

**Annual Securities Report
Including Financial Statements
Under Japanese GAAP
For the Year
Ended March 31, 2012**

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On June 18, 2012

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, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
Operating revenues	(Millions of Yen)	39,915	26,724	24,346	22,091	17,703
Net operating revenues	(Millions of Yen)	36,689	24,464	23,276	21,320	16,728
Ordinary income	(Millions of Yen)	20,744	9,998	11,545	8,479	7,426
Net income	(Millions of Yen)	12,781	6,921	7,661	5,410	4,263
Comprehensive income	(Millions of Yen)	—	—	—	5,398	4,260
Net assets	(Millions of Yen)	81,044	69,090	74,203	75,752	76,161
Total assets	(Millions of Yen)	513,369	472,145	466,089	431,729	421,063
Net assets per share	(Yen)	301.03	269.12	289.03	295.06	296.66
Earnings per share	(Yen)	47.48	26.44	29.84	21.07	16.60
Fully diluted earnings per share	(Yen)	42.43	23.45	26.97	19.86	—
Equity ratio	(%)	15.8	14.6	15.9	17.5	18.1
Return on equity	(%)	16.4	9.2	10.7	7.2	5.6
Price earnings ratio	(Times)	11.88	24.28	22.39	21.45	32.11
Cash flows from operating Activities	(Millions of Yen)	127,957	102,118	(44,912)	8,639	10,388
Cash flows from investing Activities	(Millions of Yen)	(77)	(1,431)	(3,272)	(1,272)	(1,439)
Cash flows from financing Activities	(Millions of Yen)	(154,736)	(74,828)	(3,265)	(5,310)	(9,310)
Cash and cash equivalents at end of period	(Millions of Yen)	48,981	74,840	23,391	25,448	25,087
Number of employees		109	108	108	117	119
[Average temporary staff]		[214]	[203]	[178]	[169]	[155]

Note:

The Company does not report fully diluted earnings per share for the year ended March 31, 2012, as there are no residual securities.

(2) Non-Consolidated Business Indices

	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
Operating revenues [Commissions] (Millions of Yen)	39,915 [24,521]	26,724 [18,263]	24,346 [17,282]	22,091 [15,037]	17,703 [11,547]
Net operating revenues (Millions of Yen)	36,689	24,464	23,276	21,320	16,728
Ordinary income (Millions of Yen)	20,732	9,986	11,532	8,467	7,417
Net income (Millions of Yen)	12,771	6,913	7,653	5,403	4,257
Capital stock (Millions of Yen)	11,942	11,944	11,944	11,945	11,945
Total shares outstanding (1,000 shares)	269,254	269,260	269,260	269,265	269,265
Net assets (Millions of Yen)	80,975	69,014	74,118	75,660	76,063
Total assets (Millions of Yen)	513,296	472,063	465,999	431,632	420,961
Net assets per share (Yen)	300.78	268.82	288.70	294.70	296.27
Annual dividends per share [Interim dividends per share] (Yen)	35.00 [—]	10.00 [—]	15.00 [—]	15.00 [—]	15.00 [—]
Earnings per share (Yen)	47.44	26.41	29.81	21.05	16.58
Fully diluted earnings per share (Yen)	42.40	23.42	26.94	19.83	—
Equity ratio (%)	15.8	14.6	15.9	17.5	18.1
Return on equity (%)	16.4	9.2	10.7	7.2	5.6
Price earnings ratio (Times)	11.89	24.31	22.41	21.47	32.15
Dividend payout ratio (%)	73.8	37.9	50.3	71.3	90.5
Capital adequacy ratio (%)	707.1	865.4	993.9	1,143.6	1,211.3
Number of employees [Average temporary staff]	108 [211]	108 [199]	108 [174]	117 [165]	119 [151]

Note:

1. The Company does not report fully diluted earnings per share for the year ended March 31, 2012, as there are no residual securities.
2. Capital adequacy ratio is calculated with appropriated retained earnings being deduced from Tier I capital.
3. Dividend of 35 yen per share for the year ended March 31, 2008 includes commemorative dividend of 15 yen.
4. The annual dividend for the year ended March 31, 2012 of 15 yen per share is pending approval at the shareholders' meeting to be held on June 24, 2012.

2 Affiliated Companies

(As of March 31, 2012)

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.

Note:

The Company merged with Matsui Real Estate on April 1, 2012.

3 Employees

(1) Consolidated Company

The Company and its consolidated subsidiaries employ 119 employees (This number includes four employees on leave) and 155 temporary employees.

(2) Non-Consolidated Company

The Company employs 119 employees (This number includes four employees on leave) and 151 temporary employees. The average age is 37.0, the average length of service of employees is 10.1 years and the average of their annual compensation is 6,425 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 92.

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, 2012 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, 2012.

2. Important Contracts for the Company's Business

Contract term	Title	Counterparty	Content
From June 2009 to May 2012	Contract on the Information Processing	SCSK Co., Ltd.	Information processing services on brokerage services

Note:

1. The contract shown in the table above is held with SCSK Co., Ltd. and has succeeded the CSK Co., Ltd contract held previously. This is the same contract shown in the Annual Securities Report filed on June 20, 2011 with the counterparty listed as CSK Co., Ltd.
2. The Company has renewed the contract shown in the table above in March 2012 with the new contract term expiring in May 2013.

3. Research and Development

No relevant Items.

Part 3 Equipment

1 Investment in Equipment

The Company has invested 1,147 million yen during the year ended March 31, 2012 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	62	61	— (—)	123	114 (18)
Sapporo Call Center	Chuo-ku, Sapporo, Hokkaido	Call Center equipment	6	5	— (—)	10	5 (133)
Nihombashi Branch	Chuo-ku, Tokyo	Other equipment	7	1	— (—)	8	— (—)

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 4,012 million yen as of March 31, 2012.
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	32	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 2012 through March 2013. 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, 2012 (End of the fiscal year ended March 31, 2012)	As of June 18, 2012 (Date of the filing of this Report)		
Common Stock	269,264,702 shares	269,264,702 shares	Tokyo Stock Exchange (First Section) Osaka 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, 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.
2. There were no changes in the total number of shares outstanding or capital stock from April 1, 2011 to March 31, 2012.

(6) Distribution of Shares

(As of March 31, 2012)

	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	33	143	172	21	40,300	40,703	—
Number of shares in possession (unit)	—	318,290	94,210	621,008	211,459	846	1,446,695	2,692,508	13,902
Percentage of shares in possession (%)	—	11.82	3.50	23.06	7.85	0.03	53.73	100.00	—

Note:

1. 125,328 units out of 12,532,887 treasury stock are included in the "Individuals and others" and 87 shares out of 12,532,887 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, 2012)

Name	Address	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)
Chizuko Matsui	Bunkyo-ku, Tokyo, Japan	57,142	21.22
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	33,866	12.58
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	27,522	10.22
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	9,991	3.71
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	8,785	3.26
Michio Matsui	Bunkyo-ku, Tokyo, Japan	8,001	2.97
Michitaro Matsui	Bunkyo-ku, Tokyo, Japan	7,762	2.88
Chiaki Matsui	Bunkyo-ku, Tokyo, Japan	7,762	2.88
Yuma Matsui	Bunkyo-ku, Tokyo, Japan	7,762	2.88
TAIYO FUND, L.P, (Standing proxy: Citibank Japan Ltd.)	40 RAGSDALE DRIVE, SUITE 200 MONTEREY, CA 93940 US (2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo, Japan,)	3,997	1.48
Total	—	172,589	64.10

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. Maruroku Ltd. has become a substantial shareholder as at March 31, 2012.

(8) Voting Rights

(i) Outstanding shares

(As of March 31, 2012)

	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	2,564,669
Odd lot shares (1 lot = 100 shares)	Common stock 13,902	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,564,669

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 251,100 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury stock)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury stock)." 2,511 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)".
- 87 treasury shares are included in odd-lot shares.

(ii) Treasury Stock

(As of March 31, 2012)

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, 2012	43	0
Acquisition of treasury stock from April 1, 2012 to June 18, 2012	—	—

Note: Acquisition of treasury stock from April 1, 2012 to June 18, 2012 does not include the purchase of odd-lot shares from June 1, 2012 to June 18, 2012.

(4) Retirement and holdings of treasury stocks

Item	Year ended March 31, 2012		From April 1, 2012 to June 18, 2012	
	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	12,532,887	—	12,532,887	—

Note: The number of treasury stock from April 1, 2012 to June 18, 2012 does not include the purchase of odd-lot shares from June 1, 2012 to June 18, 2012.

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. Due to the merger with its sole subsidiary on April 1, 2012, the new dividend policy of the Company will be to distribute 30% or above of non-consolidated net income starting with the year ending March 31, 2013.

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

The annual dividend for the year ended March 31, 2012 of 15 yen per share is pending approval at the shareholders' meeting to be held on June 24, 2012. 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, 2012 is planned as follows:

Date of resolution	Amount of dividend payment	Dividends per share
Ordinary General Meeting of Shareholders to be held on June 24, 2012	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, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
	Highest (Yen)	1,161	883	931	748	565
	Lowest (Yen)	561	476	558	405	311

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, 2012		October 2011	November 2011	December 2011	January 2012	February 2012	March 2012
	Highest (Yen)	380	371	391	421	524	565
	Lowest (Yen)	322	323	363	366	405	491

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

5 Executives

(As of June 18, 2012)

	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.)	8
Takashi Moribe	Managing Director (Director in charge of System Dept. and Managing Director of Compliance Dept.)	34
Akira Warita	Managing Director (General Manager of Marketing Dept., Managing Director of Business Development Dept. and Customer Support Dept.)	10
Akihiro Ichimura	Director (General Manager of Customer Support Dept.)	3
Masashi Watanabe	Director (Director in charge of Business Development Dept. and RTGS Operation Office)	14
Kunihiko Sato	Director (Director in charge of System Dept.)	26
Shinichi Uzawa	Director (General Manager of Finance Dept.)	27
Ayumi Sato	Director	48
Yukihiro Yabuki	Standing Corporate Auditor	15
Norio Igarashi	Corporate Auditor	—
Yasuo Mochizuki	Corporate Auditor	—
Hiroyuki Yajima	Corporate Auditor	7
Total	—	8,193

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

The re-appointment of the above-mentioned 8 directors (other than Mr. Ayumi Sato) and re-appointment of the 2 auditors (other than Mr. Yukihiro Yabuki and Mr. Hiroyuki Yajima) are on the agenda of the shareholders' meeting to be held on June 24, 2012 and will be voted-on at that time.

Mr. Sato's term as director and Mr. Yabuki's term as auditor will end at the close of this meeting. Mr. Yajima's term as auditor expires at the close of the shareholders' meeting for the year ending March 31, 2014.

6 Operations of Business

(1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
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
Year ended March 31, 2012	Brokerage commissions	9,871	—	91	474	10,435
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1	—	—	—	1
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	503	—	5	603	1,111
	Total	10,375	—	95	1,077	11,547

(2) Net Gain on Trading

(Millions of Yen)

	Year ended March 31, 2011			Year ended March 31, 2012		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	(1)	0	(1)	(18)	(0)	(18)
Net gain on trading of bonds and others	1	0	1	(37)	0	(37)
Bonds	—	—	—	—	—	—
Others	1	0	1	(37)	0	(37)
Total	0	0	0	(55)	0	(55)

(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, 2011	10,396,669	397	10,397,066
Year ended March 31, 2012	8,034,032	641	8,034,673

(Margin Trading)

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2011	6,558,791	186	6,558,977
Year ended March 31, 2012	4,884,315	149	4,884,463

ii)Bonds

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2011	—	—	—
Year ended March 31, 2012	—	—	—

iii)Beneficiary Certificates

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2011	103,781	—	103,781
Year ended March 31, 2012	95,992	249	96,241

※Beneficiary securities issued by beneficiary securities trusts defined under the trust law had been included in “iii) Beneficiary Certificates” for the year ended March 31, 2011. It has been reclassified and included in “iv) Others” for the year ended March 31, 2012.

iv)Others

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Year ended March 31, 2011	11	—	948	958
Year ended March 31, 2012	—	—	12,110	12,110

※"Others" for the year ended March 31, 2011 are covered warrants. "Others" for the year ended March 31, 2012 are beneficiary securities issued by beneficiary securities trusts defined under the trust law.

Brokerage trading transactions included in "Others" above are as follows:

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
Year ended March 31, 2011	11	—	948	958
Year ended March 31, 2012	—	—	12,110	12,110

※"Others" for the year ended March 31, 2011 are covered warrants. "Others" for the year ended March 31, 2012 are beneficiary securities issued by beneficiary securities trusts defined under the trust law.

[2] Futures Trading

i)Stock-based

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Year ended March 31, 2011	18,192,140	—	47,406,766	98	65,599,003
Year ended March 31, 2012	12,099,146	—	21,982,521	204	34,081,871

ii)Bond-based

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Year ended March 31, 2011	—	—	—	—	—
Year ended March 31, 2012	—	—	—	—	—

[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, 2011	79	79	—	1	—	—	—
Year ended March 31, 2012	13	13	—	10	—	—	—

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, 2011	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Year ended March 31, 2012	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, 2011	—	—	—	1,496	—	—	—
Year ended March 31, 2012	—	—	—	1,818	—	—	—

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, 2011	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Year ended March 31, 2012	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Other Operations
[1] Custody of Securities

	item		Domestic Securities	Foreign Securities	
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)	9	0
			Bonds (million units)	—	4,923
	Subscription warrant (million yen)		—	—	
	Commercial paper (million yen)		—	—	
	Other foreign securities (million yen)		—	—	
Others		—	—		
As of March 31, 2012	Stocks (thousand shares)		1,933,652	8,502	
	Bonds (million yen)		—	—	
	Beneficiary certificates	Unit type (million units)		—	—
		Open type	Stocks (million units)	10	0
			Bonds (million units)	—	6,016
	Subscription warrant (million yen)		—	—	
	Commercial paper (million yen)		—	—	
	Other foreign securities (million yen)		—	—	
Others (million units)		0	—		

※Beneficiary securities issued by beneficiary securities trusts defined under the trust law had been included in “Beneficiary Certificates” as of March 31, 2011. It has been reclassified and included in “Others” as of March 31, 2012.

[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, 2011	138,217	288,798	43,312	27,374
As of March 31, 2012	126,087	322,591	78,258	45,277

(5) Capital Adequacy Ratio

(Millions of Yen)

		As of March 31, 2011	As of March 31, 2012
Tier I Capital ①		71,808	72,212
Tier II Capital	Net unrealized gain on investment	0	—
	Reserve for financial products transaction liabilities	1,108	1,067
	General allowance for doubtful accounts	28	12
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	1,136	1,079
Assets to be deducted from equity capital ③		9,034	7,675
Equity capital after deduction ① + ② - ③ (A)		63,910	65,617
Risk	Market risk	0	0
	Counterparty risk	3,349	3,267
	Basic risk	2,238	2,149
	Total (B)	5,588	5,416
Capital adequacy ratio (A) / (B)×100		1,143.6%	1,211.3%

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”.

(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”.

(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, 2012 were audited by PricewaterhouseCoopers Arata 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, 2011	March 31, 2012
Assets		
Current Assets		
Cash and bank deposits	17,882	16,479
Cash segregated as deposits	237,094	227,911
Cash in trust	8,766	9,608
Trading assets:	1,802	1,687
Trading securities and others	0	0
Derivatives	1,802	1,687
Net receivables arising from pre-settlement date trades	47	1
Margin account assets:	142,281	135,011
Loans receivable from customers	138,217	126,087
Cash deposited as collateral for securities borrowed from securities finance companies	4,064	8,924
Receivables on collateralized securities transactions:	4,827	14,689
Cash deposits collateral for securities borrowed	4,827	14,689
Receivables from customers and others	76	21
Receivables from customers	76	20
Others	0	0
Short-term guarantee deposits	6,191	3,337
Advances paid	2	2
Prepaid expenses	289	227
Accrued income	3,212	3,444
Deferred income taxes	225	125
Others	544	1,279
Allowance for doubtful accounts	(28)	(13)
Total current assets	423,210	413,808
Fixed assets		
Tangible fixed assets	1,160	1,047
Buildings	※1 294	※1 275
Equipment and instruments	※1 431	※1 337
Land	434	434
Intangible assets	4,529	4,018
Software	4,521	4,012
Telephone subscription rights	6	5
Others	2	2
Investments and others	2,830	2,191
Investment securities	262	214
Investment in partnership	2	2
Long-term loans receivable	199	416
Long-term guarantee deposits	286	262
Long-term prepaid expenses	4	3
Deferred income taxes	1,939	1,238
Long-term receivables	3,497	2,226
Others	71	123
Allowance for doubtful accounts	(3,430)	(2,293)
Total fixed assets	8,519	7,256
Total assets	431,729	421,063

(Millions of Yen)

	March 31, 2011		March 31, 2012	
Liabilities				
Current liabilities				
Trading liabilities:		229		286
Trading securities and others		0		0
Derivatives		229		286
Margin account liabilities:		40,417		47,425
Loans from securities finance companies	※2	13,043	※2	2,148
Proceeds of securities sold on customers' account		27,374		45,277
Payables on collateralized securities transactions:		5,818		5,735
Cash deposits as collateral for securities loaned		5,818		5,735
Deposits received		119,354		117,814
Deposits received from customers		118,017		116,667
Others		1,337		1,147
Guarantee money received		122,989		113,646
Suspense account for undelivered securities		0		—
Short-term borrowings		62,020		56,550
Advances received		0		0
Deferred revenue		38		33
Accounts payable		547		134
Accrued expenses		806		756
Accrued income taxes		2,344		1,131
Accrued bonuses		98		94
Total current liabilities		354,662		343,603
Long-term liabilities				
Long-term borrowings		—		25
Reserve for retirement bonuses for directors and auditors		204		204
Others		3		3
Total long-term liabilities		207		232
Statutory reserves				
Reserve for financial products transaction liabilities	※4	1,108	※4	1,067
Total statutory reserves		1,108		1,067
Total liabilities		355,977		344,902

(Millions of Yen)

	March 31, 2011	March 31, 2012
Net assets		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus	9,793	9,793
Earned surplus	63,488	63,900
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	<u>75,751</u>	<u>76,163</u>
Accumulated other comprehensive income		
Net unrealized gain (loss) on investment securities, net of taxes	1	(2)
Total accumulated other comprehensive income	<u>1</u>	<u>(2)</u>
Total net assets	<u>75,752</u>	<u>76,161</u>
Total liabilities and net assets	<u>431,729</u>	<u>421,063</u>

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

Consolidated Statements of Income	(Millions of Yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Operating revenues		
Commissions	15,037	11,547
Brokerage commissions	13,455	10,435
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4	1
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,579	1,111
Net gain (loss) on trading	0	(55)
Interest and dividend income	7,053	6,211
Total operating revenues	22,091	17,703
Interest expenses	770	975
Net operating revenues	21,320	16,728
Selling, general and administrative expenses		
Transaction related expenses	3,365	3,104
Employees' compensation and benefits	※1 1,974	※1 1,809
Occupancy and rental	1,128	1,077
Data processing and office supplies	1,931	1,742
Depreciation	1,825	1,769
Duties and taxes other than income taxes	118	98
Provision of allowance for doubtful accounts	2,378	(346)
Others	151	108
Total selling, general and administrative expenses	12,870	9,360
Operating income	8,450	7,368
Non-operating income		
Compensation income for damages	0	0
Dividend income	11	29
Insurance premiums refunded cancellation	0	—
Others	23	35
Total non-operating income	34	64
Non-operating expenses		
Others	5	5
Total non-operating expenses	5	5
Ordinary income	8,479	7,426
Special profits		
Gain on sales of investment securities	7	1
Gain on cancellation of convertible bonds	82	—
Reversal of reserve for financial products transaction liabilities	557	41
Gain on sale of fixed assets	—	※2 1
Total special profits	646	43
Special losses		
Loss on sales and disposals of fixed assets	※3 4	※3 2
Devaluation loss on investment securities	10	—
Loss on sales of investment securities	1	2
Total special losses	15	5
Income before income taxes	9,111	7,465
Income taxes – current	4,346	2,399
Income taxes – deferred	(646)	803
Income taxes	3,700	3,202
Income before minority interests	5,410	4,263
Net income	5,410	4,263

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	5,410	4,263
Other comprehensive income		
Net unrealized gain (loss) on investment securities	(12)	(3)
Total other comprehensive income	(12)	※1 (3)
Comprehensive income	5,398	4,260
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,398	4,260
Comprehensive income attributable to minority interests	—	—

[3] Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year ended march 31, 2011	Year ended march 31, 2012
Shareholders' equity		
Common stock		
Balance at the beginning of current period	11,944	11,945
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	11,945	11,945
Capital surplus		
Balance at the beginning of current period	9,792	9,793
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	9,793	9,793
Earned surplus		
Balance at the beginning of current period	61,929	63,488
Changes in the current term		
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	5,410	4,263
Total changes of items in the current term	1,559	412
Balance at the end of the current term	63,488	63,900
Treasury stock		
Balance at the beginning of current period	(9,474)	(9,475)
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	(9,475)	(9,475)
Total shareholders' equity		
Balance at the beginning of current period	74,190	75,751
Changes in the current term		
Issuance of new shares	3	—
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	5,410	4,263
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	1,562	412
Balance at the end of current period	75,751	76,163
Accumulated other comprehensive income		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the beginning of current period	13	1
Changes in the current term		
Net change of items other than shareholders' equity	(12)	(3)
Total changes of items in the current term	(12)	(3)
Balance at the end of current period	1	(2)
Total accumulated other comprehensive income		
Balance at the beginning of current period	13	1
Changes in the current term		
Net change of items other than shareholders' equity	(12)	(3)
Total changes of items in the current term	(12)	(3)
Balance at the end of current period	1	(2)

(Millions of Yen)

	Year ended march 31, 2011	Year ended march 31, 2012
Total net assets		
Balance at the beginning of current period	74,203	75,752
Changes in the current term		
Issuance of new shares	3	—
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	5,410	4,263
Purchase of treasury stock	(0)	(0)
Net change of items other than shareholders' equity	(12)	(3)
Total changes of items in the current term	1,549	409
Balance at the end of current period	75,752	76,161

[4] Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash flows from operating activities		
Income before income taxes	9,111	7,465
Depreciation and amortization	1,825	1,769
Net change in allowance for doubtful accounts	2,377	(1,153)
Net change in accrued bonuses	(6)	(5)
Net change in reserve for financial products transaction liabilities	(557)	(41)
Interest and dividend income	(7,909)	(6,187)
Interest expenses	725	605
Gain or loss on sales and disposals of fixed assets	4	2
Gain or loss on sales of investment securities	(6)	1
Devaluation loss on investment securities	10	—
Gain on cancellation of convertible bonds	(82)	—
Net change in cash segregated as deposits	8,913	9,183
Net change in cash in trust	13,050	200
Net change in long-term receivables	(2,773)	1,270
Net change in trading assets and liabilities	(44)	173
Net change in net receivables and payables arising from pre-settlement date trades	(23)	46
Net change in margin assets and liabilities	8,746	14,279
Net change in receivables on collateralized securities transactions	316	(9,862)
Net change in deposits received and receivables from customers and others	(13,247)	(1,485)
Net change in payables on collateralized securities transactions	(3,575)	(84)
Net change in guarantee money received	(10,469)	(9,343)
Net change in short-term guarantee deposits	(2,076)	2,854
Others	2,163	(1,116)
Sub total	6,473	8,572
Interest and dividend received	8,115	6,018
Interest paid	(738)	(602)
Income taxes paid	(5,210)	(3,598)
Net cash flows from operating activities	8,639	10,388

(Millions of Yen)

	Year ended march 31, 2011	Year ended march 31, 2012
Cash flows from investing activities		
Payments for purchases of property and equipment	(204)	(15)
Payments for purchases of intangible assets	(1,093)	(1,477)
Proceeds from sales of investment securities	16	37
Others	9	16
Net cash flows from investing activities	(1,272)	(1,439)
Cash flows from financing activities		
Net change in short-term borrowings	25,000	(5,500)
Proceeds from long-term borrowings	—	100
Repayments of long-term borrowings	(32)	(45)
Repayment for convertible bonds	(15,576)	—
Payments for purchase of convertible bonds	(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	(3,857)	(3,865)
Net cash flows from financing activities	(5,310)	(9,310)
Translation difference of cash and cash equivalent	(0)	(0)
Net change in cash and cash equivalent	2,057	(361)
Cash and cash equivalents at beginning of period	23,391	25,448
Cash and cash equivalents at end of period	※1 25,448	※1 25,087

Significant Accounting Policies for the Consolidated Financial Statements

1. Scope of Consolidation

Number of Consolidated subsidiaries: 1
(Matsui Real Estate Co., Ltd.)

2. Application of equity method

The Company has neither unconsolidated subsidiaries nor affiliates for which an equity method is to be applied.

3. Accounting period

The fiscal year of the consolidated subsidiary ends March 31, the same fiscal year-end as the parent company.

4. Accounting policies

(1) Valuation of securities and derivatives

(i) Securities and derivatives classified as trading assets:

Securities and derivatives classified as trading assets are carried at fair value.

(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.³

(2) Depreciation of depreciable assets

(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.

(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).

(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").

(3) Accounting policies for significant provisions

(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.

(ii) Accrued bonuses

Estimated amount of employees' bonuses is accrued.

(4) Hedge accounting

(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.

(ii) 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.

(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.

(6) Other material items

National and local consumption taxes are separately recorded.

Additional Information

For the changes and corrections made after the beginning of the year ended March 31, 2012, the Company has adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standard Board of Japan, Statement No. 24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standard Board of Japan, Guidance No. 24, December 4, 2009)"

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheet

※1 Accumulated depreciation deducted from tangible fixed assets is as follows.

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
Buildings	349	372
Equipment and instruments	575	671
Total	924	1,043

※2

(As of March 31, 2011)

Note: None of the assets are collateralized. 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.

(As of March 31, 2012)

Note: None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 810 million yen are collateralized for the loans from securities finance companies. 7,014million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.

3 Fair value of securities received and deposited are as follows.

(Excluding those listed in the previous note):

(1) Securities deposited (Millions of Yen)

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
1)Securities lent for customers' short positions in margin trading	28,799	49,135
2)Collateralized securities for loans from securities finance companies	13,289	2,147
3)Securities loaned out in securities loaned vs. cash transactions	6,710	7,993
4)Long-term guarantee securities deposited	10,661	4,328
5)Securities pledged as collateral for short-term guarantee	28,621	23,165

(2) Securities received

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
1)Securities received for customers' long positions in margin trading	124,208	118,327
2)Securities borrowed from securities finance companies	4,132	8,865
3)Securities received in securities borrowed vs. cash transactions	4,676	13,945
4)Guarantee securities received from customers	202,166	228,634
5)Securities received from customers as collateral for short-term guarantee	2,164	2,095

※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.

Notes to Consolidated Statements of Income

※1

(Year ended March 31, 2011)

Employees' compensation and benefits reported in the consolidated statements of income include 98 million yen of accrued bonuses.

(Year ended March 31, 2012)

Employees' compensation and benefits reported in the consolidated statements of income include 94 million yen of accrued bonuses.

※2 Breakdown of gain on sales of property and equipment is as follows:

Gain on sales

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Equipment and instruments	–	1
Total	–	1

※3 Breakdown of loss on sales and disposals of property and equipment is as follows:

Loss on disposal:

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Equipment and instruments	0	0
Software	3	2
Total	3	2

Loss on sales:

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Equipment and instruments	0	–
Total	0	–

Notes to Consolidated Statements of Comprehensive Income

(Year ended March 31, 2012)

※1 Reclassification and tax effects related to other comprehensive income

	(Millions of Yen)
Net unrealized gain (loss) on investment securities	
Revaluation - gross	(6)
Transfer to gains/losses realized in net income - gross	1
Total before tax effect	(5)
Tax effect	2
Net unrealized gain (loss) on investment securities	(3)
Total	(3)

Notes to Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2011)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of April 1, 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.

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 ended March 31, 2011

Date of resolution	Ordinary General Meeting of Shareholders 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

(Year ended March 31, 2012)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of April 1, 2011	Number of shares increased in the year ended March 31, 2012	Number of shares decreased in the year ended March 31, 2012	Number of shares as of March 31, 2012
Outstanding shares				
Common stock	269,264,702	—	—	269,264,702
Total	269,264,702	—	—	269,264,702
Treasury stock				
Common stock	12,532,844	43	—	12,532,887
Total	12,532,844	43	—	12,532,887

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 26, 2011
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, 2011
Effective date	June 27, 2011

(2) Dividends for which effective date is in the year ending March 31, 2012 (Plan)

Date of resolution	Ordinary General Meeting of Shareholders to be held on June 24, 2012
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, 2012
Effective date	June 25, 2012

Notes to Consolidated Statements of Cash Flow

※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.

	(Millions of Yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Cash and bank deposits	17,882	16,479
Cash in trust	8,766	9,608
Cash in trust whose purpose is to segregate guarantee money	(1,200)	(1,000)
Cash and bank deposits	25,448	25,087

Notes to Lease Transactions

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.

(Year ended March 31, 2011)

(Millions of Yen)

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

(Year ended March 31, 2012)

All contracts expired prior to year-end.

2. Present value of future lease payments

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
Within 1 year	1	-
Over 1 year	-	-
Total	1	-

3. Lease charge paid, depreciation equivalent and interest equivalent

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Lease charge paid	2	1
Depreciation equivalent	2	1
Interest equivalent	0	0

4. Calculation method for depreciation equivalent

The lease term is regarded as a durable period and the residual value is regarded as zero.

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.

Notes to Financial Instruments

(Year ended March 31, 2011)

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, 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.

(Year ended March 31, 2012)

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 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.

(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, 2012 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	16,479	16,479	—
(2) Cash segregated as deposits	227,911	227,911	—
(3) Cash in trust	9,608	9,608	—
(4) Trading assets and Investment securities	1,687	1,687	—
1) Trading securities and others	0	0	—
2) Derivatives	1,687	1,687	—
(5) Loans receivable from customers	126,087	126,087	—
(6) Cash deposited as collateral for securities borrowed from securities finance companies	8,924	8,924	—
(7) Cash deposits collateral for securities borrowed	14,689	14,689	—
Total assets	405,384	405,384	—
(1) Trading liabilities	286	286	—
1) Trading securities and others	0	0	—
2) Derivatives	286	286	—
(2) Proceeds of securities sold on customers' account	45,277	45,277	—
(3) Cash deposits as collateral for securities loaned	5,735	5,735	—
(4) Deposits received	117,814	117,814	—
(5) Guarantee money received	113,646	113,646	—
(6) Short-term borrowings	56,550	56,550	—
Total liabilities	339,308	339,308	—

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.

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	214

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, 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, 2012

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

Securities and Derivatives

[1] Trading assets and liabilities

i) Securities held for trading

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
Net unrealized gain on those securities	0	(0)

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".

(Year ended March 31, 2012)

	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	—	—	3	0
Foreign exchange margin trading	43,009	1,687	4,463	286

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, 2012.
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

(Year ended March 31, 2012)

No relevant Items.

ii) "Other securities" sold during the current period

(Year ended March 31, 2011)

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

(Year ended March 31, 2012)

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	37	1	2

iii) Impaired Marketable Securities

(Year ended March 31, 2011)

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

(Year ended March 31, 2012)

No relevant Items.

Notes to Stock Options

No relevant Items.

Notes to Tax Effect Accounting

1 Significant components of deferred income tax assets and deferred income tax liability

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
Deferred tax assets		
Accrued enterprise tax	176	81
Excess of allowance for doubtful Accounts	1,354	758
Reserve for retirement bonuses for directors and auditors	83	73
Excess of reserve for financial products transaction liabilities	451	380
Accrued bonuses	40	36
Devaluation loss on investment Securities	25	7
Others	36	28
Total	2,166	1,364
Deferred tax liability		
Net unrealized gain (loss) on investment securities, net of taxes	(1)	-
Others	(1)	(0)
Total deferred tax liability	(2)	(0)
Net deferred tax assets	2,164	1,363

2 A reconciliation between the nominal statutory income tax rate and the effective income tax rate reported in the consolidated statements of income

	As of March 31, 2011	As of March 31, 2012
The nominal statutory income tax rate	-	40.7%
(Adjustments)		
Decrease in deferred tax assets due to tax rate change	-	2.2
Other adjustments	-	(0.0)
The effective income tax rate	-	42.9

This note has been omitted since the difference between the nominal statutory income tax rate and the effective income tax rate is less than 5/100 of the nominal statutory income tax rate as of March 31, 2011.

3. On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the nominal statutory income tax rate for the Company will be reduced to 38.01% for years beginning on or after April 1, 2012 and 35.64% for years beginning on or after April 1, 2015. For the year ended March 31, 2012, due to these changes in statutory income tax rate, net deferred tax assets decreased by 167 million yen, deferred income tax expenses increased by 167 million yen, and valuation difference on available-for-sale securities decreased by 0 million yen.

Segment Information

(Year ended March 31, 2011 and Year ended March 31, 2012)

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.

(Year ended March 31, 2012)

(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.

(Year ended March 31, 2012)

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)

(Year ended March 31, 2011)

No relevant items.

(Year ended March 31, 2012)

No relevant items.

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

(Year ended March 31, 2011)

No relevant items.

(Year ended March 31, 2012)

No relevant items.

Related Parties information

(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.

(Year ended March 31, 2012)

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 10.73% 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, 2011	Year ended March 31, 2012
Net assets per share	295.06 Yen	296.66 Yen
Net income per share	21.07 Yen	16.60 Yen
Fully diluted earnings per share	19.86 Yen	— Yen

Note:

1. The Company does not report fully diluted earnings per share for the year ended March 31, 2012, as there are no residual securities.

2. Net income and fully diluted earnings per share as follows

Items	Year ended March 31, 2011	Year ended March 31, 2012
Net income per share		
Net income on the statements of income (Millions of Yen)	5,410	4,263
Net income attributed to common stock (Millions of Yen)	—	—
Net income not attributed to common stock (Millions of Yen)	5,410	4,263
Average number of common stock outstanding (Thousands of shares)	256,731	256,732
Net income of fully diluted earnings per share		
Increase of common stock (Thousands of shares)	15,753	—
share warrant (Thousands of shares)	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		—

3. Net assets per share as follows

Items	As of March 31, 2011	As of March 31, 2012
Total net assets on the balance sheets (Millions of Yen)	75,752	76,161
Amount deductible from total net assets on the balance sheets (Millions of Yen)	—	—
Net assets attributed to common stock (Millions of Yen)	75,752	76,161
Number of common stock outstanding (Thousands of shares)	256,732	256,732

Subsequent Events

No relevant items.

[5] Supporting Schedule to the Consolidated Financial Statements

i) Bonds

No relevant items

ii)Borrowings

Item	As of April 1, 2011	As of March 31, 2012	Average Interest Rate (%)	Maturity
Short-term borrowings	62,000	56,500	0.31	—
Long-term borrowings to be repaid within 1 year	20	50	0.77	—
Long-term lease liabilities to be repaid within 1 year	—	—	—	—
Long-term borrowings excluding those to be repaid within 1 year	—	25	0.77	July 31, 2013
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	13,043	2,148	0.77	—
Total	75,063	58,723	—	—

Note:

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

(Millions of Yen)

Item	Over 1 year and Within 2 years	Over 2 year and Within 3 years	Over 3 year and Within 4 years	Over 4 year and Within 5 years
Long-term borrowings	25	—	—	—

2. Average Interest Rate” is the weighted average interest rate as of March 31, 2012.

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 April 1,2011 and as of March 31,2012.

[2] Others

Quarterly operating revenues and others for the fiscal year ended March 31, 2012

	Three months Ended June 30, 2011	Six months Ended September 30, 2011	Nine months Ended December 31, 2011	Year Ended March 31, 2012
Operating revenues (Millions of Yen)	4,364	8,976	12,900	17,703
Income before income taxes (Millions of Yen)	1,813	3,769	5,135	7,465
Net income (Millions of Yen)	1,080	2,240	2,870	4,263
Net income per share (Yen)	4.21	8.73	11.18	16.60

	Three months ended June 30, 2011	Three months ended September 30, 2011	Three months ended December 31, 2011	Three months ended March 31, 2012
Net income per share (Yen)	4.21	4.52	2.45	5.43

2 Non-Consolidated Financial Statements and Others

(1) Non-Consolidated Financial Statements

[1] Non-Consolidated Balance Sheets

	(Millions of Yen)	
	March 31, 2011	March 31, 2012
Assets		
Current Assets		
Cash and bank deposits	17,610	16,204
Cash segregated as deposits	237,094	227,911
Cash in trust	8,766	9,608
Trading assets:	1,802	1,687
Trading securities and others	0	0
Derivatives	1,802	1,687
Net receivables arising from pre-settlement date trades	47	1
Margin account assets:	142,281	135,011
Loans receivable from customers	138,217	126,087
Cash deposited as collateral for securities borrowed from securities finance companies	4,064	8,924
Receivables on collateralized securities transactions:	4,827	14,689
Cash deposits collateral for securities borrowed	4,827	14,689
Receivables from customers and others	76	21
Receivables from customers	76	20
Others	0	0
Short-term guarantee deposits	6,191	3,337
Advances paid	2	2
Prepaid expenses	288	227
Accrued income	3,212	3,444
Deferred income taxes	224	125
Others	544	1,279
Allowance for doubtful accounts	(28)	(13)
Total current assets	422,937	413,532
Fixed assets		
Tangible fixed assets	886	771
Buildings	※1 265	※1 244
Equipment and instruments	※1 431	※1 337
Land	190	190
Intangible assets	4,529	4,018
Software	4,521	4,012
Telephone subscription rights	6	5
Others	2	2
Investments and others	3,280	2,640
Investment securities	262	214
Shares of affiliated companies	450	450
Investment in partnership	2	2
Long-term loans receivable	199	416
Long-term guarantee deposits	286	262
Long-term prepaid expenses	4	3
Deferred income taxes	1,939	1,237
Long-term receivables	3,497	2,226
Others	71	123
Allowance for doubtful accounts	(3,430)	(2,293)
Total fixed assets	8,695	7,429
Total assets	431,632	420,961

(Millions of Yen)

	March 31, 2011		March 31, 2012	
Liabilities				
Current liabilities				
Trading liabilities:		229		286
Trading securities and others		0		0
Derivatives		229		286
Margin account liabilities:		40,417		47,425
Loans from securities finance companies	※2	13,043	※2	2,148
Proceeds of securities sold on customers' account		27,374		45,277
Payables on collateralized securities transactions:		5,818		5,735
Cash deposits as collateral for securities loaned		5,818		5,735
Deposits received		119,354		117,813
Deposits received from customers		118,017		116,667
Others		1,337		1,147
Guarantee money received		122,989		113,646
Suspense account for undelivered securities		0		—
Short-term borrowings		62,020		56,550
Deferred revenue		38		33
Accounts payable		546		133
Accrued expenses		806		756
Accrued income taxes		2,341		1,129
Accrued bonuses		98		93
Total current liabilities		354,658		343,600
Long-term liabilities				
Long-term borrowings		—		25
Reserve for retirement bonuses for directors and auditors		204		204
Others		2		2
Total long-term liabilities		206		231
Statutory reserves				
Reserve for financial products transaction liabilities	※4	1,108	※4	1,067
Total statutory reserves		1,108		1,067
Total liabilities		355,972		344,898

(Millions of Yen)

	March 31, 2011	March 31, 2012
Net assets		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus		
Additional paid-in capital	9,793	9,793
Total Capital surplus	9,793	9,793
Earned surplus		
Earned surplus reserves	159	159
Other earned surplus		
Special purpose reserves	4,250	4,250
Earned surplus carried forward	58,987	59,394
Total earned surplus	63,396	63,802
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	75,659	76,065
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	1	(2)
Total valuation and translation adjustments	1	(2)
Total net assets	75,660	76,063
Total liabilities and net assets	431,632	420,961

[2] Non-Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating revenues		
Commissions	15,037	11,547
Brokerage commissions	13,455	10,435
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4	1
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,579	1,111
Net gain (loss) on trading	※1 0	※1 (55)
Interest and dividend income	※2 7,053	※2 6,211
Total operating revenues	22,091	17,703
Interest expenses	※3 770	※3 975
Net operating revenues	21,320	16,728
Selling, general and administrative expenses		
Transaction related expenses	※4 3,365	※4 3,104
Employees' compensation and benefits	※5 1,972	※5 1,805
Occupancy and rental	※6 1,148	※6 1,097
Data processing and office supplies	※7 1,931	※7 1,742
Depreciation	1,822	1,764
Duties and taxes other than income taxes	※8 114	※8 94
Provision of allowance for doubtful accounts	2,378	(346)
Others	※9 150	※9 107
Total selling, general and administrative expenses	12,879	9,367
Operating income	8,441	7,362
Non-operating income		
Compensation income for damages	0	0
Dividend income	11	29
Insurance premiums refunded cancellation	0	—
Others	19	31
Total non-operating income	30	60
Non-operating expenses		
Others	4	5
Total non-operating expenses	4	5
Ordinary income	8,467	7,417
Special profits		
Gain on sales of investment securities	7	1
Gain on cancellation of convertible bonds	82	—
Reversal of reserve for financial products transaction liabilities	557	41
Gain on sale of fixed assets	—	※10 1
Total special profits	646	43
Special losses		
Loss on sales and disposals of property and equipment	※11 4	※11 2
Devaluation loss on investment securities	10	—
Loss on sales of investment securities	1	2
Total special losses	15	5
Income before income taxes	9,098	7,455
Income taxes - current	4,341	2,395
Income taxes - deferred	(646)	803
Income taxes	3,695	3,197
Net income	5,403	4,257

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

(Millions of Yen)

	Year ended march 31, 2011	Year ended march 31, 2012
Shareholders' equity		
Common stock		
Balance at the beginning of current period	11,944	11,945
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	11,945	11,945
Capital surplus		
Additional paid-in capital		
Balance at the beginning of current period	9,792	9,793
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	9,793	9,793
Total Capital surplus		
Balance at the beginning of current period	9,792	9,793
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	9,793	9,793
Earned surplus		
Earned surplus reserves		
Balance at the beginning of current 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 beginning of current 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 beginning of current period	57,435	58,987
Changes in the current term		
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	5,403	4,257
Total changes of items in the current term	1,552	407
Balance at the end of current period	58,987	59,394
Total earned surplus		
Balance at the beginning of current period	61,844	63,396
Changes in the current term		
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	5,403	4,257
Total changes of items in the current term	1,552	407
Balance at the end of current period	63,396	63,802
Treasury stock		
Balance at the beginning of current period	(9,474)	(9,475)
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	(9,475)	(9,475)

(Millions of Yen)

	Year ended march 31, 2011	Year ended march 31, 2012
Total shareholders' equity		
Balance at the beginning of current period	74,104	75,659
Changes in the current term		
Issuance of new shares	3	—
Dividends from earned surplus	(3,851)	(3,851)
Net income	5,403	4,257
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	1,554	406
Balance at the end of current period	75,659	76,065
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the beginning of current period	13	1
Changes in the current term		
Net change of items other than shareholders' equity	(12)	(3)
Total changes of items in the current term	(12)	(3)
Balance at the end of current period	1	(2)
Total valuation and translation adjustments		
Balance at the beginning of current period	13	1
Changes in the current term		
Net change of items other than shareholders' equity	(12)	(3)
Total changes of items in the current term	(12)	(3)
Balance at the end of current period	1	(2)
Total net assets		
Balance at the beginning of current period	74,118	75,660
Changes in the current term		
Issuance of new shares	3	—
Dividends from earned surplus	(3,851)	(3,851)
Net income	5,403	4,257
Purchase of treasury stock	(0)	(0)
Net change of items other than shareholders' equity	(12)	(3)
Total changes of items in the current term	1,542	404
Balance at the end of current period	75,660	76,063

Significant Accounting Policies for the Non-Consolidated Financial Statements

Significant Accounting Policies for the Non-Consolidated Financial Statements

1. Valuation of Significant Assets

(1) Securities and derivatives classified as trading assets:

Securities and derivatives classified as trading assets are carried at fair value.

(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.

2. Depreciation of Fixed Assets

(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.

(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).

(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").

3. Accounting Policies for Significant Provisions

(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.

(2) Accrued bonuses

Estimated amount of employees' bonuses is accrued.

(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.

4. Hedge accounting

(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.

(2)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.

5. Other material items

Consumption taxes

National and local consumption taxes are separately recorded.

Additional Information

For the changes and corrections made after the beginning of the year ended March 31, 2012, the Company has adopted “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standard Board of Japan, Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standard Board of Japan, Guidance No. 24, December 4, 2009)”

Notes to Non-Consolidated Financial Statements

Notes to Non-Consolidated Balance Sheet

※1 Accumulated depreciation deducted from tangible fixed assets is as follows.

	(Millions of Yen)	
	As of March 31, 2011	As of March 31, 2012
Buildings	205	226
Equipment and instruments	574	671
Total	779	897

※2

(As of March 31, 2011)

Note: None of the assets are collateralized. 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. 7,479 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.

(As of March 31, 2012)

Note: None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 810 million yen are collateralized for the loans from securities finance companies. 7,014 million yen of the guarantee securities received from customers are collateralized for loans from securities finance companies.

3 Fair value of securities received and deposited are as follows.

(Excluding those listed in the previous note):

(1) Securities deposited

	(Millions of Yen)	
	As of March 31, 2011	As of March 31, 2012
1)Securities lent for customers' short positions in margin trading	28,799	49,135
2)Collateralized securities for loans from securities finance companies	13,289	2,147
3)Securities loaned out in securities loaned vs. cash transactions	6,710	7,993
4)Long-term guarantee securities deposited	10,661	4,328
5)Securities pledged as collateral for short-term guarantee	28,621	23,165

(2) Securities received (Millions of Yen)

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
1) Securities received for customers' long positions in margin trading	124,208	118,327
2) Securities borrowed from securities finance companies	4,132	8,865
3) Securities received in securities borrowed vs. cash transactions	4,676	13,945
4) Guarantee securities received from customers	202,166	228,634
5) Securities received from customers as collateral for short-term guarantee	2,164	2,095

※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.

Notes to Non-Consolidated Statement of Income

※1 Breakdown of net gain on trading

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Stocks	(1)	(18)
Bonds	1	(37)
Total	0	(55)

※2 Breakdown of interest and dividend income

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Interest on margin trading	6,575	5,542
Interest received for the securities lending	166	123
Others	312	546
Total	7,053	6,211

※3 Breakdown of interest expense

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Interest expense on margin trading	525	439
Interest paid for the borrowings from finance companies on margin trading	20	27
Interest paid	138	108
Others	88	401
Total	770	975

※4 Breakdown of transaction related expenses

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Commissions paid	540	411
Membership fees for stock exchanges and securities associations	838	707
Communications expenses	1,597	1,493
Travel and transportation expenses	11	9
Advertisements	375	479
Entertainment and social Expenses	4	7
Total	3,365	3,104

※5 Breakdown of employees' compensation and benefits

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Directors' and auditors' compensation	417	329
Employees' compensation	672	659
Other compensation	639	578
Welfare expenses	145	146
Provision of allowance for employees' bonuses	98	93
Total	1,972	1,805

※6 Breakdown of occupancy and rental

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Occupancy and rental fee	355	348
Equipment and instruments expenses	793	749
Total	1,148	1,097

※7 Breakdown of data processing and office supplies

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Data processing and outsourcing cost of operations	1,925	1,735
Office supplies	5	6
Total	1,931	1,742

※8 Breakdown of duties and taxes other than income taxes

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Property taxes and automobile taxes	8	7
Official fees	4	8
Consumption tax	14	13
Enterprise tax (reduction on VAT and capital levy)	82	60
Others	6	6
Total	114	94

※9 Breakdown of Others

	(Millions of Yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Printing cost	4	2
Water, lighting and heating	24	19
Library expenses	4	3
Training	3	3
Employee recruitment costs	4	4
Sales Promotions	4	4
Miscellaneous	108	71
Total	150	107

※10 Breakdown of gain on sale of fixed assets

	(Millions of Yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Equipment and instruments	—	1
Total	—	1

※11 Breakdown of loss on sales and disposals of property and equipment

Loss on disposals

	(Millions of Yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Equipment and instruments	0	0
Software	3	2
Total	3	2

Loss on sales

	(Millions of Yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Equipment and instruments	0	—
Total	0	—

Notes to Non-Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2011)

Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of April 1, 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.

(Year ended March 31, 2012)

Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of April 1, 2011	Number of shares increased in the year ended March 31, 2012	Number of shares decreased in the year ended March 31, 2012	Number of shares as of March 31, 2012
Treasury stock				
Common stock	12,532,844	43	—	12,532,887
Total	12,532,844	43	—	12,532,887

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

Notes to Lease Transactions

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 (Year ended March 31, 2011)

(Millions of Yen)

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

(Year ended March 31, 2012)

Because of expiring contracts, No relevant items.

2. Present value of future lease payments

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
Within 1 year	1	—
Over 1 year	—	—
Total	1	—

3. Lease charge paid, depreciation equivalent and interest equivalent

(Millions of Yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Lease charge paid	2	1
Depreciation equivalent	2	1
Interest equivalent	0	0

4. Calculation method for depreciation equivalent

The lease term is regarded as a durable period and the residual value is regarded as zero.

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.

Notes to Securities held

(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.

(Year ended March 31, 2012)

The shares of the Company's subsidiary do not have a market price for the years ended March 31, 2012

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

(Millions of Yen)

	As of March 31, 2011	As of March 31, 2012
Deferred income tax assets		
Accrued enterprise tax	175	81
Excess of allowance for doubtful Accounts	1,354	758
Reserve for retirement bonuses for directors and auditors	83	73
Excess of reserve for financial products transaction liabilities	451	380
Accrued bonuses	40	35
Devaluation loss on investment Securities	25	7
Others	36	27
Total deferred income tax assets	2,165	1,362
Deferred income tax liabilities		
Net unrealized gain on investment securities, net of taxes	(1)	—
Others	(1)	(0)
Total deferred income tax liabilities	(2)	(0)
Net balance of deferred income tax assets	2,163	1,362

2. A reconciliation between the nominal statutory income tax rate and the effective income tax rate reported in the consolidated statements of income

	As of March 31, 2011	As of March 31, 2012
The nominal statutory income tax rate	—	40.7%
(Adjustments)		
Decrease in deferred tax assets due to tax rate change	—	2.2
Others	—	(0.0)
The effective income tax rate	—	42.9

This note has been omitted since the difference between the nominal statutory income tax rate and the effective income tax rate is less than 5/100 of the nominal statutory income tax rate as of March 31, 2011.

3. On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the nominal income tax rate for the Company will be reduced to 38.01% for years beginning on or after April 1, 2012 and 35.64% for years beginning on or after April 1, 2015. For the year ended March 31, 2012, due to these changes in statutory income tax rate, net deferred tax assets decreased by 167 million yen, deferred income tax expenses increased by 167 million yen and valuation difference on available-for-sale securities decreased by 0 million yen.

Per Share Information

	Year ended March 31, 2011	Year ended March 31, 2012
Net assets per share	294.70 Yen	296.27 Yen
Net income per share	21.05 Yen	16.58 Yen
Fully diluted earnings per share	19.83 Yen	—

Note:

1. The Company does not report fully diluted earnings per share for the year ended March 31, 2012, as there are no residual securities.
2. Net income and fully diluted earnings per share as follows

Items	Year ended March 31, 2011	Year ended March 31, 2012
Net income per share		
Net income on the statements of income (Millions of Yen)	5,403	4,257
Net income attributed to common stock (Millions of Yen)	—	—
Net income not attributed to common stock (Millions of Yen)	5,403	4,257
Average number of common stock outstanding (Thousands of shares)	256,731	256,732
Net income of fully diluted earnings per share		
Increase of common stock (Thousands of shares)	15,753	—
share warrant (Thousands of shares)	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	—	—

3. Net assets per share as follows

Items	As of March 31, 2011	As of March 31, 2012
Total net assets on the balance sheets (Millions of Yen)	75,660	76,063
Amount deductible from total net assets on the balance sheets (Millions of Yen)	—	—
Net assets attributed to common stock (Millions of Yen)	75,660	76,063
Number of common stock outstanding (Thousands of shares)	256,732	256,732

Subsequent Events

No relevant items

[1] 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, 2012 totals less than 1/100 of the total assets is omitted.

ii) Fixed Assets

(Millions of Yen)

		As of April 1, 2011	Increase in the current period	Decrease in the current period	As of March 31, 2012	Accumulated Depreciation and Amortization	Depreciation expensed in the current period	Net Value of assets
Tangible	Buildings	470	—	0	470	226	21	244
	Equipment And instruments	1,005	8	5	1,008	671	102	337
	Land	190	—	0	190	—	—	190
	Total	1,665	8	6	1,668	897	123	771
Intangible	Software	13,559	1,132	902	13,789	9,778	1,640	4,012
	Telephone subscription rights	16	—	—	16	12	1	5
	Others	41	—	—	41	40	1	2
	Total	13,616	1,132	902	13,847	9,829	1,641	4,018
Long-term prepaid expenses		7	1	2	7	3	2	3

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

iii) Schedule for Provisions

(Millions of Yen)

Item	Balance as of April 1, 2011	Increase	Decrease		Balance as of March 31, 2012
			Appropriation	Other	
Allowance for doubtful account	3,458	33	806	379	2,306
Accrued bonuses	98	93	98	—	93
Reserve for financial products transaction liabilities	1,108	—	—	41	1,067

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.

Breakdown of Major Assets and Liabilities

[2] Assets

i) Cash in hand and at banks

	Book value (Millions of Yen)
Cash in hand	1
Cash at banks	16,203
Demand deposits	12,303
Ordinary deposits	3,862
Segregated deposits	38
Total	16,204

ii) Cash segregated as deposits

	Book value (Millions of Yen)
Trusted money segregated for customers as fiduciary assets	218,099
Trusted money segregated for customers' foreign exchange margin transactions	9,800
Others	12
Total	227,911

iii) Margin account assets

	Book value (Millions of Yen)
Loans receivable from customers	126,087
Cash deposits as collateral for securities borrowed from securities finance companies	8,924
Total	135,011

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

	Book value (Millions of Yen)
Loans from securities finance companies	2,148
Japan Securities Finance Co., Ltd	1,423
Osaka Securities Finance Co., Ltd.	613
Chubu Securities Financing Co., Ltd.	112
Proceeds of securities sold on customers' accounts	45,277
Total	47,425

ii) Deposits received

	Book value (Millions of Yen)
From customers	116,667
Others	1,147
Total	117,813

iii) Guarantee money received

	Book value (Millions of Yen)
Guarantee money received concerning margin trading	86,338
Guarantee money received concerning futures trading	12,999
Others	14,308
Total	113,646

iv)Short-term borrowings

	Book value (Millions of Yen)
Sumitomo Mitsui Banking Corporation	16,000
The Bank of Tokyo-Mitsubishi UFJ, Limited	5,000
Others	35,500
Long-term borrowings due within one year	50
Total	56,550

[4] 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, 2012.