net change in margin assets and liabilities	176,458	119,317
Net change in receivables on collateralized securities transactions	800	(2,401)
Net change in deposits received	(26,877)	—
Net change in deposits received and receivables from customers and others	—	4,701
Net change in payables on collateralized securities transactions	(63,761)	(14,731)
Net change in guarantee money received	(43,470)	7,076
Net change in short-term guarantee deposits	13,088	13,210
Others	(45)	373
Sub total	124,227	101,708
Interest and dividend received	2,550	9,826
Interest paid	(2,225)	(2,368)
Interest on margin transactions received	13,430	—
Interest on margin transactions paid	(824)	—
Income taxes paid	(9,200)	(7,047)
Net cash flows from operating activities	127,957	102,118

(Millions of Yen)

	Year ended march 31, 2008	Year ended march 31, 2009
Cash flows from investing activities		
Payments for purchases of property and equipment	(13)	(249)
Payments for purchases of intangible assets	(1,227)	(1,194)
Proceeds from sales of investment securities	1,177	14
Others	(14)	(2)
Net cash flows from investing activities	(77)	(1,431)
Cash flows from financing activities		
Net change in short-term borrowings	(142,500)	(5,500)
Net change in commercial paper	(1,000)	—
Proceeds from long-term borrowings	4,000	100
Repayments of long-term borrowings	(9,093)	(30,566)
Repayment for corporate bonds	—	(20,000)
Proceeds from issuance of shares on the exercise of new-share purchase rights	39	3
Payments for purchase of treasury stock	(0)	(0)
Dividends paid	(6,182)	(9,408)
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	(154,736)	(74,828)
Translation difference of cash and cash equivalent	(0)	(0)
Net change in cash and cash equivalent	(26,856)	25,859
Cash and cash equivalents at beginning of period	75,837	48,981
Cash and cash equivalents at end of period	※1 48,981	※1 74,840

Significant Accounting Policies for the Consolidated Financial Statements

	Year ended March 31, 2008	Year ended March 31, 2009
1. Scope of Consolidation	Number of Consolidated subsidiaries: 1 (Matsui Real Estate Co., Ltd.)	Same as the left column.
2. Application of equity method	The Company has neither unconsolidated subsidiaries nor affiliates for which an equity method is to be applied.	Same as the left column.
3. Accounting period	The fiscal year of the consolidated subsidiary ends March 31, the same fiscal year-end as the parent company.	Same as the left column.
4. Accounting policies	<p>(1) Valuation of securities and derivatives</p> <p>(i) Securities and derivatives classified as trading assets: Securities and derivatives classified as trading assets are carried at fair value.</p> <p>(ii) Securities not classified as trading assets: Other securities, such as available-for-sale securities, whose fair values are readily determinable: Other securities, such as available-for-sale securities, whose fair values are readily determinable are carried at fair value with unrealized gains or losses included as a component of net assets, net of applicable income taxes. Other securities not publicly quoted: Other securities not publicly quoted are stated at cost determined on the moving average method. Investments in investment funds are stated at the proportional net value of the Company's interest to the total fund interest.</p>	<p>(1) Valuation of securities and derivatives</p> <p>(i) Securities and derivatives classified as trading assets: Same as the left column.</p> <p>(ii) Securities not classified as trading assets: Other securities, such as available-for-sale securities, whose fair values are readily determinable: Same as the left column.</p> <p>Other securities not publicly quoted: Same as the left column.</p>

	Year ended March 31, 2008	Year ended March 31, 2009
	<p>(2) Depreciation of depreciable assets</p> <p>(i) Tangible fixed assets</p> <p>The Company applies the straight-line method while the consolidated subsidiary applies the declining-balance method. The useful life for depreciation is 15 to 40 years for buildings and 4 to 10 years for equipment and instruments.</p> <p>(Changes in accounting policies)</p> <p>In accordance with revision of the Corporate Tax Law (the Law amending Income Tax Law (Law No.6, March 30, 2007) and the Government Ordinance amending Implementation Ordinance of Corporate Tax Law (Government Ordinance No.83, March 30, 2007)), the Company has changed its depreciation method of tangible fixed assets acquired on or after April 1, 2007 to the method based on the revised Corporate Tax Law.</p> <p>The effect of this change on the consolidated financial statements is immaterial.</p> <p>(Additional information)</p> <p>The Company has applied new depreciation method for the assets acquired on or before March 31, 2007. Under the new depreciation method, the assets acquired on or before March 31, 2007 are depreciated using the straight-line method for the following five years after the fiscal year when they have been depreciated to their depreciation limits that were defined under the old method.</p> <p>The effect of this change on the consolidated financial statements is immaterial</p> <p>(ii) Intangible assets</p> <p>The straight-line method is primarily applied. Software for in-house use is depreciated under the straight-line method based on an internal estimated useful life (within 5 years).</p>	<p>(2) Depreciation of depreciable assets</p> <p>(i) Tangible fixed assets (excluding leased assets)</p> <p>The Company applies the straight-line method while the consolidated subsidiary applies the declining-balance method. The useful life for depreciation is 15 to 40 years for buildings and 4 to 10 years for equipment and instruments.</p> <p>(ii) Intangible assets (excluding leased assets)</p> <p>The straight-line method is primarily applied. Software for in-house use is depreciated under the straight-line method based on an internal estimated useful life (within 5 years).</p>

	Year ended March 31, 2008	Year ended March 31, 2009
	<p>(3) Accounting policies for significant provisions</p> <p>(i) Allowance for doubtful accounts An allowance for doubtful accounts is provided for estimated uncollectible doubtful accounts at an amount specifically assessed plus an amount computed based on historical loss experience.</p> <p>(ii) Accrued bonuses Estimated amount of employees' bonuses is accrued.</p>	<p>(iii) Leased assets Finance lease transactions that do not transfer the ownership to lessee. Leased assets arising from transactions under finance lease contracts which do not transfer ownership to lessee are depreciated to residual value of zero by the straight-line method using the term of the contract as useful life. In addition, finance lease transactions that do not transfer ownership to lessees which started on and before March 31, 2008 are treated in the same manner as operating leases ("non-capitalized finance leases").</p> <p>(3) Accounting policies for significant provisions</p> <p>(i) Allowance for doubtful accounts Same as the left column.</p> <p>(ii) Accrued bonuses Same as the left column.</p>

	Year ended March 31, 2008	Year ended March 31, 2009
	<p>(4) Accounting for important lease transactions Financial leases that do not transfer ownership to lessees are not capitalized and are accounted for in the same manner as operating leases ("non-capitalized finance leases").</p> <p>(5) Hedge accounting</p> <p>(i) Hedge accounting method The Company is eligible for the application of the allowed alternative method for interest rate swaps. The Company accounts for interest rate swap trading pursuant to the allowed alternative method.</p> <p>(ii) Means for hedging and objective of hedging (Hedging instruments) Interest rate swap (Hedging items) Borrowings and others</p> <p>(iii) Hedging policy The Company and its subsidiary use interest rate swap trading to limit exposures to fluctuations in interest rates. The objective of hedging is identified for each individual contract.</p> <p>(iv) Judgment for effectiveness of hedging The Company omits judgment for hedging due to the allowed alternative method.</p> <p>(6) Other material items National and local consumption taxes are separately recorded.</p>	<p>(4) Hedge accounting</p> <p>(i) Hedge accounting method Same as the left column.</p> <p>(ii) Means for hedging and objective of hedging Same as the left column.</p> <p>(iii) Hedging policy Same as the left column.</p> <p>(iv) Judgment for effectiveness of hedging Same as the left column.</p> <p>(5) Other material items Same as the left column.</p>
5. Scope of "Cash and cash equivalents" in consolidated statements of cash flows	"Cash and cash equivalents" in the consolidated statements of cash flow is defined as liquid funds including cash in hand, current account deposits and short-term investments which are exposed to negligible risk.	Same as the left column.

Significant Accounting Policies for the Consolidated Financial Statements

Year ended March 31, 2008	Year ended March 31, 2009
<p style="text-align: center;">—————</p>	<p>Financing lease transactions other than those where title of the property is transferred to lessee have been accounted for as ordinary lease transactions for the year ended March 31, 2008 and previous years. From this fiscal year, the Company accounts for these transactions as purchasing transactions according to "Accounting Standard on Lease Transactions (Accounting Standard No.13, revised on March 30, 2007. Originally implemented on June 17, 1993 by the Meeting No.1 of Accounting Standard Board)" and "Guideline for the Application of Accounting Standard on Lease Transactions (Guideline for the Application of Accounting Standard No.16, revised on March 30, 2007, Originally implemented on January 18, 1994 by the Accounting System Committee, the Japanese Institute of Certified Public Accountants)".</p> <p>The impact of the change above on operating income, ordinary income and net income is immaterial.</p> <p>Those transactions which started on and before March 31, 2008 are accounted for according to the previous rules.</p>

Reclassification

Year ended March 31, 2008	Year ended March 31, 2009
_____	<p>With the introduction of XBRL to EDINET (disclosure system maintained by the Financial Services Agency of Japan) accounts have been reclassified for the convenience of investors as follows:</p> <ul style="list-style-type: none">▪ “Interest income on margin transactions”, “Interest expenses on margin transactions”, “Interest on margin transactions received” and “Interest on margin transactions paid” in the Cash flows from operating activities, are merged into “Interest and dividend income”, “Interest expenses”, “Interest and dividend received” and “Interest paid”, respectively.▪ “Net change in deposits received” in the Cash flows from operating activities has been combined with “Net change in receivables from customers and other”, which has been included in “Others”, as “Net change in deposits received and receivables from customers and others”.

Additional Information

Year ended March 31, 2008	Year ended March 31, 2009
_____	<p>Reserve for Securities Transactions which was accounted for as of March 31, 2008 according to the Article 51 of the former Securities Exchange Law based on the Article 40 of the supplementary provision of the Financial Instruments and Exchange Law has been changed into Reserve for Financial Products Transaction Liabilities according to the Article 46-5 of the Financial Instruments and Exchange Law.</p>

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheet

Year ended March 31, 2008	Year ended March 31, 2009																																																								
<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of Yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td style="text-align: right;">277</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">344</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">622</td> </tr> </tbody> </table> <p>※2 Assets collateralized: None of the assets are collateralized.</p> <p>Note: The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 2,256 million yen are collateralized for the loans from securities finance companies. 9,199 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. (Excluding those listed in the previous note):</p> <p>(1) Securities deposited (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">1)Securities lent for customers' short positions in margin trading</td> <td style="text-align: right;">24,502</td> </tr> <tr> <td>2)Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">5,513</td> </tr> <tr> <td>3)Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">29,610</td> </tr> <tr> <td>4)Long-term guarantee securities deposited</td> <td style="text-align: right;">6,391</td> </tr> <tr> <td>5)Securities pledged as collateral for short-term guarantee</td> <td style="text-align: right;">9,010</td> </tr> </tbody> </table> <p>(2) Securities received (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">1)Securities received for customers' long positions in margin trading</td> <td style="text-align: right;">157,640</td> </tr> <tr> <td>2)Securities borrowed from securities finance companies</td> <td style="text-align: right;">3,407</td> </tr> <tr> <td>3)Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">678</td> </tr> <tr> <td>4)Guarantee securities received from customers</td> <td style="text-align: right;">274,464</td> </tr> <tr> <td>5)Securities received from customers as collateral for short-term guarantee</td> <td style="text-align: right;">2,529</td> </tr> </tbody> </table> <p>※4 The Company accounts for a Reserve for Securities Transactions for possible customer losses by default of the securities company on securities transactions according to Article 51 of the former Securities Exchange Law based on the Article 40 of the supplementary provision of the Financial Instruments and Exchange Law.</p>		(Millions of Yen)	Buildings	277	Equipment and instruments	344	Total	622	1)Securities lent for customers' short positions in margin trading	24,502	2)Collateralized securities for loans from securities finance companies	5,513	3)Securities loaned out in securities loaned vs. cash transactions	29,610	4)Long-term guarantee securities deposited	6,391	5)Securities pledged as collateral for short-term guarantee	9,010	1)Securities received for customers' long positions in margin trading	157,640	2)Securities borrowed from securities finance companies	3,407	3)Securities received in securities borrowed vs. cash transactions	678	4)Guarantee securities received from customers	274,464	5)Securities received from customers as collateral for short-term guarantee	2,529	<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of Yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td style="text-align: right;">301</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">395</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">696</td> </tr> </tbody> </table> <p>※2 Assets collateralized: None of the assets are 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. 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Notes to Consolidated Statements of Income

Year ended March 31, 2008	Year ended March 31, 2009
※1 Employees' compensation and benefits reported in the consolidated statements of income include 136 million yen of accrued bonuses.	※1 Employees' compensation and benefits reported in the consolidated statements of income include 86 million yen of accrued bonuses.
※2 Breakdown of loss on sales and disposals of property and equipment is as follows:	※2 Breakdown of loss on sales and disposals of property and equipment is as follows:
(Millions of Yen)	(Millions of Yen)
Loss on disposal:	Loss on disposal:
<u>Equipment and instruments</u>	<u>Equipment and instruments</u>
0	5
<u>Total</u>	<u>Software</u>
0	3
Total	<u>Total</u>
0	8
Loss on sales: _____	Loss on sales: _____

Notes to Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2008)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2007	Number of shares increased in the year ended March 31, 2008	Number of shares decreased in the year ended March 31, 2008	Number of shares as of March 31, 2008
Outstanding shares				
Common stock	269,182,502	71,400	—	269,253,902
Total	269,182,502	71,400	—	269,253,902
Treasury stock				
Common stock	31,836	302	—	32,138
Total	31,836	302	—	32,138

Note 1. Increase of common stock outstanding is a result of the execution of new-share purchase rights as stock options.

2. Increase of treasury stock is a result of the purchase of odd-lot shares.

2. New-share purchase rights

No relevant items.

3. Dividends

(1) Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 24, 2007
Type of shares	Common stock
Amount of dividend payment	6,190 million yen
Dividends per share	23 yen
Date of record for dividends	March 31, 2007
Effective date	June 25, 2007

(2) Dividends for which effective date is in the year ending March 31, 2008

Date of resolution	Ordinary General Meeting of Shareholders held on June 22, 2008
Type of shares	Common stock
Source of dividends	Earned surplus
Amount of dividend payment	9,423 million yen
Dividends per share	35 yen
Date of record for dividends	March 31, 2008
Effective date	June 23, 2008

(Year ended March 31, 2009)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2008	Number of shares increased in the year ended March 31, 2009	Number of shares decreased in the year ended March 31, 2009	Number of shares as of March 31, 2009
Outstanding shares				
Common stock	269,253,902	6,300	—	269,260,202
Total	269,253,902	6,300	—	269,260,202
Treasury stock				
Common stock	32,138	12,500,605	—	12,532,743
Total	32,138	12,500,605	—	12,532,743

Note 1. Increase of common stock outstanding is a result of the execution of new-share purchase rights as stock options.

2. Breakdown of the Increase of treasury stocks are as follows:

 Acquisition of its own shares resolved by the board of directors meeting 12,500,000 shares
 Purchase of odd-lot shares 605 shares

2. New-share purchase rights

No relevant items.

3. Dividends

(3) Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 22, 2008
Type of shares	Common stock
Amount of dividend payment	9,423 million yen
Dividends per share	35 yen
Date of record for dividends	March 31, 2008
Effective date	June 23, 2008

(4) Dividends for which effective date is in the year ended March 31, 2009

Date of resolution	Ordinary General Meeting of Shareholders held on June 28, 2009
Type of shares	Common stock
Source of dividends	Earned surplus
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

Notes to Consolidated Statements of Cash Flow

Year ended March 31, 2008	Year ended March 31, 2009																				
※1 The reconciliation between cash and cash equivalents and the balance of cash in hand and at banks presented in the consolidated balance sheet is as follows.	※1 The reconciliation between cash and cash equivalents and the balance of cash in hand and at banks presented in the consolidated balance sheet is as follows.																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of Yen)</td> </tr> <tr> <td>Cash and bank deposits</td> <td style="text-align: right;">22,978</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">41,503</td> </tr> <tr> <td>Cash in trust whose purpose is to segregate guarantee money</td> <td style="text-align: right;">(15,500)</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;">48,981</td> </tr> </table>		(Millions of Yen)	Cash and bank deposits	22,978	Cash in trust	41,503	Cash in trust whose purpose is to segregate guarantee money	(15,500)	Cash and cash equivalents	48,981	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of Yen)</td> </tr> <tr> <td>Cash and bank deposits</td> <td style="text-align: right;">15,839</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">75,751</td> </tr> <tr> <td>Cash in trust whose purpose is 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;">74,840</td> </tr> </table>		(Millions of Yen)	Cash and bank deposits	15,839	Cash in trust	75,751	Cash in trust whose purpose is to segregate guarantee money	(16,750)	Cash and cash equivalents	74,840
	(Millions of Yen)																				
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	(Millions of Yen)																				
Cash and bank deposits	15,839																				
Cash in trust	75,751																				
Cash in trust whose purpose is to segregate guarantee money	(16,750)																				
Cash and cash equivalents	74,840																				

Notes to Lease Transactions

Year ended March 31, 2008	Year ended March 31, 2009
Financing lease transactions other than those where title of the property is transferred to lessee	Financing lease transactions other than those where title of the property is transferred to lessee, which started on and before March 31, 2008
1. Acquisition costs equivalent, accumulated depreciation equivalent and equivalent of balance at the end of period.	1. Acquisition costs equivalent, accumulated depreciation equivalent and equivalent of balance at the end of period
(Millions of Yen)	(Millions of Yen)
Acquisition price equivalent:	Acquisition price equivalent:
<u>Equipment and instruments</u> 10	<u>Equipment and instruments</u> 10
Total 10	Total 10
Accumulated depreciation equivalent	Accumulated depreciation equivalent
<u>Equipment and instruments</u> 3	<u>Equipment and instruments</u> 5
Total 3	Total 5
Equivalent of balance at end of period	Equivalent of balance at end of period
<u>Equipment and instruments</u> 7	<u>Equipment and instruments</u> 5
Total 7	Total 5
2. Present value of future lease payments	2. Present value of future lease payments
(Millions of Yen)	(Millions of Yen)
Within 1 year 2	Within 1 year 2
Over 1 year 5	Over 1 year 3
<u>Total</u> 7	<u>Total</u> 5
3. Lease charge paid, depreciation equivalent and interest equivalent	3. Lease charge paid, depreciation equivalent and interest equivalent
(Millions of Yen)	(Millions of Yen)
Lease charge paid 2	Lease charge paid 2
Depreciation equivalent 2	Depreciation equivalent 2
Interest equivalent 0	Interest equivalent 0
4. Calculation method for depreciation equivalent The lease term is regarded as a durable period and the residual value is regarded as zero.	4. Calculation method for depreciation equivalent Same as the left column.
5. Calculation method for interest equivalent The difference between the total amount of future lease payments and the acquisition cost equivalent is regarded as the interest equivalent, which is allocated to each of the fiscal periods by using the interest method.	5. Calculation method for interest equivalent Same as the left column.

Notes to Securities and Derivatives Transactions

(1) General Information

Year ended March 31, 2008	Year ended March 31, 2009
<p>1. Details and purpose of transactions</p> <p>The trading position of transactions classified as trading of the Company arises from dealings in its own account. The Company deals with spot trading of stocks, bonds and other marketable securities, margin trading of stocks, futures trading of stocks and option trading. The purpose of the trading is not to earn profits for its own account, but to provide various services for online trading customers. The Company also uses foreign exchange forward contracts to limit losses affected by changes in foreign currency exchange rates on its foreign currency settlement transactions.</p> <p>The Company also uses foreign exchange margin trading with other financial institution to avoid market risk of the foreign exchange margin trading the Company offers to its customers.</p> <p>As for transactions not classified as trading, the Company uses interest rate swap trading to hedge the risk of the fluctuation of interest rates on borrowings and others.</p> <p>2. Policies of transactions</p> <p>To manage risk of the futures trading of stocks and option trading, the Company allocates fund and position limits along with investment criteria to the dealings section.</p> <p>The Company basically does not trade directly to earn profits on its own account for the present. The criteria require the dealing section to keep outstanding position as little as possible.</p> <p>The Company uses foreign exchange forward contracts to hedge the trades based on actual demand.</p> <p>The Company enters into offsetting foreign margin trades with its counterparty basically for all the foreign margin trades with its customers to avoid market risk.</p> <p>As for transactions not classified as trading, the Company uses interest rate swap trading to hedge the trades based on actual demand.</p>	<p>1. Details and purpose of transactions</p> <p>Same as the left column.</p> <p>2. Policies of transactions</p> <p>Same as the left column.</p>

(2) Securities and Derivatives
[1] Trading assets and liabilities
i) Securities held for trading

	Year ended March 31, 2008			Year ended March 31, 2009		
	Book value (fair value)		Net unrealized gain on those securities (Millions of Yen)	Book value (fair value)		Net unrealized gain on those securities (Millions of Yen)
	Assets (Millions of Yen)	Liabilities (Millions of Yen)		Assets (Millions of Yen)	Liabilities (Millions of Yen)	
(1) Stocks	—	—	—	0	—	—
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Total	—	—	—	0	—	—

ii) Derivative trading

(Year ended March 31, 2008)

	Assets		Liabilities	
	Contract value (Millions of Yen)	Fair value (Millions of Yen)	Contract value (Millions of Yen)	Fair value (Millions of Yen)
Foreign exchange forward contracts	16	0	—	—
Foreign exchange margin trading	80,424	3,059	7,749	175

Note:

- 1: Fair value of the foreign exchange forward contracts is estimated based on the discounted amounts of net future cash flows.
- 2: Fair value of the foreign exchange margin trading is calculated with spot rate at the end of the year ended March 31, 2008.
- 3: The contract value of contracts or trading whose fair value is zero are included in "Assets".

(Year ended March 31, 2009)

	Assets		Liabilities	
	Contract value (Millions of Yen)	Fair value (Millions of Yen)	Contract value (Millions of Yen)	Fair value (Millions of Yen)
Foreign exchange forward contracts	—	—	1	0
Foreign exchange margin trading	31,819	1,980	6,175	192

Note:

- 1: Fair value of the foreign exchange forward contracts is estimated based on the discounted amounts of net future cash flows.
- 2: Fair value of the foreign exchange margin trading is calculated with spot rate at the end of the year ended March 31, 2009.
- 3: The contract value of contracts or trading whose fair value is zero are included in "Assets".

[2] Non-trading assets and liabilities

i) "Other securities" whose market price is available

	Type	Year ended March 31, 2008			Year ended March 31, 2009		
		Acquisition cost (Mil. of Yen)	Book value (Mil. of Yen)	Difference (Mil. of Yen)	Acquisition cost (Mil. of Yen)	Book value (Mil. of Yen)	Differences (Mil. of Yen)
Those whose book value exceeds acquisition cost	(1) Stocks	0	1	1	0	1	1
	(2) Bonds	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Sub total	0	1	1	0	1	1
Those whose book value does not exceed acquisition cost	(1) Stocks	36	24	(12)	27	24	(2)
	(2) Bonds	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Sub total	36	24	(12)	27	24	(2)
Total		36	25	(11)	27	26	(1)

ii) "Other securities" sold during the current period

Year ended March 31, 2008			Year ended March 31, 2009		
Proceeds from sales (Millions of Yen)	Total gain on sales (Millions of Yen)	Total loss on sales (Millions of Yen)	Proceeds from sales (Millions of Yen)	Total gain on sales (Millions of Yen)	Total loss on sales (Millions of Yen)
1,177	1,110	—	14	13	—

iii) Major securities which are not evaluated by market value

	As of March 31, 2008	As of March 31, 2009
	Book value (Millions of Yen)	Book value (Millions of Yen)
"Other securities" which are not listed on securities exchanges	317	294

Notes: Securities which are not listed on securities exchanges include investment in investment funds.

Notes to Stock Options

(Year ended March 31, 2008)

(1) Details of stock options

Date of resolution	June 16, 2002	June 22, 2003	June 27, 2004
Holders of rights	Directors: 10 Employees: 28	Directors: 10 Employees: 69	Directors: 9 Employees: 82
Types and number of shares to be issued ※	Common stock 1,203,000 shares	Common stock 1,209,000 shares	Common stock 1,048,500 shares
Grant date	July 1, 2002	July 9, 2003	June 28, 2004
Conditions of acquisition of rights	It is required to be a director, an auditor or an employee of the Company or its subsidiary for holders to exercise rights.	It is required to be a director, an auditor or an employee of the Company or its subsidiary for holders to exercise rights.	It is required to be a director, an auditor or an employee of the Company or its subsidiary for holders to exercise rights.
Vesting period	—	—	—
Exercise period	From July 15, 2005 to July 14, 2010	From July 15, 2005 to July 14, 2008	From July 15, 2006 to July 14, 2009

Note: The number of options is translated into the equivalent number of shares. The number of shares reflects the changes including stock split on the original number of shares.

(2) Number of stock options and price information

Stock options which existed during the year ended March 31, 2008 are included in the tables below. The number of them is translated into the equivalent number of shares.

① Number of stock options

(Shares)

Date of resolution	June 16, 2002	June 22, 2003	June 27, 2004
Before vesting time			
As of March 31, 2007	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Unvested	—	—	—
After vesting time			
As of March 31, 2007	102,000	104,700	549,000
Vested	—	—	—
Exercise of rights	21,300	50,100	—
Forfeited	76,200	43,800	72,000
Unvested	4,500	10,800	477,000

② Price information

(Yen)

Date of resolution	June 16, 2002	June 22, 2003	June 27, 2004
Exercise price	559	554	1,217
Average stock price at the exercise of rights	1,045	818	—
Fair value at the grant date	—	—	—

(Year ended March 31, 2009)

(1) Details of stock options

Date of resolution	June 16, 2002	June 22, 2003	June 27, 2004
Holders of rights	Directors: 10 Employees: 28	Directors: 10 Employees: 69	Directors: 9 Employees: 82
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Vesting period	—	—	—
Exercise period	From July 15, 2005 to July 14, 2010	From July 15, 2005 to July 14, 2008	From July 15, 2006 to July 14, 2009

Note: The number of options is translated into the equivalent number of shares. The number of shares reflects the changes including stock split on the original number of shares.

(2) Number of stock options and price information

Stock options which existed during the year ended March 31, 2009 are included in the tables below. The number of them is translated into the equivalent number of shares.

① Number of stock options

(Shares)

Date of resolution	June 16, 2002	June 22, 2003	June 27, 2004
Before vesting time			
As of March 31, 2008	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Unvested	—	—	—
After vesting time			
As of March 31, 2008	4,500	10,800	477,000
Vested	—	—	—
Exercise of rights	—	6,300	—
Forfeited	—	4,500	3,000
Unvested	4,500	—	474,000

② Price information

(Yen)

Date of resolution	June 16, 2002	June 22, 2003	June 27, 2004
Exercise price	559	554	1,217
Average stock price at the exercise of rights	—	700	—
Fair value at the grant date	—	—	—

Notes to Tax Effect Accounting

As of March 31, 2008	As of March 31, 2009																																				
<p>1 Significant components of deferred income tax assets</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deferred tax assets</td> <td style="width: 20%;"></td> </tr> <tr> <td>Accrued enterprise tax</td> <td style="text-align: right;">355</td> </tr> <tr> <td>Excess of allowance for doubtful accounts</td> <td style="text-align: right;">523</td> </tr> <tr> <td>Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">84</td> </tr> <tr> <td>Excess of reserve for securities transactions</td> <td style="text-align: right;">1,525</td> </tr> <tr> <td>Accrued bonuses</td> <td style="text-align: right;">55</td> </tr> <tr> <td>Devaluation loss on investment securities</td> <td style="text-align: right;">44</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">39</td> </tr> <tr> <td style="border-top: 1px solid black;">Total deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">2,624</td> </tr> </table>	Deferred tax assets		Accrued enterprise tax	355	Excess of allowance for doubtful accounts	523	Reserve for retirement bonuses for directors and auditors	84	Excess of reserve for securities transactions	1,525	Accrued bonuses	55	Devaluation loss on investment securities	44	Others	39	Total deferred tax assets	2,624	<p>1 Significant components of deferred income tax assets</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deferred tax assets</td> <td style="width: 20%;"></td> </tr> <tr> <td>Accrued enterprise tax</td> <td style="text-align: right;">103</td> </tr> <tr> <td>Excess of allowance for doubtful accounts</td> <td style="text-align: right;">398</td> </tr> <tr> <td>Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">83</td> </tr> <tr> <td>Excess of reserve for financial products transaction liabilities</td> <td style="text-align: right;">929</td> </tr> <tr> <td>Accrued bonuses</td> <td style="text-align: right;">35</td> </tr> <tr> <td>Devaluation loss on investment securities</td> <td style="text-align: right;">47</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">40</td> </tr> <tr> <td style="border-top: 1px solid black;">Total deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">1,635</td> </tr> </table>	Deferred tax assets		Accrued enterprise tax	103	Excess of allowance for doubtful accounts	398	Reserve for retirement bonuses for directors and auditors	83	Excess of reserve for financial products transaction liabilities	929	Accrued bonuses	35	Devaluation loss on investment securities	47	Others	40	Total deferred tax assets	1,635
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<p>2 A reconciliation between the nominal statutory income tax rate to the effective income tax rate reported in the consolidated statements of income</p> <p>Notes are omitted since the difference between the nominal statutory income tax rate to the effective income tax rate is less than 5/100 of the nominal statutory income tax rate.</p>	<p>2 A reconciliation between the nominal statutory income tax rate to the effective income tax rate reported in the consolidated statements of income</p> <p>Same as the left column.</p>																																				
<p>3 Impact of possible corporation tax rate change after the end of fiscal period</p> <p>Provisional Law on Local Corporate Tax (Law No.25, 2008) was promulgated on April 30, 2008. However, the effect of this change on the consolidated financial statements for the year ending March 31, 2009 is considered immaterial.</p>	<p>.</p>																																				

Segment Information

Information relating to operations in different industries has been omitted as the Company and its consolidated subsidiary operate predominately in the 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 revenue, operating income or assets 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 hold overseas revenues nor overseas branches.

Related Parties information

< Year ended March 31, 2008 >

Directors and major individual shareholders

(Millions of Yen)

Type	Name	Address	Equity invested	Business Involved	Holding of the Company's voting right	Relationship details		Trade details	Trading volume	Balances to the related party
						Human	Business			
Companies whose voting rights are held by the directors of the Company and their relatives	Shokosha Ltd.	2-4-2, Nishikata Bunkyo-ku, Tokyo, Japan	130	Sales, exchanges and rental of real estate	Shokosha Ltd. holds 9.06% of voting rights of the Company directory.	1 director of the Company is also appointed as a director of Shokosha Ltd.	Rental of real estate	Rental of real estate through Heiwa Real Estate Co., Ltd.	13	—

Notes: The rental of real estates described above based on the rental contract between the Company and Heiwa Real Estate Co., Ltd. on the estates the latter took on lease from Shokosha Ltd. to be used as the Company's dormitory for female employees. The rental fee the Company pays to Heiwa Service Co., Ltd. is determined based on prices exercised around the neighborhood.

< Year ended March 31, 2009 >

(Additional Information)

From this fiscal year the Company applies "Accounting Standard on Disclosure of Trades with Related Parties (Accounting Standard No.11, implemented on October 17, 2006 by the Accounting Standards Board of Japan)" and "Guideline for the Application of Accounting Standard on Disclosure of Trades with Related Parties (Guideline for the Application of Accounting Standard No.13, implemented on October 17, 2006 by the Accounting Standards Board of Japan).

There are no changes in the scope of disclosure by the application above.

Trades with related parties

Directors and major individual shareholders of the company

(Millions of Yen)

Type	Name	Address	Equity invested	Business Involved	Holding of the Company's voting right	Relationship details	Trade details	Trading volume	Balances to the related party
Companies whose voting rights are held by the directors of the Company and their relatives	Shokosha Ltd.	Bunkyo-ku, Tokyo, Japan	130	Sales, exchanges and rental of real estate	Shokosha Ltd. holds 9.51% of voting rights of the Company directory.	Director of the Company also appoints as a director of Shokosha Ltd. Rental of real estate	Rental of real estate through Heiwa Real Estate Co., Ltd.	13	—

Notes: The rental of real estates described above based on the rental contract between the Company and Heiwa Real Estate Co., Ltd. on the estates the latter took on lease from Shokosha Ltd. to be used as the Company's dormitory for female employees. The rental fee the Company pays to Heiwa Service Co., Ltd. is determined based on prices exercised around the neighborhood.

Per Share Information

Year ended March 31, 2008		Year ended March 31, 2009	
Net assets per share	301.03 Yen	Net assets per share	269.12 Yen
Net income per share	47.48 Yen	Net income per share	26.44 Yen
Fully diluted earnings per share	42.43 Yen	Fully diluted earnings per share	23.45 Yen

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

1. Net assets per share

Items	Year ended March 31, 2008	Year ended March 31, 2009
Total net assets on the balance sheets (Millions of Yen)	81,044	69,090
Net assets attributed to common stock (Millions of Yen)	81,044	69,090
Breakdown of difference (Millions of Yen)	—	—
Number of common stock outstanding (Thousands of shares)	269,254	269,260
Number of common stock held in treasury (Thousands of shares)	32	12,533
Number of common stock included in the calculation of net assets per share (Thousands of shares)	269,222	256,727

2. Net income and fully diluted earnings per share

Items	Year ended March 31, 2008	Year ended March 31, 2009
Net income on the statements of income (Millions of Yen)	12,781	6,921
Net income attributed to common stock (Millions of Yen)	12,781	6,921
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	269,197	261,725
Breakdown of increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)		
New share purchase rights (Thousands of shares)	32,024	33,461
Increase of common stock (Thousands of shares)	32,024	33,461
Number of new-share purchase rights or others without dilution effects which are not considered in the calculation of fully diluted earnings per share	1 class of new-share purchase rights. Residual securities: 477,000 shares Details are given in "Part 4 Corporate Profiles – 1 Number of shares – (2) New-Share Purchase Rights".	1 class of new-share purchase rights. Residual securities: 474,000 shares Details are given in "Part 4 Corporate Profiles – 1 Number of shares – (2) New-Share Purchase Rights".

Subsequent Events

Year ended March 31, 2008	Year ended March 31, 2009
<hr/>	<p>The Company has purchased and cancelled a part of its Convertible Bonds due 2011 on April 7, 2009 as set out below.</p> <ul style="list-style-type: none">(1) Purpose of the Purchase and Cancellation Partial redemption, due to the decrease in the loans receivable from customers(2) Issue of the Purchase and Cancellation Matsui securities Zero Coupon Convertible Bond due 2011(3) Date of Cancellation April 7, 2009(4) Amount purchased and to be cancelled 8,298 million yen in total principal amount of the Bonds(5) Principal outstanding amount after cancellation 31,502 million yen(6) Funding for the Purchase and Cancellation Operating cash(7) Interests to be decreased by the reduction in the bonds There are no interests to be decreased since the bond has a zero coupon.(8) Impact on financial results of the Company 581 million yen of gains on cancellation of the Bonds will be recorded in the fiscal year ends March 2010.

[5] Supporting Schedule to the Consolidated Financial Statements

iv) Bonds

(Millions of Yen)

Issuer Company	Name	Date of Issuance	As of March 31, 2008	As of March 31, 2009	Interest rate	Collateral	Date of Maturity
Matsui Securities Co., Ltd.	Unsecured Straight Bonds #3	May 18, 2004	20,000	20,000 (20,000)	1.40%	None	May 18, 2009
Matsui Securities Co., Ltd.	Unsecured Straight Bonds #4	January 26, 2006	20,000	—	0.84%	None	January 26, 2009
Matsui Securities Co., Ltd.	Convertible Bonds	November 17, 2003	39,800	39,800 (8,298)	—	None	March 31, 2011
Total		—	79,800	59,800 (28,298)	—	—	—

Note:

1. The number in parentheses of As of March 31, 2009 shows the redemption schedule of bonds within 1 year.

2. The status of convertible bonds with new share purchase rights

	Value of issuance of rights	Price of issuance of stock	Total value of issuance	Total value of issuance of stocks by exercise of rights	Grant ratio of rights	Period of exercise of rights	Note on substitutional payment
Matsui Securities Co., Ltd. Common stocks	Gratis	1189.5 Yen	40,000 Million Yen	200 Million Yen	100%	From December 1, 2003 to March 17, 2011	Note

Note: The amount equivalent to the bonds issued is to be treated as the fulfillment of the payment on the exercise of the rights.

3. The redemption schedule of bonds within 5 years from March 31, 2009 is as follows.

(Millions of Yen)

Within 1 year	Over 1 year and Within 2 years	Over 2 year and Within 3 years	Over 3 year and Within 4 years	Over 4 year and Within 5 years
28,298	31,052	—	—	—

v)Borrowings

(Millions of Yen)

Item	As of March 31, 2008	As of March 31, 2009	Average Interest Rate (%)	Maturity
Short-term borrowings	5,500	—	—	—
Long-term borrowings to be repaid within 1 year	30,550	5,032	0.95	—
Long-term lease liabilities to be repaid within 1 year	—	—	—	—
Long-term borrowings excluding those to be repaid within 1 year	5,000	52	1.53	From July 30, 2010 to July 29, 2011
Long-term lease liabilities excluding those to be repaid within 1 year	—	—	—	—
Other interest-bearing liabilities: Loans from securities finance companies to be repaid within 1 year	5,679	17,073	0.97	—
Total	46,729	22,157	—	—

Note:

1 The repayment schedule of long-term borrowings and other interest-bearing debts are as follows.

(Millions of Yen)

Item	Over 1 year and Within 2 years	Over 2 year and Within 3 years	Over 3 year and Within 4 years	Over 4 year and Within 5 years
Long-term borrowings	32	20	—	—

2 "Average Interest Rate" is the weighted average interest rate as of March 31, 2009.

[2] Others

Quarterly operating revenues and others for the fiscal year ended March 31, 2009

	First quarter ended June 30, 2008	Second quarter ended September 30, 2008	Third quarter ended December 31, 2008	Forth quarter ended March 31, 2009
Operating revenues (Millions of Yen)	8,037	6,985	6,381	5,321
Income before income taxes (Millions of Yen)	3,731	2,878	2,077	2,895
Net income (Millions of Yen)	2,246	1,677	1,261	1,736
Net income per share (Yen)	8.34	6.35	4.91	6.76

2 Non-Consolidated Financial Statements and Others

(1) Non-Consolidated Financial Statements

[1] Non-Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2008	March 31, 2009
Assets		
Current Assets		
Cash and bank deposits	22,738	15,587
Cash segregated as deposits	208,012	237,989
Cash in trust	41,503	75,751
Trading assets:	3,059	1,980
Trading securities and others	—	0
Derivatives	3,059	1,980
Repurchased convertible bonds	—	7,717
Net receivables arising from pre-settlement date trades	1	49
Margin account assets:	207,232	115,246
Loans receivable from customers	203,823	98,639
Cash deposited as collateral for securities borrowed from securities finance companies	3,408	16,608
Receivables on collateralized securities transactions:	708	3,109
Cash deposits collateral for securities borrowed	708	3,109
Receivables from customers and others	65	22
Receivables from customers	65	22
Others	0	0
Advances paid for subscription	—	2
Short-term guarantee deposits	15,349	2,139
Advances paid	1	1
Prepaid expenses	163	156
Accounts receivable	0	—
Accrued income	4,260	2,977
Deferred income taxes	523	192
Others	2,553	2,024
Allowance for doubtful accounts	(279)	(127)
Total current assets	505,888	464,814
Fixed assets		
Tangible fixed assets	684	847
Buildings	※1 316	※1 297
Equipment and instruments	※1 177	※1 360
Land	191	190
Intangible assets	3,291	3,653
Software	3,274	3,642
Telephone subscription rights	8	7
Others	8	4
Investments and others	3,433	2,749
Investment securities	343	320
Shares of affiliated companies	450	450
Investment in partnership	2	2
Long-term loans receivable	211	204
Long-term guarantee deposits	288	293
Long-term prepaid expenses	3	3
Deferred income taxes	2,099	1,442
Others	1,241	909
Allowance for doubtful accounts	(1,204)	(875)
Total fixed assets	7,407	7,249
Total assets	513,296	472,063

(Millions of Yen)

	March 31, 2008	March 31, 2009
Liabilities		
Current liabilities		
Trading liabilities:	175	192
Derivatives	175	192
Margin account liabilities:	29,720	57,052
Loans from securities finance companies	※2 5,679	※2 17,073
Proceeds of securities sold on customers' account	24,041	39,980
Payables on collateralized securities transactions:	22,278	7,547
Cash deposits as collateral for securities loaned	22,278	7,547
Deposits received	119,965	124,623
Deposits received from customers	119,328	123,952
Others	637	671
Guarantee money received	128,036	135,112
Suspense account for undelivered securities	16	2
Short-term borrowings	36,050	5,032
Bonds due within one year	20,000	20,000
Convertible bonds due within one year	—	8,298
Deferred revenue	61	50
Accounts payable	447	8,338
Accrued expenses	1,926	1,346
Accrued income taxes	4,759	1,331
Accrued bonuses	136	86
Total current liabilities	363,568	369,009
Long-term liabilities		
Bonds	20,000	—
Convertible bonds	39,800	31,502
Long-term borrowings	5,000	52
Reserve for retirement bonuses for directors and auditors	206	204
Total long-term liabilities	65,006	31,758
Statutory reserves		
Reserve for securities transactions	※4 3,746	—
Reserve for financial products transaction liabilities	—	※4 2,283
Total statutory reserves	3,746	2,283
Total liabilities	432,320	403,050

(Millions of Yen)

	March 31, 2008	March 31, 2009
Net assets		
Shareholders' equity		
Common stock	11,942	11,944
Capital surplus		
Additional paid-in capital	9,790	9,792
Total Capital surplus	9,790	9,792
Earned surplus		
Earned surplus reserves	159	159
Other earned surplus		
Special purpose reserves	4,250	4,250
Earned surplus carried forward	54,860	52,350
Total earned surplus	59,268	56,759
Treasury stock	(22)	(9,474)
Total shareholders' equity	80,977	69,019
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	(2)	(6)
Total valuation and translation adjustments	(2)	(6)
Total net assets	80,975	69,014
Total liabilities and net assets	513,296	472,063

[2] Non-Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Operating revenues		
Commissions	24,521	18,263
Brokerage commissions	22,085	15,888
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	1
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	2	1
Others	2,424	2,374
Net gain (loss) on trading	※1 9	※1 4
Interest and dividend income	※2 15,384	※2 8,456
Total operating revenues	39,915	26,724
Interest expenses	※3 3,226	※3 2,260
Net operating revenues	36,689	24,464
Selling, general and administrative expenses		
Transaction related expenses	※4 4,601	※4 4,096
Employees' compensation and benefits	※5 2,166	※5 2,021
Occupancy and rental	※6 459	※6 522
Data processing and office supplies	※7 6,752	※7 6,353
Depreciation	1,072	1,258
Duties and taxes other than income taxes	※8 239	※8 156
Provision of allowance for doubtful accounts	586	—
Others	※9 160	※9 124
Total selling, general and administrative expenses	16,035	14,529
Operating income	20,654	9,935
Non-operating income		
Compensation income for damages	7	8
Dividend income	59	51
Others	22	19
Total non-operating income	88	79
Non-operating expenses		
Commissions on syndicated loans	3	1
Others	6	26
Total non-operating expenses	9	28
Ordinary income	20,732	9,986
Special profits		
Gain on sales of investment securities	1,110	13
Reversal of reserve for financial products transaction liabilities	—	1,463
Reversal of allowance for doubtful accounts	—	124
Others	—	0
Total special profits	1,110	1,600
Special losses		
Loss on sales and disposals of property and equipment	※10 0	※10 8
Provision for statutory reserves	346	—
Devaluation loss on telephone subscription rights	0	—
Devaluation loss on investment securities	1	9
Others	0	—
Total special losses	348	17
Income before income taxes	21,494	11,569
Income taxes - current	9,045	3,666
Income taxes - deferred	(321)	991
Income taxes	8,723	4,656
Net income	12,771	6,913

[3] Non-Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year ended march 31, 2008	Year ended march 31, 2009
Shareholders' equity		
Common stock		
Balance at the end of previous period	11,922	11,942
Changes in the current term		
Issuance of new shares	20	2
Total changes of items in the current term	20	2
Balance at the end of current period	11,942	11,944
Capital surplus		
Additional paid-in capital		
Balance at the end of previous period	9,770	9,790
Changes in the current term		
Issuance of new shares	20	2
Total changes of items in the current term	20	2
Balance at the end of current period	9,790	9,792
Total Capital surplus		
Balance at the end of previous period	9,770	9,790
Changes in the current term		
Issuance of new shares	20	2
Total changes of items in the current term	20	2
Balance at the end of current period	9,790	9,792
Earned surplus		
Earned surplus reserves		
Balance at the end of previous period	159	159
Changes in the current term		
Total changes of items in the current term	—	—
Balance at the end of current period	159	159
Other earned surplus		
Special purpose reserves		
Balance at the end of previous period	4,250	4,250
Changes in the current term		
Total changes of items in the current term	—	—
Balance at the end of current period	4,250	4,250
Earned surplus carried forward		
Balance at the end of previous period	48,279	54,860
Changes in the current term		
Dividends from capital and earned surplus	(6,190)	(9,423)
Net income	12,771	6,913
Total changes of items in the current term	6,581	(2,510)
Balance at the end of current period	54,860	52,350
Total earned surplus		
Balance at the end of previous period	52,688	59,268
Changes in the current term		
Dividends from capital and earned surplus	(6,190)	(9,423)
Net income	12,771	6,913
Total changes of items in the current term	6,581	(2,510)
Balance at the end of current period	59,268	56,759
Treasury stock		
Balance at the end of previous period	(22)	(22)
Changes in the current term		
Purchase of treasury stock	(0)	(9,452)
Total changes of items in the current term	(0)	(9,452)
Balance at the end of current period	(22)	(9,474)

	Year ended march 31, 2008	Year ended march 31, 2009
Total shareholders' equity		
Balance at the end of previous period	74,357	80,977
Changes in the current term		
Issuance of new shares	40	3
Dividends from earned surplus	(6,190)	(9,423)
Net income	12,771	6,913
Purchase of treasury stock	(0)	(9,452)
Total changes of items in the current term	<u>6,620</u>	<u>(11,958)</u>
Balance at the end of current period	<u>80,977</u>	<u>69,019</u>
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the end of previous period	865	(2)
Changes in the current term		
Net change of items other than shareholders' equity	(867)	(4)
Total changes of items in the current term	<u>(867)</u>	<u>(4)</u>
Balance at the end of current period	<u>(2)</u>	<u>(6)</u>
Total valuation and translation adjustments		
Balance at the end of previous period	865	(2)
Changes in the current term		
Net change of items other than shareholders' equity	(867)	(4)
Total changes of items in the current term	<u>(867)</u>	<u>(4)</u>
Balance at the end of current period	<u>(2)</u>	<u>(6)</u>
Total net assets		
Balance at the end of previous period	75,222	80,975
Changes in the current term		
Issuance of new shares	40	3
Dividends from earned surplus	(6,190)	(9,423)
Net income	12,771	6,913
Purchase of treasury stock	(0)	(9,452)
Net change of items other than shareholders' equity	(867)	(4)
Total changes of items in the current term	<u>5,753</u>	<u>(11,962)</u>
Balance at the end of current period	<u>80,975</u>	<u>69,014</u>

Significant Accounting Policies for the Non-Consolidated Financial Statements

	Year ended March 31, 2008	Year ended March 31, 2009
1. Valuation of Significant Assets	<p>(1) Securities and derivatives classified as trading assets: Securities and derivatives classified as trading assets are carried at fair value.</p> <p>(2) Securities not classified as trading assets: Shares of affiliate companies: Shares of affiliate companies are stated at cost determined on a moving average method. Other securities, such as available-for-sale securities, whose fair values: Other securities, such as available-for-sale securities, whose fair values are readily determinable, are readily determinable, are carried at fair value with unrealized gains or losses included as a component of net assets, net of applicable income taxes. Other securities not publicly quoted: Other securities not publicly quoted are stated at cost determined on the moving average method. Investments in investment funds are stated at the proportional net value of the Company's interest to the total fund interest.</p>	<p>(1) Securities and derivatives classified as trading assets: Same as the left column.</p> <p>(2) Securities not classified as trading assets: Shares of affiliate companies: Same as the left column.</p> <p>Other securities, such as available-for-sale securities, whose fair values Same as the left column.</p> <p>Other securities not publicly quoted: Same as the left column.</p>

	Year ended March 31, 2008	Year ended March 31, 2009
2. Depreciation of Fixed Assets	<p>(1) Tangible fixed assets The Company applies the straight-line method. The useful life for depreciation is 15 to 40 years for buildings and 4 to 10 years for equipment and instruments. (Changes in accounting policies) In accordance with revision of the Corporate Tax Law (the Law amending Income Tax Law (Law No.6, March 30, 2007) and the Government Ordinance amending Implementation Ordinance of Corporate Tax Law (Government Ordinance No.83, March 30, 2007)), the Company has changed its depreciation method of tangible fixed assets acquired on or after April 1, 2007 to the method based on the revised Corporate Tax Law. The effect of this change on the financial statements is immaterial. (Additional information) The Company has applied new depreciation method for the assets acquired on or before March 31, 2007. Under the new depreciation method, the assets acquired on or before March 31, 2007 are depreciated using the straight-line method for the following five years after the fiscal year when they have been depreciated to their depreciation limits that were defined under the old method. The effect of this change on the financial statements is immaterial.</p> <p>(2) Intangible assets The straight-line method is primarily applied. Software for in-house use is depreciated under the straight-line method based on an internal estimated useful life (within 5 years).</p>	<p>(1) Tangible fixed assets (excluding leased assets) The Company applies the straight-line method. The useful life for depreciation is 15 to 40 years for buildings and 4 to 10 years for equipment and instruments.</p> <p>(2) Intangible assets (excluding leased assets) The straight-line method is primarily applied. Software for in-house use is depreciated under the straight-line method based on an internally estimated useful life (within 5 years).</p> <p>(3) Leased assets Finance lease transactions that do not transfer the ownership to lessee. Leased assets arising from transactions under finance lease contracts which do not transfer ownership to lessee are depreciated to residual value of zero by the straight-line method using the term of the contract as useful life. In addition, finance lease transactions that do not transfer ownership to lessees which started on and before March 31, 2008 are treated in the same manner as operating leases (“non-capitalized finance leases”).</p>

	Year ended March 31, 2008	Year ended March 31, 2009
3. Accounting Policies for Significant Provisions	<p>(1) Allowance for doubtful accounts An allowance for doubtful accounts is provided for estimated uncollectible doubtful accounts at an amount specifically assessed plus an amount computed based on historical loss experience.</p> <p>(2) Accrued bonuses Estimated amount of employees' bonuses is accrued.</p> <p>(3) Reserve for Securities Transactions The Company accounts for a Reserve for Securities Transactions for possible customer losses by default of the securities company on securities transactions according to Article 51 of the former Securities Exchange Law based on the Article 40 of the supplementary provision of the Financial Instruments and Exchange Law.</p>	<p>(1) Allowance for doubtful accounts Same as the left column.</p> <p>(2) Accrued bonuses Same as the left column.</p> <p>(3) Reserve for Financial Products Transactions Liabilities The Company accounts for a Reserve for Financial Products Transactions Liabilities for possible customer losses by default of the securities company on securities transactions according to Article 46-5 of the Financial Instruments and Exchange Law.</p>
4. Lease Transactions	Financial leases that do not transfer ownership to lessees are not capitalized and are accounted for in the same manner as operating leases ("non-capitalized finance leases").	_____
5. Hedge accounting	<p>(1) Hedge accounting method The Company is eligible for the application of the allowed alternative method for interest rate swaps. The Company accounts for interest rate swap trading pursuant to the allowed alternative method.</p> <p>(2) Means for hedging and objective of hedging (Hedging instruments) Interest rate swap (Hedging items) Borrowings and others</p> <p>(3) Hedging policy The Company and its subsidiary use interest rate swap trading to limit exposures to fluctuations in interest rates. The objective of hedging is identified for each individual contract.</p> <p>(4) Judgment for effectiveness of hedging The Company omits judgment for hedging due to the allowed alternative method.</p>	<p>(1) Hedge accounting method Same as the left column.</p> <p>(2) Means for hedging and objective of hedging Same as the left column.</p> <p>(3) Hedging policy Same as the left column.</p> <p>(4) Judgment for effectiveness of hedging Same as the left column.</p>
6. Other material items	Consumption taxes National and local consumption taxes are separately recorded.	Consumption taxes Same as the left column.

Significant Accounting Policies for the Financial Statements

Year ended March 31, 2008	Year ended March 31, 2009
<p style="text-align: center;">_____</p>	<p>Financing lease transactions other than those where title of the property is transferred to lessee have been accounted for as ordinary lease transactions for the year ended March 31, 2008 and previous years. From this fiscal year, the Company accounts for these transactions as purchasing transactions according to "Accounting Standard on Lease Transactions (Accounting Standard No.13, revised on March 30, 2007. Originally implemented on June 17, 1993 by the Meeting No.1 of Accounting Standard Board)" and "Guideline for the Application of Accounting Standard on Lease Transactions (Guideline for the Application of Accounting Standard No.16, revised on March 30, 2007, Originally implemented on January 18, 1994 by the Accounting System Committee, the Japanese Institute of Certified Public Accountants)".</p> <p>The impact of the change above on operating income, ordinary income and net income is immaterial.</p> <p>Those transactions which started on and before March 31, 2008 are accounted for according to the previous rules.</p>

Additional information

Year ended March 31, 2008	Year ended March 31, 2009
<p style="text-align: center;">_____</p>	<p>Reserve for Securities Transactions which was accounted for as of March 31, 2008 according to the Article 51 of the former Securities Exchange Law based on the Article 40 of the supplementary provision of the Financial Instruments and Exchange Law has been changed into Reserve for Financial Products Transaction Liabilities according to the Article 46-5 of the Financial Instruments and Exchange Law.</p>

Notes to Non-Consolidated Financial Statements

Notes to Non-Consolidated Balance Sheet

As of March 31, 2008	As of March 31, 2009																																																								
<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of Yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td style="text-align: right;">144</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">344</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">487</td> </tr> </tbody> </table> <p>※2 Assets collateralized: None of the assets are collateralized. Note: The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 2,256 million yen are collateralized for the loans from securities finance companies. 9,199 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. (Excluding those listed in the previous note):</p> <p>(1) Securities deposited (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>1)Securities lent for customers' short positions in margin trading</td> <td style="text-align: right;">24,502</td> </tr> <tr> <td>2)Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">5,513</td> </tr> <tr> <td>3)Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">29,610</td> </tr> <tr> <td>4)Long-term guarantee securities deposited</td> <td style="text-align: right;">6,391</td> </tr> <tr> <td>5)Securities pledged as collateral for short-term guarantee</td> <td style="text-align: right;">9,010</td> </tr> </tbody> </table> <p>(2) Securities received (Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>1)Securities received for customers' long positions in margin trading</td> <td style="text-align: right;">157,640</td> </tr> <tr> <td>2)Securities borrowed from securities finance companies</td> <td style="text-align: right;">3,407</td> </tr> <tr> <td>3)Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">678</td> </tr> <tr> <td>4)Guarantee securities received from customers</td> <td style="text-align: right;">274,464</td> </tr> <tr> <td>5)Securities received from customers as collateral for short-term guarantee</td> <td style="text-align: right;">2,529</td> </tr> </tbody> </table> <p>※4 The Company accounts for a Reserve for Securities Transactions for possible customer losses by default of the securities company on securities transactions according to Article 51 of the former Securities Exchange Law based on the Article 40 of the supplementary provision of the Financial Instruments and Exchange Law.</p>		(Millions of Yen)	Buildings	144	Equipment and instruments	344	Total	487	1)Securities lent for customers' short positions in margin trading	24,502	2)Collateralized securities for loans from securities finance companies	5,513	3)Securities loaned out in securities loaned vs. cash transactions	29,610	4)Long-term guarantee securities deposited	6,391	5)Securities pledged as collateral for short-term guarantee	9,010	1)Securities received for customers' long positions in margin trading	157,640	2)Securities borrowed from securities finance companies	3,407	3)Securities received in securities borrowed vs. cash transactions	678	4)Guarantee securities received from customers	274,464	5)Securities received from customers as collateral for short-term guarantee	2,529	<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of Yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td style="text-align: right;">164</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">394</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">558</td> </tr> </tbody> </table> <p>※2 Assets collateralized: None of the assets are collateralized. 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. 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Notes to Non-Consolidated Statement of Income

Year ended March 31, 2008		Year ended March 31, 2009	
※1	Breakdown of net gain on trading (Millions of Yen)	※1	Breakdown of net gain on trading (Millions of Yen)
	Stocks (0)		Stocks (2)
	Bonds 9		Bonds 6
	<u>Total 9</u>		<u>Total 4</u>
※2	Breakdown of interest and dividend income (Millions of Yen)	※2	Breakdown of interest and dividend income (Millions of Yen)
	Interest on margin trading 12,805		Interest on margin trading 6,940
	Interest received for the securities lending 813		Interest received for the securities lending 287
	Others 1,766		Others 1,229
	<u>Total 15,384</u>		<u>Total 8,456</u>
※3	Breakdown of interest expense (Millions of Yen)	※3	Breakdown of interest expense (Millions of Yen)
	Interest expense on margin trading 840		Interest expense on margin trading 1,142
	Interest paid for the borrowings from finance companies on margin trading 276		Interest paid for the borrowings from finance companies on margin trading 78
	Interest paid 1,845		Interest paid 887
	Others 265		Others 152
	<u>Total 3,226</u>		<u>Total 2,260</u>
※4	Breakdown of transaction related expenses (Millions of Yen)	※4	Breakdown of transaction related expenses (Millions of Yen)
	Commissions paid 693		Commissions paid 619
	Membership fees for stock exchanges and securities associations 1,059		Membership fees for stock exchanges and securities associations 745
	Communications expenses 2,228		Communications expenses 2,115
	Travel and transportation expenses 10		Travel and transportation expenses 11
	Advertisements 602		Advertisements 599
	Entertainment and social Expenses 9		Entertainment and social Expenses 7
	<u>Total 4,601</u>		<u>Total 4,096</u>
※5	Breakdown of employees' compensation and benefits (Millions of Yen)	※5	Breakdown of employees' compensation and benefits (Millions of Yen)
	Directors' and auditors' compensation 282		Directors' and auditors' compensation 354
	Employees' compensation 670		Employees' compensation 637
	Other compensation 908		Other compensation 786
	Welfare expenses 170		Welfare expenses 158
	Provision of allowance for employees' bonuses 136		Provision of allowance for employees' bonuses 86
	<u>Total 2,166</u>		<u>Total 2,021</u>
※6	Breakdown of occupancy and rental (Millions of Yen)	※6	Breakdown of occupancy and rental (Millions of Yen)
	Occupancy and rental fee 346		Occupancy and rental fee 386
	Equipment and instruments expenses 114		Equipment and instruments expenses 135
	<u>Total 459</u>		<u>Total 522</u>

Year ended March 31, 2008	Year ended March 31, 2009																																
<p>※7 Breakdown of data processing and office supplies (Millions of Yen)</p> <table> <tr> <td>Data processing and outsourcing cost of operations</td> <td style="text-align: right;">6,745</td> </tr> <tr> <td>Office supplies</td> <td style="text-align: right;">7</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>6,752</u></td> </tr> </table>	Data processing and outsourcing cost of operations	6,745	Office supplies	7	<u>Total</u>	<u>6,752</u>	<p>※7 Breakdown of data processing and office supplies (Millions of Yen)</p> <table> <tr> <td>Data processing and outsourcing cost of operations</td> <td style="text-align: right;">6,347</td> </tr> <tr> <td>Office supplies</td> <td style="text-align: right;">6</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>6,353</u></td> </tr> </table>	Data processing and outsourcing cost of operations	6,347	Office supplies	6	<u>Total</u>	<u>6,353</u>																				
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Notes to Non-Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2008)

Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2007	Number of shares increased in the year ended March 31, 2008	Number of shares decreased in the year ended March 31, 2008	Number of shares as of March 31, 2008
Treasury stock				
Common stock	31,836	302	—	32,138
Total	31,836	302	—	32,138

Note: Increase of treasury stock is a result of the purchase of odd-lot shares.

(Year ended March 31, 2009)

Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2008	Number of shares increased in the year ended March 31, 2009	Number of shares decreased in the year ended March 31, 2009	Number of shares as of March 31, 2009
Treasury stock				
Common stock	32,138	12,500,605	—	12,532,743
Total	32,138	12,500,605	—	12,532,743

Note: Breakdown of the Increase of treasury stocks are as follows:

Acquisition of its own shares resolved by the board of directors meeting 12,500,000 shares
Purchase of odd-lot shares 605 shares

Notes to Lease Transactions

(Millions of Yen)

Year ended March 31, 2008	Year ended March 31, 2009
Financing lease transactions other than those where title of the property is transferred to lessee	Financing lease transactions other than those where title of the property is transferred to lessee, which started on and before March 31, 2008
1. Acquisition costs equivalent, accumulated depreciation equivalent and equivalent of balance at the end of period	1. Acquisition costs equivalent, accumulated depreciation equivalent and equivalent of balance at the end of period
(Millions of Yen)	(Millions of Yen)
Acquisition price equivalent:	Acquisition price equivalent:
<u>Equipment and instruments</u> 10	<u>Equipment and instruments</u> 10
Total 10	Total 10
Accumulated depreciation equivalent:	Accumulated depreciation equivalent:
<u>Equipment and instruments</u> 3	<u>Equipment and instruments</u> 5
Total 3	Total 5
Equivalent of balance at end of period:	Equivalent of balance at end of period:
<u>Equipment and instruments</u> 7	<u>Equipment and instruments</u> 5
Total 7	Total 5
2. Present value of future lease payments	2. Present value of future lease payments
Within 1 year 2	Within 1 year 2
<u>Over 1 year</u> 5	<u>Over 1 year</u> 3
Total 7	Total 5
3. Lease charge paid, depreciation equivalent and interest equivalent	3. Lease charge paid, depreciation equivalent and interest equivalent
(Millions of Yen)	(Millions of Yen)
Lease charge paid 2	Lease charge paid 2
Depreciation equivalent 2	Depreciation equivalent 2
Interest equivalent 0	Interest equivalent 0
4. Calculation method for depreciation equivalent	4. Calculation method for depreciation equivalent
The lease term is regarded as a durable period and the residual value is regarded as zero.	Same as the left column.
5. Calculation method for interest equivalent	5. Calculation method for interest equivalent
The difference between the total amount of future lease payments and the acquisition cost equivalent is regarded as the interest equivalent, which is allocated to each of the fiscal periods using the interest method.	Same as the left column.

Notes to Securities held

The shares of the Company's subsidiary do not have a market price for the years ended March 31, 2008 and 2009.

Notes to Tax Effect Accounting

As of March 31, 2008	As of March 31, 2009																																				
<p>1 Significant components of deferred income tax assets</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Deferred tax assets</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Accrued enterprise tax</td> <td style="text-align: right;">354</td> </tr> <tr> <td style="padding-left: 40px;">Excess of allowance for doubtful accounts</td> <td style="text-align: right;">523</td> </tr> <tr> <td style="padding-left: 40px;">Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">84</td> </tr> <tr> <td style="padding-left: 40px;">Excess of reserve for securities transactions</td> <td style="text-align: right;">1,525</td> </tr> <tr> <td style="padding-left: 40px;">Accrued bonuses</td> <td style="text-align: right;">55</td> </tr> <tr> <td style="padding-left: 40px;">Devaluation loss on investment securities</td> <td style="text-align: right;">44</td> </tr> <tr> <td style="padding-left: 40px;">Others</td> <td style="text-align: right;">38</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total deferred tax assets</u></td> <td style="text-align: right;"><u>2,623</u></td> </tr> </table>	Deferred tax assets		Accrued enterprise tax	354	Excess of allowance for doubtful accounts	523	Reserve for retirement bonuses for directors and auditors	84	Excess of reserve for securities transactions	1,525	Accrued bonuses	55	Devaluation loss on investment securities	44	Others	38	<u>Total deferred tax assets</u>	<u>2,623</u>	<p>1 Significant components of deferred income tax assets</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Deferred tax assets</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Accrued enterprise tax</td> <td style="text-align: right;">103</td> </tr> <tr> <td style="padding-left: 40px;">Excess of allowance for doubtful accounts</td> <td style="text-align: right;">398</td> </tr> <tr> <td style="padding-left: 40px;">Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">83</td> </tr> <tr> <td style="padding-left: 40px;">Excess of reserve for financial products transaction liabilities</td> <td style="text-align: right;">929</td> </tr> <tr> <td style="padding-left: 40px;">Accrued bonuses</td> <td style="text-align: right;">35</td> </tr> <tr> <td style="padding-left: 40px;">Devaluation loss on investment securities</td> <td style="text-align: right;">47</td> </tr> <tr> <td style="padding-left: 40px;">Others</td> <td style="text-align: right;">39</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total deferred tax assets</u></td> <td style="text-align: right;"><u>1,634</u></td> </tr> </table>	Deferred tax assets		Accrued enterprise tax	103	Excess of allowance for doubtful accounts	398	Reserve for retirement bonuses for directors and auditors	83	Excess of reserve for financial products transaction liabilities	929	Accrued bonuses	35	Devaluation loss on investment securities	47	Others	39	<u>Total deferred tax assets</u>	<u>1,634</u>
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<p>2 A reconciliation between the nominal statutory income tax rate to the effective income tax rate reported in the consolidated statements of income</p> <p>Notes are omitted since the difference between the nominal statutory income tax rate to the effective income tax rate is less than 5/100 of the nominal statutory income tax rate.</p>	<p>2 A reconciliation between the nominal statutory income tax rate to the effective income tax rate reported in the consolidated statements of income</p> <p style="text-align: center;">Same as the left column.</p>																																				
<p>3 Impact of possible corporation tax rate change after the end of fiscal period</p> <p>Provisional Law on Corporate Tax (Law No.25, 2008) was promulgated on April 30, 2008. However, the effect of this change on the financial statements for the year ending March 31, 2009 is considered immaterial.</p>																																					

Per Share Information

Year ended March 31, 2008		Year ended March 31, 2009	
Net assets per share	300.78 Yen	Net assets per share	268.82 Yen
Net income per share	47.44 Yen	Net income per share	26.41 Yen
Fully diluted earnings per share	42.40 Yen	Fully diluted earnings per share	23.42 Yen

Note: Calculation basis of per share information is as follows.

1. Net assets per share

Items	Year ended March 31, 2008	Year ended March 31, 2009
Total net assets on the balance sheets (Millions of Yen)	80,975	69,014
Net assets attributed to common stock (Millions of Yen)	80,975	69,014
Breakdown of difference (Millions of Yen)	—	—
Number of common stock outstanding (Thousands of shares)	269,254	269,260
Number of common stock held in treasury (Thousands of shares)	32	12,533
Number of common stock included in the calculation of net assets per share (Thousands of shares)	269,222	256,727

2. Net income and fully diluted earnings per share

Items	Year ended March 31, 2008	Year ended March 31, 2009
Net income on the statements of income (Millions of Yen)	12,771	6,913
Net income attributed to common stock (Millions of Yen)	12,771	6,913
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	269,197	261,725
Breakdown of increase of common stock considered in the calculation of fully diluted earnings per share (Thousands of shares)		
New share purchase rights (Thousands of shares)	32,024	33,461
Increase of common stock (Thousands of shares)	32,024	33,461
Number of new-share purchase rights or others without dilution effects which are not considered in the calculation of fully diluted earnings per share	1 class of new-share purchase rights. Residual securities: 477,000 shares Details are given in "Part 4 Corporate Profiles – 1 Number of shares – (2)New-Share Purchase Rights".	1 class of new-share purchase rights. Residual securities: 474,000 shares Details are given in "Part 4 Corporate Profiles – 1 Number of shares – (2) New-Share Purchase Rights".

Subsequent Events

Year ended March 31, 2008	Year ended March 31, 2009
<hr/>	<p>The Company has purchased and cancelled a part of its Convertible Bonds due 2011 on April 7, 2009 as set out below.</p> <ul style="list-style-type: none">(1) Purpose of the Purchase and Cancellation Partial redemption, due to the decrease in the loans receivable from customers(2) Issue of the Purchase and Cancellation Matsui securities Zero Coupon Convertible Bond due 2011(3) Date of Cancellation April 7, 2009(4) Amount purchased and to be cancelled 8,298 million yen in total principal amount of the Bonds(5) Principal outstanding amount after cancellation 31,502 million yen(6) Funding for the Purchase and Cancellation Operating cash(7) Interests to be decreased by the reduction in the bonds There are no interests to be decreased since the bond has a zero coupon.(8) Impact on financial results of the Company 581 million yen of gains on cancellation of the Bonds will be recorded in the fiscal year ends March 2010.

[4] Supporting Schedules

i) List of investment securities

According to the Article 124 of Regulations on Financial Statements, a detailed list of investment securities whose book value as of March 31, 2009 totals less than 1/100 of the total assets is omitted.

ii) Fixed Assets

(Millions of Yen)

		As of March 31, 2008	Increase in the current period	Decrease in the current period	As of March 31, 2009	Accumulated Depreciation and Amortization	Depreciation expensed in the current period	Net Value of assets
Tangible	Buildings	460	1	—	460	164	20	297
	Equipment And instruments	521	249	16	754	394	61	360
	Land	191	—	0	190	—	—	190
	Total	1,171	249	16	1,405	558	81	847
Intangible	Software	8,005	1,541	3	9,543	5,901	1,171	3,642
	Telephone subscription rights	17	—	0	17	9	1	7
	Others	41	—	—	41	37	4	4
	Total	8,063	1,541	3	9,601	5,948	1,176	3,653
Long-term prepaid expenses		5	2	—	7	3	1	3

Note: The increase in software is due to the capitalization of upgrade costs for the online securities trading system "Netstock" or due to acquisitions in response to the introduction of new services during the current year.

iii) Schedule for Provisions

(Millions of Yen)

Item	Balance as of March 31, 2008	Increase	Decrease		Balance as of March 31, 2009
			Appropriation	Other	
Allowance for doubtful account	1,483	216	356	341	1,002
Accrued bonuses	136	86	136	—	86
Reserve for securities transactions	3,746	—	—	3,746	—
Reserve for financial products transaction liabilities	—	3,746	—	1,463	2,283

Note:

1. The decrease of allowance for doubtful account is a reversal from revaluation of the allowance and the collection of the doubtful accounts.
2. The decrease of the reserve for securities transactions is a reclassification to reserve for financial products transaction liabilities, according to the enforcement of the Financial Instruments and Exchange Law.
3. The increase of reserve for financial products transaction liabilities is a reclassification from reserve for securities transactions, according to the enforcement of the Financial Instruments and Exchange Law.
4. The decrease of reserve for financial products transaction liabilities is a reversal of the amount exceeding the regulatory requirement.

(2) Breakdown of Major Assets and Liabilities

[1] Assets

i) Cash in hand and at banks

	Book value (Millions of Yen)
Cash in hand	1
Cash at banks	15,587
Demand deposits	4,788
Ordinary deposits	6,739
Term deposits	4,000
Segregated deposits	59
Total	15,587

ii) Cash segregated as deposits

	Book value (Millions of Yen)
Trusted money segregated for customers as fiduciary assets	237,977
Others	12
Total	237,989

iii) Cash in trust

	Book value (Millions of Yen)
Cash in trust	75,751
Total	75,751

iv) Margin account assets

	Book value (Millions of Yen)
Loans receivable from customers	98,639
Cash deposits as collateral for securities borrowed from securities finance companies	16,608
Total	115,246

[2] Liabilities**i) Margin account liabilities**

	Book value (Millions of Yen)
Loans from securities finance companies	17,073
Japan Securities Finance Co., Ltd	16,124
Osaka Securities Finance Co., Ltd.	924
Chubu Securities Financing Co., Ltd.	25
Proceeds of securities sold on customers' accounts	39,980
Total	57,052

ii)Deposits received

	Book value (Millions of Yen)
From customers	123,952
Deposits received for subscription	2
Others	669
Total	124,623

iii) Guarantee money received

	Book value (Millions of Yen)
Guarantee money received concerning margin trading	99,327
Guarantee money received concerning futures trading	21,305
Others	14,480
Total	135,112

iv)Convertible Bonds

	Book value (Millions of Yen)
Zero Coupon Convertible Bonds due 2011	31,502
Total	31,502

[3] Others

No relevant items

Note: The Original Annual Securities Report includes the audit reports by PricewaterhouseCoopers Aarata for the consolidated and non-consolidated financial statements for the year ended March 31, 2008 and year ended March 31, 2009.