

**Annual Securities Report
Including Financial Statements
Under Japanese GAAP
For the Year
Ended March 31, 2011**

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On June 20, 2011

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, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011
Operating revenues	(Millions of Yen)	43,691	39,915	26,724	24,346	22,091
Net operating revenues	(Millions of Yen)	40,708	36,689	24,464	23,276	21,320
Ordinary income	(Millions of Yen)	22,720	20,744	9,998	11,545	8,479
Net income	(Millions of Yen)	13,444	12,781	6,921	7,661	5,410
Comprehensive income	(Millions of Yen)	—	—	—	—	5,398
Net assets	(Millions of Yen)	75,281	81,044	69,090	74,203	75,752
Total assets	(Millions of Yen)	839,475	513,369	472,145	466,089	431,729
Net assets per share	(Yen)	279.70	301.03	269.12	289.03	295.06
Earnings per share	(Yen)	50.02	47.48	26.44	29.84	21.07
Fully diluted earnings per share	(Yen)	44.73	42.43	23.45	26.97	19.86
Equity ratio	(%)	9.0	15.8	14.6	15.9	17.5
Return on equity	(%)	18.8	16.4	9.2	10.7	7.2
Price earnings ratio	(Times)	20.65	11.88	24.28	22.39	21.45
Cash flows from operating Activities	(Millions of Yen)	(30,991)	127,957	102,118	(44,912)	8,639
Cash flows from investing Activities	(Millions of Yen)	(1,074)	(77)	(1,431)	(3,272)	(1,272)
Cash flows from financing Activities	(Millions of Yen)	5,499	(154,736)	(74,828)	(3,265)	(5,310)
Cash and cash equivalents at end of period	(Millions of Yen)	75,837	48,981	74,840	23,391	25,448
Number of employees		109	109	108	108	117
[Average temporary staff]		[200]	[214]	[203]	[178]	[169]

(2) Non-Consolidated Business Indices

	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011
Operating revenues [Commissions] (Millions of Yen)	43,691 [26,936]	39,915 [24,521]	26,724 [18,263]	24,346 [17,282]	22,091 [15,037]
Net operating revenues (Millions of Yen)	40,708	36,689	24,464	23,276	21,320
Ordinary income (Millions of Yen)	22,709	20,732	9,986	11,532	8,467
Net income (Millions of Yen)	13,449	12,771	6,913	7,653	5,403
Capital stock (Millions of Yen)	11,922	11,942	11,944	11,944	11,945
Total shares outstanding (1,000 shares)	269,183	269,254	269,260	269,260	269,265
Net assets (Millions of Yen)	75,222	80,975	69,014	74,118	75,660
Total assets (Millions of Yen)	839,414	513,296	472,063	465,999	431,632
Net assets per share (Yen)	279.48	300.78	268.82	288.70	294.70
Annual dividends per share [Interim dividends per share] (Yen)	23.00 [—]	35.00 [—]	10.00 [—]	15.00 [—]	15.00 [—]
Earnings per share (Yen)	50.04	47.44	26.41	29.81	21.05
Fully diluted earnings per share (Yen)	44.75	42.40	23.42	26.94	19.83
Equity ratio (%)	9.0	15.8	14.6	15.9	17.5
Return on equity (%)	18.8	16.4	9.2	10.7	7.2
Price earnings ratio (Times)	20.64	11.89	24.31	22.41	21.47
Dividend payout ratio (%)	46.0	73.8	37.9	50.3	71.3
Capital adequacy ratio (%)	432.9	707.1	865.4	993.9	1,143.6
Number of employees [Average temporary staff]	108 [199]	108 [211]	108 [199]	108 [174]	117 [165]

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 annual dividend for the year ended March 31, 2011 of 15 yen per share is pending approval at the shareholders' meeting to be held on June 26, 2011.

2 Affiliated Companies

(As of March 31, 2011)

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 117 employees (This number includes one employee on leave) and 169 temporary employees.

(2) Non-Consolidated Company

The Company employs 117 employees (This number includes one employee on leave) and 165 temporary employees. The average age is 36.6, the average length of service of employees is 9.5 years and the average of their annual compensation is 6,493 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 94.

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, 2011 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 Central Tanshi FX Co., Ltd. to cover positions held through foreign exchange margin trades with its customers. As a result, the Company takes credit risk from Central Tanshi FX Co., Ltd.
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. Disasters and others: If disasters occur such as; fire, long term power failure, pandemic disease, international dispute, or terrorist attack occurs, the Company may face difficulty in continuing to provide services.
14. Others: There are no significant law suits in dispute that may have a material effect on the financial results as of March 31, 2011.

2. Important Contracts for the Company's Business

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

Note:

1. The contract shown in the table above is held with CSK Co., Ltd. and has succeeded the CSK Security Service Co., Ltd contract held previously. This is the same contract shown in the Annual Securities Report filed on June 21, 2010 with the counterparty listed as CSK Security Service Co., Ltd.
2. The Company has renewed the contract shown in the table above in March 2010 with the new contract term expiring in May 2012.

3. Research and Development

No relevant Items.

Part 3 Equipment

1 Investment in Equipment

The company has invested 1,154 million yen during the year ended March 31, 2011 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	70	78	— (—)	148	112 (29)
Sapporo Call Center	Chuo-ku, Sapporo, Hokkaido	Call Center equipment	6	6	— (—)	12	5 (136)
Nihombashi Branch	Chuo-ku, Tokyo	Other equipment	8	2	— (—)	10	— (—)

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 4,521 million yen as of March 31, 2011.
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	30	0	244 (2,562)	274	— (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 2,000 million yen mainly in online securities trading systems using its own capital from April 2011 through March 2012. 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 Exchange(s) Listed at	Details
	As of March 31, 2011 (End of the fiscal year ended March 31, 2011)	As of June 20, 2011 (Date of the filing of this Report)		
Common Stock	269,264,702 shares	269,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	269,264,702 shares	269,264,702 shares	—	—

(2) New-Share Purchase Rights

No relevant items

(3) Exercise of Moving Strike Convertible Bonds

No relevant items.

(4) Rights Plan

No relevant items.

(5) Total Number of Shares Outstanding and Capital Stock

	Shares Outstanding (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, 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
From April 1, 2010 To March 31, 2011	5	269,265	1	11,945	1	9,793	Exercise of New-share purchase rights

Note:

1. There were no changes in the total number of shares outstanding or capital stock from April 1, 2009 to March 31, 2010.

(6) Distribution of Shares

(As of March 31, 2011)

	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	—	34	39	150	272	15	42,052	42,562	—
Number of shares in possession (unit)	—	269,413	84,211	481,909	281,255	504	1,575,217	2,692,509	13,802
Percentage of shares in possession (%)	—	10.01	3.13	17.90	10.45	0.02	58.50	100.00	—

Note:

1. 125,328 units out of 12,532,844 treasury stock are included in the "Individuals and others" and 44 shares out of 12,532,844 treasury stock are included in "odd-lot shares".
2. 4 units under the title of Japan Securities Depository Center Inc. are included in "other institutions".

(7) Principal Shareholders

(As of March 31, 2011)

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
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	27,522	10.22
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	20,083	7.46
Michio Matsui	Bunkyo-ku, Tokyo, Japan	13,192	4.90
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	7,797	2.90
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	7,435	2.76
Michitaro Matsui	Bunkyo-ku, Tokyo, Japan	6,440	2.39
Chiaki Matsui	Bunkyo-ku, Tokyo, Japan	6,440	2.39
Yuma Matsui	Bunkyo-ku, Tokyo, Japan	6,440	2.39
JPMorgan Securities Japan Co., Ltd.	Tokyo Building. 2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	3,793	1.41
Total	—	168,841	62.70

Note:

1. 12,533 thousands of treasury stock (4.65% of total shares outstanding) is not included in the table.
2. Because the Company was not able to verify the number of shares held by Japan Trustee Services Bank, Ltd. (Trust account) and The Master Trust Bank of Japan, Ltd. (Trust account) for their trustee businesses, the Company does not show these numbers.
3. Mr. Michio Matsui, who is not a substantial shareholder in the table above, was a substantial shareholder as at March 31, 2010. Shokosha Ltd. has become a substantial shareholder as at March 31, 2011.

(8) Voting Rights

(i) Outstanding shares

(As of March 31, 2011)

	Number of shares	Number of voting rights
Shares without voting rights	—	—
Shares with limited voting rights (Treasury stock)	—	—
Shares with limited voting rights (Other than treasury stock)	—	—
Shares with full voting rights (Treasury stock)	(Treasury stock) Common stock 12,532,800	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,718,100	2,558,589
Odd lot shares (1 lot = 100 shares)	Common stock 13,802	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,558,589

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 859,200 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury stock)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury stock)." 8,592 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)".
- 44 treasury shares are included in odd-lot shares.

(ii) Treasury Stock

(As of March 31, 2011)

Name of shareholders	Address	Treasury stock held by the Company's own name	Treasury stock held by other person's name	Total Number of shares held	Percentage of shares to the total number of outstanding shares (%)
(Treasury stock held by the Company) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan	12,532,800	—	12,532,800	4.65
Total	—	12,532,800	—	12,532,800	4.65

(9) Details of Stock Options

No relevant items.

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

No relevant items.

(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, 2011	67	0
Acquisition of treasury stock from April 1, 2011 to June 20, 2011	—	—

Note: Acquisition of treasury stock from April 1, 2011 to June 20, 2011 does not include the purchase of odd-lot shares from June 1, 2011 to June 20, 2011.

(4) Retirement and holdings of treasury stocks

Item	Year ended March 31, 2011		From April 1, 2011 to June 20, 2011	
	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	12,532,844	—	12,532,844	—

Note: The number of treasury stock from April 1, 2011 to June 20, 2011 does not include the purchase of odd-lot shares from June 1, 2011 to June 20, 2011.

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 annual dividend for the year ended March 31, 2011 of 15 yen per share is pending approval at the shareholders' meeting to be held on June 26, 2011. The Company considers the equity level sufficiently high to support customers' margin trading even in the case of sudden and rapid expansion of the trading volume, which enables the Company to offer the proposed amount of dividends.

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, 2011 is planned as follows:

Date of resolution	Amount of dividend payment	Dividends per share
Ordinary General Meeting of Shareholders to be held on June 26, 2011	3,851 million yen	15 yen

4 Price of Shares

Yearly highest and lowest prices for the last five fiscal years		Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011
	Highest (Yen)	1,716	1,161	883	931	748
	Lowest (Yen)	770	561	476	558	405

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

Monthly highest and lowest prices for the second half of fiscal year Ended March 31, 2011		October 2010	November 2010	December 2010	January 2011	February 2011	March 2011
	Highest (Yen)	496	547	617	609	602	592
	Lowest (Yen)	436	440	512	532	537	405

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

5 Executives

(As of June 20, 2011)

	Title	Number of shares in possession (Thousands of shares)
Michio Matsui	President and Chief Executive Officer	8,001
Hirohito Imada	Managing Director (General Manager of Corporate Administration and Human Resources Dept., Managing Director of Finance Dept. and Credit Risk Management Dept.)	4
Takashi Moribe	Managing Director (Managing Director of System Dept. and Compliance Dept.)	31
Akira Warita	Managing Director (General Manager of CEO Office and Marketing Dept., Managing Director of Business Development Dept., RTGS Operation Dept. and Customer Support Dept.)	10
Ayumi Sato	Director (General Manager of Customer Support Dept.)	47
Akihiro Ichimura	Director (Manager of Sapporo Call Center in Customer Support Dept.)	3
Masashi Watanabe	Director (General Manager of Business Development Dept. and RTGS Operation Dept.)	8
Kunihiko Sato	Director (Director in charge of System Dept.)	26
Shinichi Uzawa	Director (General Manager of Finance Dept. and Credit Risk Management Dept.)	24
Toshimasa Sekine	Director	25
Yukihiro Yabuki	Standing Corporate Auditor	13
Norio Igarashi	Corporate Auditor	—
Yasuo Mochizuki	Corporate Auditor	—
Hiroyuki Yajima	Corporate Auditor	4
Total	—	8,196

The re-election of above-mentioned 9 directors other than Mr. Toshimasa Sekine is an agenda item in the shareholders' meeting to be held on June 26, 2011. Mr. Sekine's, term as director will end at the close of this meeting.

6 Operations of Business

(1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
Year ended March 31, 2010	Brokerage commissions	15,246	—	144	34	15,424
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	—	—	—	11
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	478	—	5	1,364	1,846
	Total	15,735	—	149	1,398	17,282
Year ended March 31, 2011	Brokerage commissions	12,941	—	112	402	13,455
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4	—	—	—	4
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	512	—	4	1,063	1,579
	Total	13,456	—	116	1,465	15,037

(2) Net Gain on Trading

(Millions of Yen)

	Year ended March 31, 2010			Year ended March 31, 2011		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	0	(0)	0	(1)	0	(1)
Net gain on trading of bonds and others	4	(0)	4	1	0	1
Bonds	—	—	—	—	—	—
Others	4	(0)	4	1	0	1
Total	4	(0)	4	0	0	0

(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, 2010	12,311,376	3,647	12,315,023
Year ended March 31, 2011	10,396,669	397	10,397,066

(Margin Trading)

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2010	7,664,786	34	7,664,820
Year ended March 31, 2011	6,558,791	186	6,558,977

ii)Bonds

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2010	—	—	—
Year ended March 31, 2011	—	—	—

iii)Beneficiary Certificates

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2010	139,982	63	140,045
Year ended March 31, 2011	103,781	—	103,781

iv)Others

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Year ended March 31, 2010	—	—	3,533	3,533
Year ended March 31, 2011	11	—	948	958

※"Others" are covered warrants

(Brokerage trading)

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Year ended March 31, 2010	—	—	3,533	3,533
Year ended March 31, 2011	11	—	948	958

※"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, 2010	19,361,505	—	39,607,317	—	58,968,822
Year ended March 31, 2011	18,192,140	—	47,406,766	98	65,599,003

ii)Bond-based

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Year ended March 31, 2010	—	—	—	—	—
Year ended March 31, 2011	—	—	—	—	—

[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, 2010	174	174	—	10	—	—	—
Year ended March 31, 2011	79	79	—	1	—	—	—

ii)Bonds

(Millions of Yen)

	Item	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Year ended March 31, 2010	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Year ended March 31, 2011	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, 2010	—	—	—	1,237	—	—	—
Year ended March 31, 2011	—	—	—	1,496	—	—	—

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, 2010	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Year ended March 31, 2011	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Other Operations
[1] Custody of Securities

	item	Domestic Securities	Foreign Securities	
As of March 31, 2010	Stocks (thousand shares)	1,947,108	581,621	
	Bonds (million yen)	—	—	
	Beneficiary certificates	Unit type (million units)	—	—
		Open type	Stocks (million units)	1
			Bonds (million units)	3,908
	Subscription warrant (million yen)	—	—	
	Commercial paper (million yen)	—	—	
	Other foreign securities (million yen)	—	—	
Others (million warrants)	—	23		
As of March 31, 2011	Stocks (thousand shares)	1,919,995	12,262	
	Bonds (million yen)	—	—	
	Beneficiary certificates	Unit type (million units)	—	—
		Open type	Stocks (million units)	0
			Bonds (million units)	4,923
	Subscription warrant (million yen)	—	—	
	Commercial paper (million yen)	—	—	
	Other foreign securities (million yen)	—	—	
Others	—	—		

[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
As of March 31, 2010	146,634	290,091	64,688	41,665
As of March 31, 2011	138,217	288,798	43,312	27,374

(5) Capital Adequacy Ratio

(Millions of Yen)

		As of March 31, 2010	As of March 31, 2011
Tier I Capital ①		70,253	71,808
Tier II Capital	Net unrealized gain on investment	13	0
	Reserve for financial products transaction liabilities	1,665	1,108
	General allowance for doubtful accounts	249	28
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	1,927	1,136
Assets to be deducted from equity capital ③		8,680	9,034
Equity capital after deduction ① + ② - ③ (A)		63,500	63,910
Risk	Market risk	3	0
	Counterparty risk	3,671	3,349
	Basic risk	2,713	2,238
	Total (B)	6,388	5,588
Capital adequacy ratio (A) / (B)×100		993.9%	1,143.6%

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, 2010 have been prepared according to the former Regulations of Consolidated Financial Statements, and the consolidated financial statements for the year ended March 31, 2011 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, 2010 have been prepared according to the former Regulations of Financial Statements and the non-consolidated financial statements for the year ended March 31, 2011 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, 2010 and the consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2011 were audited by PricewaterhouseCoopers Aarata based on the Article 193-2-1 of Financial Instruments and Exchange Law.

3 Specific Measures to Enhance the Reliability of Financial Reporting

The Company has undertaken specific measures to enhance the reliability of its Financial Reporting. The Company has joined the Financial Accounting Standards Foundation. Additionally, its officers participate in lectures and trainings provided by audit firms and/or other organizations in order to keep the knowledge and capability of the financial accounting team at sufficient levels to meet the requirements of rules and regulations.

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 Financial Instruments 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, 2010	March 31, 2011
Assets		
Current Assets		
Cash and bank deposits	15,191	17,882
Cash segregated as deposits	246,018	237,094
Cash in trust	22,450	8,766
Trading assets:	1,823	1,802
Trading securities and others	32	0
Derivatives	1,791	1,802
Net receivables arising from pre-settlement date trades	24	47
Margin account assets:	156,429	142,281
Loans receivable from customers	146,634	138,217
Cash deposited as collateral for securities borrowed from securities finance companies	9,795	4,064
Receivables on collateralized securities transactions:	5,143	4,827
Cash deposits collateral for securities borrowed	5,143	4,827
Receivables from customers and others	35	76
Receivables from customers	35	76
Others	0	0
Short-term guarantee deposits	4,148	6,191
Advances paid	1	2
Prepaid expenses	231	289
Accrued income	3,494	3,212
Deferred income taxes	355	225
Others	2,721	544
Allowance for doubtful accounts	(249)	(28)
Total current assets	457,814	423,210
Fixed assets		
Tangible fixed assets	1,115	1,160
Buildings	※1 309	※1 294
Equipment and instruments	※1 313	※1 431
Land	435	434
Others	※1 60	—
Intangible assets	5,247	4,529
Software	5,237	4,521
Telephone subscription rights	6	6
Others	3	2
Investments and others	1,912	2,830
Investment securities	302	262
Investment in partnership	2	2
Long-term loans receivable	217	199
Long-term guarantee deposits	268	286
Long-term prepaid expenses	5	4
Deferred income taxes	1,154	1,939
Long-term receivables	—	3,497
Others	796	71
Allowance for doubtful accounts	(831)	(3,430)
Total fixed assets	8,275	8,519
Total assets	466,089	431,729

(Millions of Yen)

	March 31, 2010		March 31, 2011	
Liabilities				
Current liabilities				
Trading liabilities:		294		229
Trading securities and others		32		0
Derivatives		262		229
Margin account liabilities:		45,819		40,417
Loans from securities finance companies	※2	4,154	※2	13,043
Proceeds of securities sold on customers' account		41,665		27,374
Payables on collateralized securities transactions:		9,393		5,818
Cash deposits as collateral for securities loaned		9,393		5,818
Deposits received		132,559		119,354
Deposits received from customers		131,584		118,017
Others		975		1,337
Guarantee money received		133,458		122,989
Suspense account for undelivered securities		—		0
Short-term borrowings		37,032		62,020
Convertible bonds due within one year		26,506		—
Advances received		0		0
Deferred revenue		43		38
Accounts payable		692		547
Accrued expenses		821		806
Accrued income taxes		3,236		2,344
Accrued bonuses		104		98
Others		39		—
Total current liabilities		389,997		354,662
Long-term liabilities				
Long-term borrowings		20		—
Reserve for retirement bonuses for directors and auditors		204		204
Others		0		3
Total long-term liabilities		225		207
Statutory reserves				
Reserve for financial products transaction liabilities	※4	1,665	※4	1,108
Total statutory reserves		1,665		1,108
Total liabilities		391,886		355,977

(Millions of Yen)

	March 31, 2010	March 31, 2011
Net assets		
Shareholders' equity		
Common stock	11,944	11,945
Capital surplus	9,792	9,793
Earned surplus	61,929	63,488
Treasury stock	(9,474)	(9,475)
Total shareholders' equity	74,190	75,751
Accumulated other comprehensive income		
Net unrealized gain (loss) on investment securities, net of taxes	13	1
Total accumulated other comprehensive income	13	1
Total net assets	74,203	75,752
Total liabilities and net assets	466,089	431,729

[2] Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Operating revenues		
Commissions	17,282	15,037
Brokerage commissions	15,424	13,455
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	4
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,846	1,579
Net gain (loss) on trading	4	0
Interest and dividend income	7,060	7,053
Total operating revenues	24,346	22,091
Interest expenses	1,069	770
Net operating revenues	23,276	21,320
Selling, general and administrative expenses		
Transaction related expenses	3,630	3,365
Employees' compensation and benefits	※1 1,930	※1 1,974
Occupancy and rental	1,040	1,128
Data processing and office supplies	3,139	1,931
Depreciation	1,775	1,825
Duties and taxes other than income taxes	143	118
Provision of allowance for doubtful accounts	124	2,378
Others	109	151
Total selling, general and administrative expenses	11,891	12,870
Operating income	11,385	8,450
Non-operating income		
Compensation income for damages	13	0
Dividend income	9	11
Insurance premiums refunded cancellation	140	0
Others	27	23
Total non-operating income	190	34
Non-operating expenses		
Others	30	5
Total non-operating expenses	30	5
Ordinary income	11,545	8,479
Special profits		
Gain on sales of investment securities	—	7
Gain on cancellation of convertible bonds	641	82
Reversal of reserve for financial products transaction liabilities	618	557
Total special profits	1,259	646
Special losses		
Loss on sales and disposals of fixed assets	※2 2	※2 4
Devaluation loss on investment securities	20	10
Loss on sales of investment securities	—	1
Total special losses	22	15
Income before income taxes	12,782	9,111
Income taxes – current	5,008	4,346
Income taxes – deferred	113	(646)
Income taxes	5,121	3,700
Income before minority interests	—	5,410
Net income	7,661	5,410

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Income before minority interests	—	5,410
Other comprehensive income		
Net unrealized gain (loss) on investment securities	—	(12)
Total other comprehensive income	—	※2 (12)
Comprehensive income	—	※1 5,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	5,398
Comprehensive income attributable to minority interests	—	—

[3] Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year ended march 31, 2010	Year ended march 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	11,944	11,944
Changes in the current term		
Issuance of new shares	—	1
Total changes of items in the current term	—	1
Balance at the end of current period	11,944	11,945
Capital surplus		
Balance at the end of previous period	9,792	9,792
Changes in the current term		
Issuance of new shares	—	1
Total changes of items in the current term	—	1
Balance at the end of current period	9,792	9,793
Earned surplus		
Balance at the end of previous period	56,835	61,929
Changes in the current term		
Dividends from capital and earned surplus	(2,567)	(3,851)
Net income	7,661	5,410
Total changes of items in the current term	5,094	1,559
Balance at the end of the current term	61,929	63,488
Treasury stock		
Balance at the end of previous period	(9,474)	(9,474)
Changes in the current term		
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	(0)	(0)
Balance at the end of current period	(9,474)	(9,475)
Total shareholders' equity		
Balance at the end of previous period	69,096	74,190
Changes in the current term		
Issuance of new shares	—	3
Dividends from capital and earned surplus	(2,567)	(3,851)
Net income	7,661	5,410
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	5,094	1,562
Balance at the end of current period	74,190	75,751
Accumulated other comprehensive income		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the end of previous period	(6)	13
Changes in the current term		
Net change of items other than shareholders' equity	19	(12)
Total changes of items in the current term	19	(12)
Balance at the end of current period	13	1
Total accumulated other comprehensive income		
Balance at the end of previous period	(6)	13
Changes in the current term		
Net change of items other than shareholders' equity	19	(12)
Total changes of items in the current term	19	(12)
Balance at the end of current period	13	1

(Millions of Yen)

	Year ended march 31, 2010	Year ended march 31, 2011
Total net assets		
Balance at the end of previous period	69,090	74,203
Changes in the current term		
Issuance of new shares	—	3
Dividends from capital and earned surplus	(2,567)	(3,851)
Net income	7,661	5,410
Purchase of treasury stock	(0)	(0)
Net change of items other than shareholders' equity	19	(12)
Total changes of items in the current term	5,113	1,549
Balance at the end of current period	74,203	75,752

[4] Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flows from operating activities		
Income before income taxes	12,782	9,111
Depreciation and amortization	1,775	1,825
Net change in allowance for doubtful accounts	79	2,377
Net change in accrued bonuses	18	(6)
Net change in reserve for financial products transaction liabilities	(618)	(557)
Interest and dividend income	(7,821)	(7,909)
Interest expenses	1,021	725
Gain or loss on sales and disposals of fixed assets	2	4
Gain or loss on sales of investment securities	—	(6)
Devaluation loss on investment securities	20	10
Gain on cancellation of convertible bonds	(641)	(82)
Net change in cash segregated as deposits	(8,013)	8,913
Net change in cash in trust	2,500	13,050
Net change in long-term receivables	—	(2,773)
Net change in trading assets and liabilities	260	(44)
Net change in net receivables and payables arising from pre-settlement date trades	25	(23)
Net change in margin assets and liabilities	(52,416)	8,746
Net change in receivables on collateralized securities transactions	(2,034)	316
Net change in deposits received and receivables from customers and others	7,923	(13,247)
Net change in payables on collateralized securities transactions	1,846	(3,575)
Net change in guarantee money received	(1,654)	(10,469)
Net change in short-term guarantee deposits	(2,006)	(2,076)
Others	(971)	2,163
Sub total	(47,923)	6,473
Interest and dividend received	7,349	8,115
Interest paid	(1,190)	(738)
Income taxes paid	(3,148)	(5,210)
Net cash flows from operating activities	(44,912)	8,639

(Millions of Yen)

	Year ended march 31, 2010	Year ended march 31, 2011
Cash flows from investing activities		
Payments for purchases of property and equipment	(58)	(204)
Payments for purchases of intangible assets	(3,239)	(1,093)
Proceeds from sales of investment securities	—	16
Others	25	9
Net cash flows from investing activities	(3,272)	(1,272)
Cash flows from financing activities		
Net change in short-term borrowings	37,000	25,000
Repayments of long-term borrowings	(5,032)	(32)
Repayment for corporate bonds	(20,000)	—
Repayment for convertible bonds	—	(15,576)
Payments for purchase of convertible bonds	(12,653)	(10,848)
Proceeds from issuance of shares on the exercise of new-share purchase rights	—	3
Payments for purchase of treasury stock	(0)	(0)
Dividends paid	(2,579)	(3,857)
Net cash flows from financing activities	(3,265)	(5,310)
Translation difference of cash and cash equivalent	(0)	(0)
Net change in cash and cash equivalent	(51,449)	2,057
Cash and cash equivalents at beginning of period	74,840	23,391
Cash and cash equivalents at end of period	※1 23,391	※1 25,448

Significant Accounting Policies for the Consolidated Financial Statements

	Year ended March 31, 2010	Year ended March 31, 2011
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, 2010	Year ended March 31, 2011
	<p>(2) Depreciation of depreciable assets</p> <p>(i) Tangible fixed assets(excluding leased assets) 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) 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>(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 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>(2) Depreciation of depreciable assets</p> <p>(i) Tangible fixed assets (excluding leased assets) Same as the left column.</p> <p>(ii) Intangible assets (excluding leased assets) Same as the left column.</p> <p>(iii) Leased assets Same as the left column.</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, 2010	Year ended March 31, 2011
	<p>(4) 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>(5) Other material items National and local consumption taxes are separately recorded.</p>	<p>(4) 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 applies the allowed alternative method for interest rate swap accounting where it meets eligibility criteria.</p> <p>(ii) Means for hedging and objective of hedging _____</p> <p>(iii) Hedging policy The Company and its subsidiary use interest rate swap trading when it is needed 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 _____</p> <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 subject to an insignificant risk of changes in values.</p> <p>(6) 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.	_____

Significant Accounting Policies for the Consolidated Financial Statements

Year ended March 31, 2010	Year ended March 31, 2011
	<p>The Company has adopted “Accounting Standard for Asset Retirement Obligations” (Accounting Standard Board of Japan, Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standard Board of Japan, Guidance No. 21, March 31, 2008)” from this fiscal year. The impact of this change on the consolidated financial statements is immaterial.</p>

Reclassification

Year ended March 31, 2010	Year ended March 31, 2011
	<p>(Notes to Consolidated Balance Sheets)</p> <p>1 Fiduciary assets relating to the customers' foreign derivative transactions had been classified as "Cash in trust" but were reclassified as "Cash segregated as deposits" from this fiscal year in order to comply with the newly-introduced legislative obligation on securities brokers to segregate these deposits from their own assets.</p> <p>Fiduciary assets relating to the customers' foreign exchange margin transactions had been classified as "Cash in trust" but were also reclassified as "Cash segregated as deposits" from this fiscal year. The segregation of guarantee money received for the foreign exchange margin transactions is also required by law.</p> <p>"Cash in trust" as of March 31, 2010 includes:</p> <ul style="list-style-type: none">(1) Fiduciary assets relating to the customers' foreign derivative transactions 950 million yen(2) Fiduciary assets relating to the customers' foreign exchange margin transactions 12,300 million yen <p>2 "Long-term receivables" in the Investments and others which has been classified as "Others" is stated separately in the current fiscal year. The amount of "Long-term receivables" included in "Others" in the consolidated balance sheet for the year ended March 31, 2010 was 723 million yen.</p> <p>(Notes to Consolidated Statements of Income)</p> <p>"Income before minority interests" is newly represented in the income statements from the year ended March 31, 2011 to adopt the "Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statement" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standards for Consolidated Financial Statements" (Accounting Standard Board of Japan Statement No. 22, December 26, 2008).</p> <p>(Notes to Consolidated Statements of Cash Flows)</p> <p>"Net change in long-term receivables" in the Cash flows from operating activities which has been classified as "Others" is stated separately in the current fiscal year. The amount of "Net change in long-term receivables" included in "Others" in the consolidated statement of cash flows for the year ended March 31, 2010 was 112 million yen.</p>

Additional Information

Year ended March 31, 2010	Year ended March 31, 2011
_____	<p>The Company has adopted “Accounting Standard for Presentation of Comprehensive Income” (Accounting Standard Board of Japan, Statement No. 25, June 30, 2010) from this fiscal year.</p> <p>The amount of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” for the year ended March 31, 2010 represents the amount of “Valuation and translation adjustments” and “Total valuation and translation adjustments”, respectively.</p>

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheet

Year ended March 31, 2010	Year ended March 31, 2011																																																										
<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;">(Millions of Yen)</th> </tr> </thead> <tbody> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">324</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">490</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">48</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">862</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 1,218 million yen are collateralized for the loans from securities finance companies. 9,501 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.</p> <p>3 Fair value of securities received and deposited are as follows. (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;">46,301</td> </tr> <tr> <td>2)Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">4,167</td> </tr> <tr> <td>3)Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">11,948</td> </tr> <tr> <td>4)Long-term guarantee securities deposited</td> <td style="text-align: right;">6,059</td> </tr> <tr> <td>5)Securities pledged as collateral for short-term guarantee</td> <td style="text-align: right;">7,708</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;">140,144</td> </tr> <tr> <td>2)Securities borrowed from securities finance companies</td> <td style="text-align: right;">9,971</td> </tr> <tr> <td>3)Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">4,991</td> </tr> <tr> <td>4)Guarantee securities received from customers</td> <td style="text-align: right;">234,481</td> </tr> <tr> <td>5)Securities received from customers as collateral for short-term guarantee</td> <td style="text-align: right;">2,499</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 46-5 of the Financial Instruments and Exchange Law.</p>	(Millions of Yen)		Buildings	324	Equipment and instruments	490	Others	48	Total	862	1)Securities lent for customers' short positions in margin trading	46,301	2)Collateralized securities for loans from securities finance companies	4,167	3)Securities loaned out in securities loaned vs. cash transactions	11,948	4)Long-term guarantee securities deposited	6,059	5)Securities pledged as collateral for short-term guarantee	7,708	1)Securities received for customers' long positions in margin trading	140,144	2)Securities borrowed from securities finance companies	9,971	3)Securities received in securities borrowed vs. cash transactions	4,991	4)Guarantee securities received from customers	234,481	5)Securities received from customers as collateral for short-term guarantee	2,499	<p>※1 Accumulated depreciation deducted from tangible fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;">(Millions of Yen)</th> </tr> </thead> <tbody> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">349</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">575</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">924</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 950 million yen are collateralized for the loans from securities finance companies. 7,479million 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, 2010	Year ended March 31, 2011																						
<p>※1 Employees' compensation and benefits reported in the consolidated statements of income include 104 million yen of accrued bonuses.</p> <p>※2 Breakdown of loss on sales and disposals of property and equipment is as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%;"> <tr> <td colspan="2">Loss on disposal:</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Software</td> <td style="text-align: right;">2</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">2</td> </tr> </table> <p>Loss on sales: _____</p>	Loss on disposal:		Buildings	0	Equipment and instruments	0	Software	2	Total	2	<p>※1 Employees' compensation and benefits reported in the consolidated statements of income include 98 million yen of accrued bonuses.</p> <p>※2 Breakdown of loss on sales and disposals of property and equipment is as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%;"> <tr> <td colspan="2">Loss on disposal:</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Software</td> <td style="text-align: right;">3</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">3</td> </tr> </table> <p>Loss on sales:</p> <table style="width: 100%;"> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">0</td> </tr> </table>	Loss on disposal:		Equipment and instruments	0	Software	3	Total	3	Equipment and instruments	0	Total	0
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Total	0																						

Notes to Consolidated Statements of Comprehensive Income

(Year ended March 31, 2011)

※1 Comprehensive Income for the year ended March 31, 2010

	(Millions of Yen)
Comprehensive income attributable to owners of the parent	7,680
Comprehensive income attributable to minority interests	—
Total	7,680

※2 Total other comprehensive income for the year ended March 31, 2010

	(Millions of Yen)
Net unrealized gain (loss) on investment securities	19
Total	19

Notes to Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2010)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2009	Number of shares increased in the year ended March 31, 2010	Number of shares decreased in the year ended March 31, 2010	Number of shares as of March 31, 2010
Outstanding shares				
Common stock	269,260,202	—	—	269,260,202
Total	269,260,202	—	—	269,260,202
Treasury stock				
Common stock	12,532,743	34	—	12,532,777
Total	12,532,743	34	—	12,532,777

Note: 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 28, 2009
Type of shares	Common stock
Amount of dividend payment	2,567 million yen
Dividends per share	10 yen
Date of record for dividends	March 31, 2009
Effective date	June 29, 2009

(2) Dividends for which effective date is in the year ended March 31, 2010

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

(Year ended March 31, 2011)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2010	Number of shares increased in the year ended March 31, 2011	Number of shares decreased in the year ended March 31, 2011	Number of shares as of March 31, 2011
Outstanding shares				
Common stock	269,260,202	4,500	—	269,264,702
Total	269,260,202	4,500	—	269,264,702
Treasury stock				
Common stock	12,532,777	67	—	12,532,844
Total	12,532,777	67	—	12,532,844

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

Note 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 27, 2010
Type of shares	Common stock
Amount of dividend payment	3,851 million yen
Dividends per share	15 yen
Date of record for dividends	March 31, 2010
Effective date	June 28, 2010

(2) Dividends for which effective date is in the year ending March 31, 2011 (Plan)

Date of resolution	Ordinary General Meeting of Shareholders to be held on June 26, 2011
Type of shares	Common stock
Source of dividends	Earned surplus
Amount of dividend payment	3,851 million yen
Dividends per share	15 yen
Date of record for dividends	March 31, 2011
Effective date	June 27, 2011

Notes to Consolidated Statements of Cash Flow

Year ended March 31, 2010	Year ended March 31, 2011																				
※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.																				
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Cash and cash equivalents	25,448																				

Notes to Lease Transactions

Year ended March 31, 2010	Year ended March 31, 2011
Financing lease transactions other than those where title of the property is transferred to lessee, which started on and before March 31, 2008	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 <p style="text-align: right;">(Millions of Yen)</p> Acquisition price equivalent: <u>Equipment and instruments</u> 10 Total 10 Accumulated depreciation equivalent <u>Equipment and instruments</u> 7 Total 7 Equivalent of balance at end of period <u>Equipment and instruments</u> 3 Total 3	1. Acquisition costs equivalent, accumulated depreciation equivalent and equivalent of balance at the end of period <p style="text-align: right;">(Millions of Yen)</p> Acquisition price equivalent: <u>Equipment and instruments</u> 10 Total 10 Accumulated depreciation equivalent <u>Equipment and instruments</u> 9 Total 9 Equivalent of balance at end of period <u>Equipment and instruments</u> 1 Total 1
2. Present value of future lease payments <p style="text-align: right;">(Millions of Yen)</p> Within 1 year 2 <u>Over 1 year</u> 1 Total 3	2. Present value of future lease payments <p style="text-align: right;">(Millions of Yen)</p> Within 1 year 1 <u>Over 1 year</u> — Total 1
3. Lease charge paid, depreciation equivalent and interest equivalent <p style="text-align: right;">(Millions of Yen)</p> Lease charge paid 2 Depreciation equivalent 2 Interest equivalent 0	3. Lease charge paid, depreciation equivalent and interest equivalent <p style="text-align: right;">(Millions of Yen)</p> Lease charge paid 2 Depreciation equivalent 2 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 Financial Instruments

(Year ended March 31, 2010)

Additional Information

The Company has applied the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, revised March 20, 2008) and the “Implementation Guidance on Disclosures of the Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 20, 2008) to the current year financial statements.

1. General information

(1) Policies to handle Financial Instruments

The Company and its subsidiaries (“The Consolidated Company”) focus on the stock trading of individual investors. The Consolidated Company borrows operating capital from financial institutions to support margin trading. When needed, the Consolidated Company may procure operating capital by issuing straight bonds, convertible bonds, and/or other appropriate measures.

Deposits received from customers and guarantee money received are managed by trust funds in accordance with the requirements of the Financial Instruments and Exchange Law. The Consolidated Company prioritizes safety in the management of its cash on hand. The cash is deposited in bank accounts or held as highly liquid investments.

The Consolidated Company has the minimum range of trading operations in order to provide various services for online trading customers. The Consolidated Company generally does not trade its own investments for earnings.

(2) Details of and risks arising from financial instruments

Financial assets of the Consolidated Company mainly consist of Cash in Trust, which consists of deposits received from customers, guarantee money received, and margin trading loans receivable from customers. Cash in trust is mainly invested in government bonds and call money receivables, which are exposed to the credit risk of borrowers and interest rate risk. Margin trading loans receivable from customers are exposed to the credit risk of customers, despite the fact that they are secured by collateral. The Consolidated Company procures cash through short-term borrowings and convertible bonds, which are exposed to liquidity risk at the time of redemption.

The Consolidated Company engages in foreign exchange margin trading with other financial institutions to avoid market risk related to the foreign exchange margin trading that the Consolidated Company offers to its customers.

(3) Risk management

Risk management is based on the corporate rules. The finance division of the Consolidated Company monitors credit risk and market risk quantitatively according to the Financial Instruments and Exchange Law. The compliance Division of the Consolidated Company monitors credit risk on margin trading. It monitors margin positions at the individual security level and as a whole.

Trading operations are monitored by the finance division which is independent of the trading division.

(4) Supplementary explanation on the fair value of financial instruments

Fair value of financial instruments is measured by the market price. If a market price is unattainable, a reasonably calculated value is used. Because this calculation requires the use of estimates, the value may vary according to the differences in these assumptions. Contract value of derivative trading shown in "Notes to Securities and Derivatives Transactions" does not take into account the market risk of the derivative trading.

2. Fair value of financial instruments

Book value, fair value of financial instruments, and the differences between these values as of March 31, 2010 are given in the table below. Financial instruments whose fair values are extremely difficult to obtain are not included in the table. (See Note 2)

	Book value (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Cash and Bank deposits	15,191	15,191	—
(2) Cash segregated as deposits	246,018	246,018	—
(3) Cash in trust	22,450	22,450	—
(4) Trading assets and Investment securities	1,848	1,848	—
1) Trading securities and others	32	32	—
2) Derivatives	1,791	1,791	—
3) Other securities	25	25	—
(5) Loans receivable from customers	146,634	146,634	—
(6) Cash deposited as collateral for securities borrowed from securities finance companies	9,795	9,795	—
(7) Cash deposits collateral for securities borrowed	5,143	5,143	—
Total assets	447,079	447,079	—
(1) Trading liabilities	294	294	—
1) Trading securities and others	32	32	—
2) Derivatives	262	262	—
(2) Proceeds of securities sold on customers' account	41,665	41,665	—
(3) Cash deposits as collateral for securities loaned	9,393	9,393	—
(4) Deposits received	132,559	132,559	—
(5) Guarantee money received	133,458	133,458	—
(6) Short-term borrowings	37,032	37,032	—
(7) Convertible bonds due within one year	26,506	26,203	(303)
Total liabilities	380,907	380,604	(303)

Note 1: Calculation methods for fair value of financial instruments and details of Securities and Derivative Transactions

Assets

(1) Cash and Bank deposits, (5) Loans receivable from customers, (6) Cash deposited as collateral for securities borrowed from securities finance companies, (7) Cash deposits collateral for securities borrowed

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

(2) Cash segregated as deposits, (3) Cash in trust

These are mostly trust asset and marked to market. The book value is regarded as fair value.

(4) Trading assets and Investment securities

Fair value of the stock is based on the price in the securities exchanges. Fair value of foreign exchange margin trades are based on the spot rate of the currency at the end of the fiscal period.

Liabilities

(1) Trading liabilities

Fair value of the stock is based on the price in the securities exchanges. Fair value of foreign exchange margin trades are based on the spot rate of the currency at the end of the fiscal period.

(2) Proceeds of securities sold on customers' account, (3) Cash deposits as collateral for securities loaned, (4) Deposits received, (5) Guarantee money received, (6) Short-term borrowings

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

(7) Convertible bonds due within one year

Fair value of the Convertible bonds due within one year is based on the indication given by the securities broker.

Note 2: Financial instruments whose fair value is extremely difficult to obtain are as follows.

Items	Book value (millions of yen)
"Other securities" which are not listed on securities exchanges	278

The fair value of ""Other securities" which are not listed on securities exchanges" and others are not included in "Assets (4) Trading assets and Investment securities, 3) Other securities" because they are not priced in markets which makes it difficult to measure their fair value. Investments in investment funds are included in ""Other securities" which are not listed on securities exchanges".

Note3: Estimated redemptions for monetary claims and securities with maturity dates after March 31, 2010

All monetary claims are scheduled due within one year.

Note4: All monetary debts shown in the table above are scheduled due within one year.

(Year ended March 31, 2011)

1. General information

(1) Policies to handle Financial Instruments

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(2) Details of and risks arising from financial instruments

Financial assets of the Consolidated Company mainly consist of Cash in Trust, which consists of deposits received from customers, guarantee money received, and margin trading loans receivable from customers. Cash in trust is mainly invested in government bonds and call money receivables, which are exposed to the credit risk of borrowers and interest rate risk. Margin trading loans receivable from customers are exposed to the credit risk of customers, despite the fact that they are secured by collateral. The Consolidated Company procures cash through short-term borrowings and others, which are exposed to liquidity risk at the time of redemption.

The Consolidated Company engages in foreign exchange margin trading with other financial institutions to avoid market risk related to the foreign exchange margin trading that the Consolidated Company offers to its customers.

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2. Fair value of financial instruments

Book value, fair value of financial instruments, and the differences between these values as of March 31, 2011 are given in the table below. Financial instruments whose fair values are extremely difficult to obtain are not included in the table. (See Note 2)

	Book value (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Cash and Bank deposits	17,882	17,882	—
(2) Cash segregated as deposits	237,094	237,094	—
(3) Cash in trust	8,766	8,766	—
(4) Trading assets and Investment securities	1,803	1,803	—
1) Trading securities and others	0	0	—
2) Derivatives	1,802	1,802	—
3) Other securities	1	1	—
(5) Loans receivable from customers	138,217	138,217	—
(6) Cash deposits collateral for securities borrowed	4,827	4,827	—
(7) Short-term guarantee deposits	6,191	6,191	—
Total assets	414,781	414,781	—
(1) Trading liabilities	229	229	—
1) Trading securities and others	0	0	—
2) Derivatives	229	229	—
(2) Loans from securities finance companies	13,043	13,043	—
(3) Proceeds of securities sold on customers' account	27,374	27,374	—
(4) Cash deposits as collateral for securities loaned	5,818	5,818	—
(5) Deposits received	119,354	119,354	—
(6) Guarantee money received	122,989	122,989	—
(7) Short-term borrowings	62,020	62,020	—
Total liabilities	350,828	350,828	—

Note 1: Calculation methods for fair value of financial instruments and details of Securities and Derivative Transactions

Assets

(1) Cash and Bank deposits, (5) Loans receivable from customers, (6) Cash deposits collateral for securities borrowed, (7) Short-term guarantee deposits

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

(2) Cash segregated as deposits, (3) Cash in trust

These are mostly trust asset and marked to market. The book value is regarded as fair value.

(4) Trading assets and Investment securities

Fair value of the stock is based on the price in the securities exchanges. Fair value of foreign exchange margin trades are based on the spot rate of the currency at the end of the fiscal period.

Liabilities

(1) Trading liabilities

Fair value of the stock is based on the price in the securities exchanges. Fair value of foreign exchange margin trades are based on the spot rate of the currency at the end of the fiscal period.

(2) Loans from securities finance companies, (3) Proceeds of securities sold on customers' account, (4) Cash deposits as collateral for securities loaned, (5) Deposits received, (6) Guarantee money received, (7) Short-term borrowings

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

Note 2: Financial instruments whose fair value is extremely difficult to obtain are as follows.

Items	Book value (millions of yen)
"Other securities" which are not listed on securities exchanges	261

The fair value of ""Other securities" which are not listed on securities exchanges" and others are not included in "Assets (4) Trading assets and Investment securities, 3) Other securities" because they are not priced in markets which makes it difficult to measure their fair value. Investments in investment funds are included in ""Other securities" which are not listed on securities exchanges".

Note3: Estimated redemptions for monetary claims and securities with maturity dates after March 31, 2011

All monetary claims are scheduled due within one year.

Note4: All monetary debts shown in the table above are scheduled due within one year.

Notes to Securities and Derivatives Transactions

(Year ended March 31, 2010)

Securities and Derivatives

[1] Trading assets and liabilities

i) Securities held for trading

Net unrealized gain on those securities (0) Millions of Yen

ii)Derivative trading

1. Derivative trading which have not applied hedge accounting

(Year ended March 31, 2010)

	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	—	—	9	0
Foreign exchange margin trading	48,499	1,791	7,681	262

Note:

1. Fair value of the foreign exchange forward contracts is calculated based on the discounted 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, 2010.
3. The contract value of contracts or trading whose fair value is zero are included in "Assets".

2. Derivative trading which have applied hedge accounting

No relevant Items.

[2] Non-trading assets and liabilities

i) "Other securities" whose market price is available

	Type	Year ended March 31, 2010		
		Acquisition cost (Millions of Yen)	Book value (Millions of Yen)	Differences (Millions of Yen)
Those whose book value exceeds acquisition cost	(1) Stocks	25	11	14
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Sub total	25	11	14
Those whose book value does not exceed acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Sub total	—	—	—
Total		25	11	14

ii) "Other securities" sold during the current period

No relevant Items.

iii) Impaired Marketable Securities

The Company posted devaluation loss on investment securities of 20 million yen due to impairment.

(Year ended March 31, 2011)

Securities and Derivatives

[1] Trading assets and liabilities

i) Securities held for trading

Net unrealized gain on those securities 0 Millions of Yen

ii) Derivative trading

1. Derivative trading which have not applied hedge accounting

(Year ended March 31, 2011)

	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	—	—	4	0
Foreign exchange margin trading	36,412	1,802	6,377	229

Note:

1. Fair value of the foreign exchange forward contracts is calculated based on the discounted 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, 2011.
3. The contract value of contracts or trading whose fair value is zero are included in "Assets".

2. Derivative trading which have applied hedge accounting

No relevant Items.

[2] Non-trading assets and liabilities

i) "Other securities" whose market price is available

	Type	Year ended March 31, 2011		
		Acquisition cost (Millions of Yen)	Book value (Millions of Yen)	Differences (Millions of Yen)
Those whose book value exceeds acquisition cost	(1) Stocks	1	0	1
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Sub total	1	0	1
Those whose book value does not exceed acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Sub total	—	—	—
Total		1	0	1

ii) “Other securities” sold during the current period

item	Price (Millions of Yen)	Total gain on sales of other securities (Millions of Yen)	Total gain on sales of other securities (Millions of Yen)
Stocks	16	7	1

iii) Impaired Marketable Securities

The Company posted devaluation loss on investment securities of 10 million yen due to impairment.

Notes to Stock Options

(Year ended March 31, 2010)

(1) Details of stock options

Date of resolution	June 16, 2002	June 27, 2004
Holders of rights	Directors: 10 Employees: 28	Directors: 9 Employees: 82
Types and number of shares to be issued ※	Common stock 1,203,000 shares	Common stock 1,048,500 shares
Grant date	July 1, 2002	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.
Vesting period	—	—
Exercise period	From July 15, 2005 to July 14, 2010	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, 2010 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 27, 2004
Before vesting time		
As of March 31, 2009	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Unvested	—	—
After vesting time		
As of March 31, 2009	4,500	474,000
Vested	—	—
Exercise of rights	—	—
Forfeited	—	474,000
Unvested	4,500	—

② Price information

(Yen)

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

(Year ended March 31, 2011)

(1) Details of stock options

Date of resolution	June 16, 2002
Holders of rights	Directors: 10 Employees: 28
Types and number of shares to be issued ※	Common stock 1,203,000 shares
Grant date	July 1, 2002
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.
Vesting period	—
Exercise period	From July 15, 2005 to July 14, 2010

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, 2011 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
Before vesting time	
As of March 31, 2010	—
Granted	—
Forfeited	—
Vested	—
Unvested	—
After vesting time	
As of March 31, 2010	4,500
Vested	—
Exercise of rights	4,500
Forfeited	—
Unvested	—

② Price information (Yen)

Date of resolution	June 16, 2002
Exercise price	559
Average stock price at the exercise of rights	527
Fair value at the grant date	—

Notes to Tax Effect Accounting

As of March 31, 2010	As of March 31, 2011																																																				
<p>1 Significant components of deferred income tax assets and deferred income tax liability</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Deferred tax assets</td> </tr> <tr> <td style="padding-left: 20px;">Accrued enterprise tax</td> <td style="text-align: right;">244</td> </tr> <tr> <td style="padding-left: 20px;">Excess of allowance for doubtful accounts</td> <td style="text-align: right;">403</td> </tr> <tr> <td style="padding-left: 20px;">Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">83</td> </tr> <tr> <td style="padding-left: 20px;">Excess of reserve for financial products transaction liabilities</td> <td style="text-align: right;">678</td> </tr> <tr> <td style="padding-left: 20px;">Accrued bonuses</td> <td style="text-align: right;">42</td> </tr> <tr> <td style="padding-left: 20px;">Devaluation loss on investment securities</td> <td style="text-align: right;">27</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">42</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">Total deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">1,519</td> </tr> <tr> <td colspan="2">Deferred tax liability</td> </tr> <tr> <td style="padding-left: 20px;">Net unrealized gain (loss) on investment securities, net of taxes</td> <td style="text-align: right;">(9)</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">Total deferred tax liability</td> <td style="text-align: right; border-top: 1px solid black;">(9)</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">Net deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">1,510</td> </tr> </table>	Deferred tax assets		Accrued enterprise tax	244	Excess of allowance for doubtful accounts	403	Reserve for retirement bonuses for directors and auditors	83	Excess of reserve for financial products transaction liabilities	678	Accrued bonuses	42	Devaluation loss on investment securities	27	Others	42	Total deferred tax assets	1,519	Deferred tax liability		Net unrealized gain (loss) on investment securities, net of taxes	(9)	Total deferred tax liability	(9)	Net deferred tax assets	1,510	<p>1 Significant components of deferred income tax assets and deferred income tax liability</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Deferred tax assets</td> </tr> <tr> <td style="padding-left: 20px;">Accrued enterprise tax</td> <td style="text-align: right;">176</td> </tr> <tr> <td style="padding-left: 20px;">Excess of allowance for doubtful accounts</td> <td style="text-align: right;">1,354</td> </tr> <tr> <td style="padding-left: 20px;">Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">83</td> </tr> <tr> <td style="padding-left: 20px;">Excess of reserve for financial products transaction liabilities</td> <td style="text-align: right;">451</td> </tr> <tr> <td style="padding-left: 20px;">Accrued bonuses</td> <td style="text-align: right;">40</td> </tr> <tr> <td style="padding-left: 20px;">Devaluation loss on investment securities</td> <td style="text-align: right;">25</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">36</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">Total deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">2,166</td> </tr> <tr> <td colspan="2">Deferred tax liability</td> </tr> <tr> <td style="padding-left: 20px;">Net unrealized gain (loss) on investment securities, net of taxes</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">Total deferred tax liability</td> <td style="text-align: right; border-top: 1px solid black;">(1)</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">Net deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">2,164</td> </tr> </table>	Deferred tax assets		Accrued enterprise tax	176	Excess of allowance for doubtful accounts	1,354	Reserve for retirement bonuses for directors and auditors	83	Excess of reserve for financial products transaction liabilities	451	Accrued bonuses	40	Devaluation loss on investment securities	25	Others	36	Total deferred tax assets	2,166	Deferred tax liability		Net unrealized gain (loss) on investment securities, net of taxes	(1)	Total deferred tax liability	(1)	Net deferred tax assets	2,164
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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>																																																				

Segment Information

(Year ended March 31, 2010)

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 earn overseas revenues or maintain overseas branches.

(Segment Information)

(Additional Information)

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

(Year ended March 31, 2010 and Year ended March 31, 2011)

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

(Related Information)

(Year ended March 31, 2011)

(1) Information relating to product and service

Information relating to product and service has been omitted as over 90% of operating revenues from outside customers on the consolidated statement of income are related to only a single segment.

(2) Information relating to geographic area

1) Operating revenues

No relevant items, as the Company and its consolidated subsidiary do not earn any overseas revenues.

2) Fixed assets

No relevant items, as the Company and its consolidated subsidiary do not hold any overseas fixed assets.

(3) Information relating to principal customers

Information relating to principal customers has been omitted as no outside customer individually provides over 10% of the operating revenues from outside customers on the consolidated statement of income.

(Information of impairment loss of fixed assets related to the segment)

(Year ended March 31, 2011)

Information of impairment loss from fixed assets related to the segment have been omitted, as the business of the Company and its consolidated subsidiary consists of only a single segment of online brokerage service.

(Information of amortization of goodwill related to the segment)

No relevant items

(Information of gain on negative goodwill related to the segment)

No relevant items

Related Parties information

(Year ended March 31, 2010)

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	50	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.	15	—

Note: The rental of real estate described above is rental from Shokosha Ltd. to be used as the Company's dormitory for employees. The rental fee the Company pays to Shokosha Ltd. is determined based on current leasing rates in the area.

(Year ended March 31, 2011)

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	50	Sales, exchanges and rental of real estate	Shokosha Ltd. holds 10.76% 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	14	—

Note 1. Shokosha Ltd. is also a principal institutional shareholder.

2. The rental of real estate described above is rental from Shokosha Ltd. to be used as the Company's dormitory for employees. The rental fee the Company pays to Shokosha Ltd. is determined based on current leasing rates in the area.

Per Share Information

Year ended March 31, 2010		Year ended March 31, 2011	
Net assets per share	289.03 Yen	Net assets per share	295.06 Yen
Net income per share	29.84 Yen	Net income per share	21.07 Yen
Fully diluted earnings per share	26.97 Yen	Fully diluted earnings per share	19.86 Yen

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

1. Net assets per share

Items	Year ended March 31, 2010	Year ended March 31, 2011
Total net assets on the balance sheets (Millions of Yen)	74,203	75,752
Net assets attributed to common stock (Millions of Yen)	74,203	75,752
Breakdown of difference (Millions of Yen)	—	—
Number of common stock outstanding (Thousands of shares)	269,260	269,265
Number of common stock held in treasury (Thousands of shares)	12,533	12,533
Number of common stock included in the calculation of net assets per share (Thousands of shares)	256,727	256,732

2. Net income and fully diluted earnings per share

Items	Year ended March 31, 2010	Year ended March 31, 2011
Net income on the statements of income (Millions of Yen)	7,661	5,410
Net income attributed to common stock (Millions of Yen)	7,661	5,410
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	256,727	256,731
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)	27,288	15,753
Increase of common stock (Thousands of shares)	27,288	15,753
Number of new-share purchase rights or others without dilution effects which are not considered in the calculation of fully diluted earnings per share	New-share purchase rights of the resolution of general shareholders' meeting held on June 27, 2004 (Number of new-share purchase rights: 1,580, Number of shares to be issued by the new-share purchase rights: 474,000)	—

Subsequent Events

Year ended March 31, 2010	Year ended March 31, 2011
<p>The Company has purchased and cancelled a part of its Convertible Bonds due 2011 on June 17, 2010 as set out below.</p> <ul style="list-style-type: none">(1) Purpose of the Purchase and Cancellation Partial redemption, due to the trend of margin trading(2) Issue of the Purchase and Cancellation Matsui securities Zero Coupon Convertible Bond due 2011(3) Date of Cancellation June 17, 2010(4) Amount purchased and to be cancelled 10,930 million yen in total principal amount of the Bonds(5) Principal outstanding amount after cancellation 15,576 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 82 million yen of gains on cancellation of the Bonds will be recorded in the fiscal year ends March 2011.	<p>_____</p>

[5] Supporting Schedule to the Consolidated Financial Statements

i) Bonds

(Millions of Yen)

Issuer Company	Name	Date of Issuance	As of March 31, 2010	As of March 31, 2011	Interest rate	Collateral	Date of Maturity
Matsui Securities Co., Ltd.	Convertible Bonds	November 17, 2003	26,506	—	—	None	March 31, 2011
Total		—	26,506	—	—	—	—

ii) Borrowings

(Millions of Yen)

Item	As of March 31, 2010	As of March 31, 2011	Average Interest Rate (%)	Maturity
Short-term borrowings	37,000	62,000	0.35	—
Long-term borrowings to be repaid within 1 year	32	20	1.53	—
Long-term lease liabilities to be repaid within 1 year	39	—	—	—
Long-term borrowings excluding those to be repaid within 1 year	20	—	—	—
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	4,154	13,043	0.77	—
Total	41,245	75,063	—	—

Note: "Average Interest Rate" is the weighted average interest rate as of March 31, 2011.

iii) Assets retirement obligations

The breakdown of asset retirement obligations has been omitted as asset retirement obligations are less than 1/100 of total liabilities and net assets on consolidated balance sheet both as of March 31, 2010 and as of March 31, 2011.

[2] Others

Quarterly operating revenues and others for the fiscal year ended March 31, 2011

	First quarter ended June 30, 2010	Second quarter ended September 30, 2010	Third quarter ended December 31, 2010	Forth quarter ended March 31, 2011
Operating revenues (Millions of Yen)	6,177	4,849	4,793	6,272
Income before income taxes (Millions of Yen)	3,410	2,155	2,067	1,478
Net income (Millions of Yen)	2,027	1,278	1,226	880
Net income per share (Yen)	7.89	4.98	4.77	3.43

2 Non-Consolidated Financial Statements and Others

(1) Non-Consolidated Financial Statements

[1] Non-Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2010	March 31, 2011
Assets		
Current Assets		
Cash and bank deposits	14,929	17,610
Cash segregated as deposits	246,018	237,094
Cash in trust	22,450	8,766
Trading assets:	1,823	1,802
Trading securities and others	32	0
Derivatives	1,791	1,802
Net receivables arising from pre-settlement date trades	24	47
Margin account assets:	156,429	142,281
Loans receivable from customers	146,634	138,217
Cash deposited as collateral for securities borrowed from securities finance companies	9,795	4,064
Receivables on collateralized securities transactions:	5,143	4,827
Cash deposits collateral for securities borrowed	5,143	4,827
Receivables from customers and others	35	76
Receivables from customers	35	76
Others	0	0
Short-term guarantee deposits	4,148	6,191
Advances paid	1	2
Prepaid expenses	231	288
Accrued income	3,494	3,212
Deferred income taxes	355	224
Others	2,721	544
Allowance for doubtful accounts	(249)	(28)
Total current assets	457,551	422,937
Fixed assets		
Tangible fixed assets	839	886
Buildings	※1 277	※1 265
Equipment and instruments	※1 313	※1 431
Land	190	190
Others	※1 60	—
Intangible assets	5,247	4,529
Software	5,237	4,521
Telephone subscription rights	6	6
Others	3	2
Investments and others	2,362	3,280
Investment securities	302	262
Shares of affiliated companies	450	450
Investment in partnership	2	2
Long-term loans receivable	217	199
Long-term guarantee deposits	268	286
Long-term prepaid expenses	5	4
Deferred income taxes	1,154	1,939
Long-term receivables	—	3,497
Others	796	71
Allowance for doubtful accounts	(831)	(3,430)
Total fixed assets	8,448	8,695
Total assets	465,999	431,632

(Millions of Yen)

	March 31, 2010		March 31, 2011	
Liabilities				
Current liabilities				
Trading liabilities:		294		229
Trading securities and others		32		0
Derivatives		262		229
Margin account liabilities:		45,819		40,417
Loans from securities finance companies	※2	4,154	※2	13,043
Proceeds of securities sold on customers' account		41,665		27,374
Payables on collateralized securities transactions:		9,393		5,818
Cash deposits as collateral for securities loaned		9,393		5,818
Deposits received		132,559		119,354
Deposits received from customers		131,584		118,017
Others		975		1,337
Guarantee money received		133,458		122,989
Suspense account for undelivered securities		—		0
Short-term borrowings		37,032		62,020
Convertible bonds due within one year		26,506		—
Deferred revenue		43		38
Accounts payable		691		546
Accrued expenses		821		806
Accrued income taxes		3,234		2,341
Accrued bonuses		104		98
Others		39		—
Total current liabilities		<u>389,993</u>		<u>354,658</u>
Long-term liabilities				
Long-term borrowings		20		—
Reserve for retirement bonuses for directors and auditors		204		204
Others		—		2
Total long-term liabilities		<u>224</u>		<u>206</u>
Statutory reserves				
Reserve for financial products transaction liabilities	※4	1,665	※4	1,108
Total statutory reserves		<u>1,665</u>		<u>1,108</u>
Total liabilities		<u>391,882</u>		<u>355,972</u>

(Millions of Yen)

	March 31, 2010	March 31, 2011
Net assets		
Shareholders' equity		
Common stock	11,944	11,945
Capital surplus		
Additional paid-in capital	9,792	9,793
Total Capital surplus	9,792	9,793
Earned surplus		
Earned surplus reserves	159	159
Other earned surplus		
Special purpose reserves	4,250	4,250
Earned surplus carried forward	57,435	58,987
Total earned surplus	61,844	63,396
Treasury stock	(9,474)	(9,475)
Total shareholders' equity	74,104	75,659
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	13	1
Total valuation and translation adjustments	13	1
Total net assets	74,118	75,660
Total liabilities and net assets	465,999	431,632

[2] Non-Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Operating revenues		
Commissions	17,282	15,037
Brokerage commissions	15,424	13,455
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11	4
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,846	1,579
Net gain (loss) on trading	※1 4	※1 0
Interest and dividend income	※2 7,060	※2 7,053
Total operating revenues	24,346	22,091
Interest expenses	※3 1,069	※3 770
Net operating revenues	23,276	21,320
Selling, general and administrative expenses		
Transaction related expenses	※4 3,630	※4 3,365
Employees' compensation and benefits	※5 1,927	※5 1,972
Occupancy and rental	※6 1,060	※6 1,148
Data processing and office supplies	※7 3,139	※7 1,931
Depreciation	1,772	1,822
Duties and taxes other than income taxes	※8 139	※8 114
Provision of allowance for doubtful accounts	124	2,378
Others	※9 108	※9 150
Total selling, general and administrative expenses	11,900	12,879
Operating income	11,376	8,441
Non-operating income		
Compensation income for damages	13	0
Dividend income	9	11
Insurance premiums refunded cancellation	140	0
Others	23	19
Total non-operating income	186	30
Non-operating expenses		
Others	30	4
Total non-operating expenses	30	4
Ordinary income	11,532	8,467
Special profits		
Gain on sales of investment securities	—	7
Gain on cancellation of convertible bonds	641	82
Reversal of reserve for financial products transaction liabilities	618	557
Total special profits	1,259	646
Special losses		
Loss on sales and disposals of property and equipment	※10 2	※10 4
Devaluation loss on investment securities	20	10
Loss on sales of investment securities	—	1
Total special losses	22	15
Income before income taxes	12,769	9,098
Income taxes - current	5,004	4,341
Income taxes - deferred	113	(646)
Income taxes	5,117	3,695
Net income	7,653	5,403

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

(Millions of Yen)

	Year ended march 31, 2010	Year ended march 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	11,944	11,944
Changes in the current term		
Issuance of new shares	—	1
Total changes of items in the current term	—	1
Balance at the end of current period	11,944	11,945
Capital surplus		
Additional paid-in capital		
Balance at the end of previous period	9,792	9,792
Changes in the current term		
Issuance of new shares	—	1
Total changes of items in the current term	—	1
Balance at the end of current period	9,792	9,793
Total Capital surplus		
Balance at the end of previous period	9,792	9,792
Changes in the current term		
Issuance of new shares	—	1
Total changes of items in the current term	—	1
Balance at the end of current period	9,792	9,793
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	52,350	57,435
Changes in the current term		
Dividends from capital and earned surplus	(2,567)	(3,851)
Net income	7,653	5,403
Total changes of items in the current term	5,085	1,552
Balance at the end of current period	57,435	58,987
Total earned surplus		
Balance at the end of previous period	56,759	61,844
Changes in the current term		
Dividends from capital and earned surplus	(2,567)	(3,851)
Net income	7,653	5,403
Total changes of items in the current term	5,085	1,552
Balance at the end of current period	61,844	63,396
Treasury stock		
Balance at the end of previous period	(9,474)	(9,474)
Changes in the current term		
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	(0)	(0)
Balance at the end of current period	(9,474)	(9,475)

(Millions of Yen)

	Year ended march 31, 2010	Year ended march 31, 2011
Total shareholders' equity		
Balance at the end of previous period	69,019	74,104
Changes in the current term		
Issuance of new shares	—	3
Dividends from earned surplus	(2,567)	(3,851)
Net income	7,653	5,403
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	5,085	1,554
Balance at the end of current period	74,104	75,659
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the end of previous period	(6)	13
Changes in the current term		
Net change of items other than shareholders' equity	19	(12)
Total changes of items in the current term	19	(12)
Balance at the end of current period	13	1
Total valuation and translation adjustments		
Balance at the end of previous period	(6)	13
Changes in the current term		
Net change of items other than shareholders' equity	19	(12)
Total changes of items in the current term	19	(12)
Balance at the end of current period	13	1
Total net assets		
Balance at the end of previous period	69,014	74,118
Changes in the current term		
Issuance of new shares	—	3
Dividends from earned surplus	(2,567)	(3,851)
Net income	7,653	5,403
Purchase of treasury stock	(0)	(0)
Net change of items other than shareholders' equity	19	(12)
Total changes of items in the current term	5,104	1,542
Balance at the end of current period	74,118	75,660

Significant Accounting Policies for the Non-Consolidated Financial Statements

	Year ended March 31, 2010	Year ended March 31, 2011
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, 2010	Year ended March 31, 2011
2. Depreciation of Fixed Assets	<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 internal 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>	<p>(1) Tangible fixed assets (excluding leased assets) Same as the left column.</p> <p>(2) Intangible assets (excluding leased assets) Same as the left column.</p> <p>(3) Leased assets Same as the left column.</p>

	Year ended March 31, 2010	Year ended March 31, 2011
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 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>	<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 Same as the left column.</p>
4. 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 The Company is eligible for the application of the allowed alternative method for interest rate swaps. The Company applies the allowed alternative method for interest rate swap accounting where it meets eligibility criteria.</p> <p>(2) Means for hedging and objective of hedging _____</p> <p>(3) Hedging policy The Company and its subsidiary use interest rate swap trading when it is needed 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 Same as the left column.</p>
5. 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, 2010	Year ended March 31, 2011
<p style="text-align: center;">_____</p>	<p>The Company has adopted "Accounting Standard for Asset Retirement Obligations" (Accounting Standard Board of Japan, Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standard Board of Japan, Guidance No. 21, March 31, 2008)" from this fiscal year. The impact of this change on the financial statements is immaterial.</p>

Reclassification

Year ended March 31, 2010	Year ended March 31, 2011
<p style="text-align: center;">_____</p>	<p>(Notes to Balance Sheets)</p> <p>1 Fiduciary assets relating to the customers' foreign derivative transactions had been classified as "Cash in trust" but were reclassified as "Cash segregated as deposits" from this fiscal year in order to comply with the newly-introduced legislative obligation on securities brokers to segregate these deposits from their own assets.</p> <p>Fiduciary assets relating to the customers' foreign exchange margin transactions had been classified as "Cash in trust" but were also reclassified as "Cash segregated as deposits" from this fiscal year. The segregation of guarantee money received for the foreign exchange margin transactions is also required by law.</p> <p>"Cash in trust" as of March 31, 2010 includes:</p> <p>(1) Fiduciary assets relating to the customers' foreign derivative transactions 950 million yen</p> <p>(2) Fiduciary assets relating to the customers' foreign exchange margin transactions 12,300 million yen</p> <p>2 "Long-term receivables" in the Investments and others which has been classified as "Others" is stated separately in the current fiscal year. The amount of "Long-term receivables" included in "Others" in the balance sheet for the year ended March 31, 2010 was 723 million yen.</p>

Notes to Non-Consolidated Financial Statements

Notes to Non-Consolidated Balance Sheet

As of March 31, 2010	As of March 31, 2011																																																										
<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;">184</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">489</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">48</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">721</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 1,218 million yen are collateralized for the loans from securities finance companies. 9,501 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.</p> <p>3 Fair value of securities received and deposited are as follows. (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;">46,301</td> </tr> <tr> <td>2) Collateralized securities for loans from securities finance companies</td> <td style="text-align: right;">4,167</td> </tr> <tr> <td>3) Securities loaned out in securities loaned vs. cash transactions</td> <td style="text-align: right;">11,948</td> </tr> <tr> <td>4) Long-term guarantee securities deposited</td> <td style="text-align: right;">6,059</td> </tr> <tr> <td>5) Securities pledged as collateral for short-term guarantee</td> <td style="text-align: right;">7,708</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;">140,144</td> </tr> <tr> <td>2) Securities borrowed from securities finance companies</td> <td style="text-align: right;">9,971</td> </tr> <tr> <td>3) Securities received in securities borrowed vs. cash transactions</td> <td style="text-align: right;">4,991</td> </tr> <tr> <td>4) Guarantee securities received from customers</td> <td style="text-align: right;">234,481</td> </tr> <tr> <td>5) Securities received from customers as collateral for short-term guarantee</td> <td style="text-align: right;">2,499</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 46-5 of the Financial Instruments and Exchange Law.</p>		(Millions of Yen)	Buildings	184	Equipment and instruments	489	Others	48	Total	721	1) Securities lent for customers' short positions in margin trading	46,301	2) Collateralized securities for loans from securities finance companies	4,167	3) Securities loaned out in securities loaned vs. cash transactions	11,948	4) Long-term guarantee securities deposited	6,059	5) Securities pledged as collateral for short-term guarantee	7,708	1) Securities received for customers' long positions in margin trading	140,144	2) Securities borrowed from securities finance companies	9,971	3) Securities received in securities borrowed vs. cash transactions	4,991	4) Guarantee securities received from customers	234,481	5) Securities received from customers as collateral for short-term guarantee	2,499	<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;">205</td> </tr> <tr> <td>Equipment and instruments</td> <td style="text-align: right;">574</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">779</td> </tr> </tbody> </table> <p>※2 Assets collateralized: None of the assets are collateralized. 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Notes to Non-Consolidated Statement of Income

Year ended March 31, 2010		Year ended March 31, 2011	
※1	Breakdown of net gain on trading (Millions of Yen)	※1	Breakdown of net gain on trading (Millions of Yen)
	Stocks 0		Stocks (1)
	Bonds 4		Bonds 1
	<u>Total 4</u>		<u>Total 0</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 6,463		Interest on margin trading 6,575
	Interest received for the securities lending 170		Interest received for the securities lending 166
	Others 426		Others 312
	<u>Total 7,060</u>		<u>Total 7,053</u>
※3	Breakdown of interest expense (Millions of Yen)	※3	Breakdown of interest expense (Millions of Yen)
	Interest expense on margin trading 804		Interest expense on margin trading 525
	Interest paid for the borrowings from finance companies on margin trading 24		Interest paid for the borrowings from finance companies on margin trading 20
	Interest paid 146		Interest paid 138
	Others 95		Others 88
	<u>Total 1,069</u>		<u>Total 770</u>
※4	Breakdown of transaction related expenses (Millions of Yen)	※4	Breakdown of transaction related expenses (Millions of Yen)
	Commissions paid 597		Commissions paid 540
	Membership fees for stock exchanges and securities associations 747		Membership fees for stock exchanges and securities associations 838
	Communications expenses 1,880		Communications expenses 1,597
	Travel and transportation expenses 7		Travel and transportation expenses 11
	Advertisements 391		Advertisements 375
	Entertainment and social Expenses 7		Entertainment and social Expenses 4
	<u>Total 3,630</u>		<u>Total 3,365</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 337		Directors' and auditors' compensation 417
	Employees' compensation 621		Employees' compensation 672
	Other compensation 709		Other compensation 639
	Welfare expenses 156		Welfare expenses 145
	Provision of allowance for employees' bonuses 104		Provision of allowance for employees' bonuses 98
	<u>Total 1,927</u>		<u>Total 1,972</u>
※6	Breakdown of occupancy and rental (Millions of Yen)	※6	Breakdown of occupancy and rental (Millions of Yen)
	Occupancy and rental fee 392		Occupancy and rental fee 355
	Equipment and instruments expenses 668		Equipment and instruments expenses 793
	<u>Total 1,060</u>		<u>Total 1,148</u>

Year ended March 31, 2010	Year ended March 31, 2011																																
<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;">3,134</td> </tr> <tr> <td>Office supplies</td> <td style="text-align: right;">5</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>3,139</u></td> </tr> </table>	Data processing and outsourcing cost of operations	3,134	Office supplies	5	<u>Total</u>	<u>3,139</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;">1,925</td> </tr> <tr> <td>Office supplies</td> <td style="text-align: right;">5</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>1,931</u></td> </tr> </table>	Data processing and outsourcing cost of operations	1,925	Office supplies	5	<u>Total</u>	<u>1,931</u>																				
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Notes to Non-Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2010)

Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2009	Number of shares increased in the year ended March 31, 2010	Number of shares decreased in the year ended March 31, 2010	Number of shares as of March 31, 2010
Treasury stock				
Common stock	12,532,743	34	—	12,532,777
Total	12,532,743	34	—	12,532,777

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

(Year ended March 31, 2011)

Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of March 31, 2010	Number of shares increased in the year ended March 31, 2011	Number of shares decreased in the year ended March 31, 2011	Number of shares as of March 31, 2011
Treasury stock				
Common stock	12,532,777	67	—	12,532,844
Total	12,532,777	67	—	12,532,844

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

Notes to Lease Transactions

Year ended March 31, 2010	Year ended March 31, 2011
Financing lease transactions other than those where title of the property is transferred to lessee, which started on and before March 31, 2008	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> 7	<u>Equipment and instruments</u> 9
Total 7	Total 9
Equivalent of balance at end of period:	Equivalent of balance at end of period:
<u>Equipment and instruments</u> 3	<u>Equipment and instruments</u> 1
Total 3	Total 1
2. Present value of future lease payments	2. Present value of future lease payments
Within 1 year 2	Within 1 year 1
<u>Over 1 year</u> 1	<u>Over 1 year</u> —
Total 3	Total 1
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

(Year ended March 31, 2010)

The shares of the Company's subsidiary do not have a market price for the years ended March 31, 2010

Note: The subsidiary and affiliated company's shares, whose fair value is extremely difficult to obtain, are as follows.

Items	Book value (millions of yen)
Subsidiary company shares	450
Total	450

Shares described above are not included in disclosure of fair value as they are not priced in markets which make it difficult to measure their fair value.

(Year ended March 31, 2011)

The shares of the Company's subsidiary do not have a market price for the years ended March 31, 2011

Note: The subsidiary and affiliated company's shares, whose fair value is extremely difficult to obtain, are as follows.

Items	Book value (millions of yen)
Subsidiary company shares	450
Total	450

Shares described above are not included in disclosure of fair value as they are not priced in markets which make it difficult to measure their fair value.

Notes to Tax Effect Accounting

As of March 31, 2010	As of March 31, 2011																																																						
<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 colspan="2">Deferred income tax assets</td> </tr> <tr> <td style="padding-left: 20px;">Accrued enterprise tax</td> <td style="text-align: right;">244</td> </tr> <tr> <td style="padding-left: 20px;">Excess of allowance for doubtful Accounts</td> <td style="text-align: right;">403</td> </tr> <tr> <td style="padding-left: 20px;">Reserve for retirement bonuses for directors and auditors</td> <td style="text-align: right;">83</td> </tr> <tr> <td style="padding-left: 20px;">Excess of reserve for financial products transaction liabilities</td> <td style="text-align: right;">678</td> </tr> <tr> <td style="padding-left: 20px;">Accrued bonuses</td> <td style="text-align: right;">42</td> </tr> <tr> <td style="padding-left: 20px;">Devaluation loss on investment securities</td> <td style="text-align: right;">27</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">41</td> </tr> <tr> <td style="border-top: 1px solid black; 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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>																																																						

Per Share Information

Year ended March 31, 2010		Year ended March 31, 2011	
Net assets per share	288.70 Yen	Net assets per share	294.70 Yen
Net income per share	29.81 Yen	Net income per share	21.05 Yen
Fully diluted earnings per share	26.94 Yen	Fully diluted earnings per share	19.83 Yen

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

1. Net assets per share

Items	Year ended March 31, 2010	Year ended March 31, 2011
Total net assets on the balance sheets (Millions of Yen)	74,118	75,660
Net assets attributed to common stock (Millions of Yen)	74,118	75,660
Breakdown of difference (Millions of Yen)	—	—
Number of common stock outstanding (Thousands of shares)	269,260	269,265
Number of common stock held in treasury (Thousands of shares)	12,533	12,533
Number of common stock included in the calculation of net assets per share (Thousands of shares)	256,727	256,732

2. Net income and fully diluted earnings per share

Items	Year ended March 31, 2010	Year ended March 31, 2011
Net income on the statements of income (Millions of Yen)	7,653	5,403
Net income attributed to common stock (Millions of Yen)	7,653	5,403
Net income not attributed to common stock (Millions of Yen)	—	—
Average number of common stock outstanding (Thousands of shares)	256,727	256,731
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)	27,288	15,753
Increase of common stock (Thousands of shares)	27,288	15,753
Number of new-share purchase rights or others without dilution effects which are not considered in the calculation of fully diluted earnings per share	New-share purchase rights of the resolution of general shareholders' meeting held on June 27, 2004 (Number of new-share purchase rights: 1,580, Number of shares to be issued by the new-share purchase rights: 474,000)	—

Subsequent Events

Year ended March 31, 2010	Year ended March 31, 2011
<p>The Company has purchased and cancelled a part of its Convertible Bonds due 2011 on June 17, 2010 as set out below.</p> <p>(1) Purpose of the Purchase and Cancellation Partial redemption, due to the trend of margin trading</p> <p>(2) Issue of the Purchase and Cancellation Matsui securities Zero Coupon Convertible Bond due 2011</p> <p>(3) Date of Cancellation June 17, 2010</p> <p>(4) Amount purchased and to be cancelled 10,930 million yen in total principal amount of the Bonds</p> <p>(5) Principal outstanding amount after cancellation 15,576 million yen</p> <p>(6) Funding for the Purchase and Cancellation Operating cash</p> <p>(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.</p> <p>(8) Impact on financial results of the Company 82 million yen of gains on cancellation of the Bonds will be recorded in the fiscal year ends March 2011.</p>	<hr/>

[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, 2011 totals less than 1/100 of the total assets is omitted.

ii) Fixed Assets

(Millions of Yen)

		As of March 31, 2010	Increase in the current period	Decrease in the current period	As of March 31, 2011	Accumulated Depreciation and Amortization	Depreciation expensed in the current period	Net Value of assets
Tangible	Buildings	461	9	—	470	205	21	265
	Equipment And instruments	802	205	2	1,005	574	87	431
	Land	190	—	0	190	—	—	190
	Others	108	0	108	—	—	37	—
	Total	1,561	214	110	1,665	779	145	886
Intangible	Software	12,614	963	19	13,559	9,037	1,676	4,521
	Telephone subscription rights	17	—	0	16	11	1	6
	Others	41	—	—	41	39	1	2
	Total	12,672	963	19	13,616	9,087	1,678	4,529
Long-term prepaid expenses		8	0	1	7	3	2	4

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, 2010	Increase	Decrease		Balance as of March 31, 2011
			Appropriation	Other	
Allowance for doubtful account	1,081	2,678	1	300	3,458
Accrued bonuses	104	98	104	—	98
Reserve for financial products transaction liabilities	1,665	—	—	557	1,108

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 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	17,609
Demand deposits	13,701
Ordinary deposits	3,870
Segregated deposits	38
Total	17,610

ii) Cash segregated as deposits

	Book value (Millions of Yen)
Trusted money segregated for customers as fiduciary assets	227,282
Trusted money segregated for customers' foreign exchange margin transactions	9,800
Others	12
Total	237,094

iii) Margin account assets

	Book value (Millions of Yen)
Loans receivable from customers	138,217
Cash deposits as collateral for securities borrowed from securities finance companies	4,064
Total	142,281

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

	Book value (Millions of Yen)
Loans from securities finance companies	13,043
Japan Securities Finance Co., Ltd	12,730
Osaka Securities Finance Co., Ltd.	237
Chubu Securities Financing Co., Ltd.	76
Proceeds of securities sold on customers' accounts	27,374
Total	40,417

ii)Deposits received

	Book value (Millions of Yen)
From customers	118,017
Others	1,337
Total	119,354

iii) Guarantee money received

	Book value (Millions of Yen)
Guarantee money received concerning margin trading	97,536
Guarantee money received concerning futures trading	13,187
Others	12,267
Total	122,989

iv)Short-term borrowings

	Book value (Millions of Yen)
Sumitomo Mitsui Banking Corporation	18,000
Mizuho Corporate bank, Limited	10,000
The Bank of Tokyo-Mitsubishi UFJ, Limited	5,000
Resona Bank, Limited	5,000
The Norinchukin Bank	5,000
Others	19,000
Long-term borrowings due within one year	20
Total	62,020

[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, 2010 and year ended March 31, 2011.