

Annual Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Year  
Ended March 31, 2013

**Matsui Securities Co., Ltd.**

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

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Filed with the Director of the Kanto Local Finance Bureau

On June 17, 2013

# 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, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
Operating revenues	(Millions of Yen)	26,724	24,346	22,091	17,703	—
Net operating revenues	(Millions of Yen)	24,464	23,276	21,320	16,728	—
Ordinary income	(Millions of Yen)	9,998	11,545	8,479	7,426	—
Net income	(Millions of Yen)	6,921	7,661	5,410	4,263	—
Comprehensive income	(Millions of Yen)	—	—	5,398	4,260	—
Net assets	(Millions of Yen)	69,090	74,203	75,752	76,161	—
Total assets	(Millions of Yen)	472,145	466,089	431,729	421,063	—
Net assets per share	(Yen)	269.12	289.03	295.06	296.66	—
Earnings per share	(Yen)	26.44	29.84	21.07	16.60	—
Fully diluted earnings per share	(Yen)	23.45	26.97	19.86	—	—
Equity ratio	(%)	14.6	15.9	17.5	18.1	—
Return on equity	(%)	9.2	10.7	7.2	5.6	—
Price earnings ratio	(Times)	24.28	22.39	21.45	32.11	—
Cash flows from operating Activities	(Millions of Yen)	102,118	(44,912)	8,639	10,388	—
Cash flows from investing Activities	(Millions of Yen)	(1,431)	(3,272)	(1,272)	(1,439)	—
Cash flows from financing Activities	(Millions of Yen)	(74,828)	(3,265)	(5,310)	(9,310)	—
Cash and cash equivalents at end of period	(Millions of Yen)	74,840	23,391	25,448	25,087	—
Number of employees		108	108	117	119	—
[Average temporary staff]		[203]	[178]	[169]	[155]	—

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. The consolidated financial statements of the company are not prepared since the year ending March 31, 2013 due to the merger of its sole subsidiary on April 1, 2012.

## (2) Non-Consolidated Business Indices

	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
Operating revenues [Commissions] (Millions of Yen)	26,724 [18,263]	24,346 [17,282]	22,091 [15,037]	17,703 [11,547]	20,799 [14,165]
Net operating revenues (Millions of Yen)	24,464	23,276	21,320	16,728	19,915
Ordinary income (Millions of Yen)	9,986	11,532	8,467	7,417	10,245
Net income (Millions of Yen)	6,913	7,653	5,403	4,257	6,427
investment gain on equity method (Millions of Yen)	—	—	—	—	—
Capital stock (Millions of Yen)	11,944	11,944	11,945	11,945	11,945
Total shares outstanding (share)	269,260,202	269,260,202	269,264,702	269,264,702	269,264,702
Net assets (Millions of Yen)	69,014	74,118	75,660	76,063	80,841
Total assets (Millions of Yen)	472,063	465,999	431,632	420,961	610,804
Net assets per share (Yen)	268.82	288.70	294.70	296.27	314.89
Annual dividends per share [Interim dividends per share] (Yen)	10.00 [—]	15.00 [—]	15.00 [—]	15.00 [—]	20.00 [—]
Earnings per share (Yen)	26.41	29.81	21.05	16.58	25.03
Fully diluted earnings per share (Yen)	23.42	26.94	19.83	—	—
Equity ratio (%)	14.6	15.9	17.5	18.1	13.2
Return on equity (%)	9.2	10.7	7.2	5.6	8.2
Price earnings ratio (Times)	24.31	22.41	21.47	32.15	39.55
Dividend payout ratio (%)	37.9	50.3	71.3	90.5	79.9
Capital adequacy ratio (%)	865.4	993.9	1,143.6	1,211.3	846.7
Cash flows from operating Activities (Millions of Yen)	—	—	—	10,379	(74,775)
Cash flows from investing Activities (Millions of Yen)	—	—	—	(1,432)	(791)
Cash flows from financing Activities (Millions of Yen)	—	—	—	(9,310)	77,102
Cash and cash equivalents at end of period (Millions of Yen)	—	—	—	24,812	26,624
Number of employees [Average temporary staff]	108 [199]	108 [174]	117 [165]	119 [151]	121 [155]

Note:

1. The Company does not report fully diluted earnings per share for the year ended March 31, 2013, as there are no residual securities.
2. Capital adequacy ratio is calculated with appropriated retained earnings being deducted from Tier I capital.
3. The annual dividend for the year ended March 31, 2013 of 20 yen per share is pending approval at the shareholders' meeting to be held on June 23, 2013

## **2 Affiliated Companies**

No relevant items, due to the merger of its sole subsidiary on April 1, 2012.

## **3 Employees**

### **(1) Non-Consolidated Company**

The Company employs 121 employees (This number includes two employees on leave) and 155 temporary employees. The average age is 37.2, the average length of service of employees is 10.8 years and the average of their annual compensation is 6,715 thousand yen.

### **(2) 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 95.

## **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, 2013 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, 2013.

## **2. Important Contracts for the Company's Business**

Contract term	Title	Counterparty	Content
From June 2009 to May 2013	Contract on the Information Processing	SCSK Co., Ltd.	Information processing services on brokerage services

Note:

The Company has renewed the contract shown in the table above in March 2013 with the new contract term expiring in May 2014.

## **3. Research and Development**

No relevant Items.

## Part 3 Equipment

### 1 Investment in Equipment

The Company has invested 925 million yen during the year ended March 31, 2013 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 <sup>2</sup> )	Total	
Headquarters	Chiyoda-ku, Tokyo	Headquarter function	55	53	— (—)	109	115 (20)
Sapporo Call Center	Chuo-ku, Sapporo, Hokkaido	Call Center equipment	5	3	— (—)	8	6 (135)
Nihombashi Branch	Chuo-ku, Tokyo	Other equipment	24	1	183 (185)	208	— (—)

Note:

1. The headquarters are rented from Sumitomo Realty & Development Co., Ltd., the Sapporo Call Center is rented from Nippon Life Insurance Company.
2. Costs incurred in relation to investments in the online securities trading system are mainly accounted for as "Software" in the balance sheet of the Company. The book value of Software totaled 3,266 million yen as of March 31, 2013.
3. 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 2,500 million yen mainly in online securities trading systems using its own capital from April 2013 through March 2014. 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, 2013 (End of the fiscal year ended March 31, 2013)	As of June 17, 2013 (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 (share)		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, 2008 To March 31, 2009	6,300	269,260,202	2	11,944	2	9,792	Exercise of New-share purchase rights
From April 1, 2010 To March 31, 2011	4,500	269,264,702	1	11,945	1	9,793	Exercise of New-share purchase rights

Note:

- There were no changes in the total number of shares outstanding or capital stock from April 1, 2009 to March 31, 2010.
- There were no changes in the total number of shares outstanding or capital stock from April 1, 2011 to March 31, 2013.

## (6) Distribution of Shares

(As of March 31, 2013)

	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	
					Shareholders other than individuals	Individuals			
Number of shareholders	—	34	41	126	177	25	35,845	36,248	—
Number of shares in possession (unit)	—	321,727	91,261	618,914	301,949	255	1,358,407	2,692,513	13,402
Percentage of shares in possession (%)	—	11.95	3.39	22.99	11.21	0.01	50.45	100.00	—

Note:

- 125,329 units out of 12,532,947 treasury stock are included in the “Individuals and others” and 47 shares out of 12,532,947 treasury stock are included in “odd-lot shares”.
- 4 units under the title of Japan Securities Depository Center Inc. are included in “other institutions”.

## (7) Principal Shareholders

(As of March 31, 2013)

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
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	9,837	3.65
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	9,719	3.61
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.)	8,165	3.03
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
Total	—	177,538	65.93

Note:

- 12,533 thousands of treasury stock (4.65% of total shares outstanding) is not included in the table.
- 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.

## (8) Voting Rights

### (i) Outstanding shares

(As of March 31, 2013)

	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 12,532,900	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,718,400	2,565,655
Odd lot shares (1 lot = 100 shares)	Common stock 13,402	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,565,655

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 152,900 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury stock)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury stock)." 1,529 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)".
- 47 treasury shares are included in odd-lot shares.

### (ii) Treasury Stock

(As of March 31, 2013)

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	12,532,900	—	12,532,900	4.65
Total	—	12,532,900	—	12,532,900	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, 2013	60	0
Acquisition of treasury stock from April 1, 2013 to June 17, 2013	76	0

Note: Acquisition of treasury stock from April 1, 2013 to June 17, 2013 does not include the purchase of odd-lot shares from June 1, 2013 to June 17, 2013.

### **(4) Retirement and holdings of treasury stocks**

Item	Year ended March 31, 2013		From April 1, 2013 to June 17, 2013	
	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, 947	—	12,533,023	—

Note: The number of treasury stock from April 1, 2013 to June 17, 2013 does not include the purchase of odd-lot shares from June 1, 2013 to June 17, 2013.

### **3 Dividend Policy**

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

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

The annual dividend for the year ended March 31, 2013 of 20 yen per share is pending approval at the shareholders' meeting to be held on June 23, 2013. 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, 2013 is planned as follows:

Date of resolution	Amount of dividend payment	Dividends per share
Ordinary General Meeting of Shareholders to be held on June 23, 2013	5,135 million yen	20 yen

### **4 Price of Shares**

Yearly highest and lowest prices for the last five fiscal years		Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
	Highest (Yen)	883	931	748	565	1,085
	Lowest (Yen)	476	558	405	311	372

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

Monthly highest and lowest prices for the second half of fiscal year Ended March 31, 2013		October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
	Highest (Yen)	543	665	784	854	885	1,085
	Lowest (Yen)	472	516	623	743	820	867

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

## 5 Executives

(As of June 17, 2013)

	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.)	9
Takashi Moribe	Managing Director (Director in charge of Compliance Dept. and Managing Director of System Dept.)	36
Akira Warita	Managing Director (Director in charge of Marketing Dept. and Business Development Dept., Managing Director of Customer Support Dept.)	10
Akihiro Ichimura	Director (Director in charge of Customer Support Dept.)	3
Kunihiko Sato	Director (Director in charge of System Dept.)	26
Shinichi Uzawa	Director (General Manager of Finance Dept.)	28
Masashi Watanabe	Director	16
Hiroyuki Yajima	Standing Corporate Auditor	10
Norio Igarashi	Corporate Auditor	—
Yasuo Mochizuki	Corporate Auditor	—
Total	—	8,139

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 7 directors (other than Mr. Masashi Watanabe) are on the agenda of the shareholders' meeting to be held on June 23, 2013 and will be voted-on at that time.

Mr. Watanabe's term as director will end at the close of this meeting.

## 6 Operations of Business

### (1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
Year ended March 31, 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
Year ended March 31, 2013	Brokerage commissions	12,708	—	135	228	13,072
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6	—	—	—	6
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	548	—	6	534	1,088
	Total	13,263	—	141	762	14,165

### (2) Net Gain on Trading

(Millions of Yen)

	Year ended March 31, 2012			Year ended March 31, 2013		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	(18)	(0)	(18)	(31)	(0)	(31)
Net gain on trading of bonds and others	(37)	0	(37)	6	0	6
Bonds	—	—	—	—	—	—
Others	(37)	0	(37)	6	0	6
Total	(55)	0	(55)	(26)	0	(26)

**(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, 2012	8,034,032	641	8,034,673
Year ended March 31, 2013	12,645,238	410	12,645,648

**(Margin Trading)**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2012	4,884,315	149	4,884,463
Year ended March 31, 2013	8,324,415	—	8,324,415

**ii) Bonds**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2012	—	—	—
Year ended March 31, 2013	—	—	—

**iii) Beneficiary Certificates**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Year ended March 31, 2012	95,992	249	96,241
Year ended March 31, 2013	150,912	—	150,912

**iv )Others**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
	Year ended March 31, 2012	—	—	12,110
Year ended March 31, 2013	2	—	6,091	6,093

※"Others" 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, 2012	—	—	12,110
Year ended March 31, 2013	2	—	6,091	6,093

※"Others" 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, 2012	12,099,146	—	21,982,521	204	34,081,871
Year ended March 31, 2013	22,041,012	12	34,543,925	—	56,584,949

**ii )Bond-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Year ended March 31, 2012	—	—	—	—	—
Year ended March 31, 2013	—	—	—	—	—

**[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, 2012	13	13	—	10	—	—	—
Year ended March 31, 2013	301	301	—	4	29	—	—

**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, 2012	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Year ended March 31, 2013	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, 2012	—	—	—	1,818	—	—	—
Year ended March 31, 2013	—	—	—	1,495	—	—	—

**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, 2012	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Year ended March 31, 2013	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

**(4) Other Operations**  
**[1] Custody of Securities**

	item	Domestic Securities	Foreign Securities	
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)	0
			Bonds (million units)	6,016
	Subscription warrant (million yen)	—	—	
	Commercial paper (million yen)	—	—	
	Other foreign securities (million yen)	—	—	
Others	0	—		
As of March 31, 2013	Stocks (thousand shares)	1,871,242	5,496	
	Bonds (million yen)	—	—	
	Beneficiary certificates	Unit type (million units)	—	—
		Open type	Stocks (million units)	0
			Bonds (million units)	6,223
	Subscription warrant (million yen)	—	—	
	Commercial paper (million yen)	—	—	
	Other foreign securities (million yen)	—	—	
Others (million units)	0	—		

**[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, 2012	126,087	322,591	78,258	45,277
As of March 31, 2013	248,476	519,887	68,994	44,431

**(5) Capital Adequacy Ratio**

(Millions of Yen)

		As of March 31, 2012	As of March 31, 2013
Tier I Capital ①		72,212	73,506
Tier II Capital	Net unrealized gain on investment	—	2,199
	Reserve for financial products transaction liabilities	1,067	1,100
	General allowance for doubtful accounts	12	20
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	1,079	3,319
Assets to be deducted from equity capital ③		7,675	5,238
Equity capital after deduction ① + ② - ③ (A)		65,617	71,587
Risk	Market risk	0	551
	Counterparty risk	3,267	5,841
	Basic risk	2,149	2,061
	Total (B)	5,416	8,454
Capital adequacy ratio (A) / (B)×100		1,211.3%	846.7%

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) 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”.

#### **(2) 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 non-consolidated financial statements for the fiscal year ended March 31, 2013 were audited by PricewaterhouseCoopers Arata based on the Article 193-2-1 of Financial Instruments and Exchange Law.

### **3 Consolidated Financial Statements**

The consolidated financial statements of the company are not prepared since the year ending March 31, 2013 due to the merger of its sole subsidiary on April 1, 2012.

### **4 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 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 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. Non-Consolidated financial statements

### (1) Non-Consolidated balance sheets

(Millions of Yen)

	March 31, 2012	March 31, 2013
<b>Assets</b>		
Current Assets		
Cash and bank deposits	16,204	8,857
Cash segregated as deposits	227,911	300,116
Cash in trust	9,608	19,067
Trading assets:	1,687	1,402
Trading securities and others	0	0
Derivatives	1,687	1,402
Net receivables arising from pre-settlement date trades	1	—
Margin account assets:	135,011	252,751
Loans receivable from customers	126,087	248,476
Cash deposited as collateral for securities borrowed from securities finance companies	8,924	4,275
Receivables on collateralized securities transactions:	14,689	12,225
Cash deposits collateral for securities borrowed	14,689	12,225
Receivables	21	20
Receivables from customers	20	20
Receivables from others	0	0
Short-term guarantee deposits	3,337	3,749
Advances paid	2	2
Prepaid expenses	227	208
Accrued income	3,444	3,762
Deferred income taxes	125	267
Others	1,279	41
Allowance for doubtful accounts	(13)	(20)
<b>Total current assets</b>	<b>413,532</b>	<b>602,447</b>
Fixed assets		
Tangible fixed assets	771	927
Buildings	※1 244	※1 253
Equipment and instruments	※1 337	※1 240
Land	190	434
Intangible assets	4,018	3,271
Software	4,012	3,266
Telephone subscription rights	5	4
Others	2	1
Investments and others	2,640	4,158
Investment securities	214	3,562
Shares of affiliated companies	450	—
Investment in partnership	2	8
Long-term loans receivable	416	425
Long-term guarantee deposits	262	256
Long-term prepaid expenses	3	3
Deferred income taxes	1,237	—
Long-term receivables	2,226	1,767
Others	123	97
Allowance for doubtful accounts	(2,293)	(1,959)
<b>Total fixed assets</b>	<b>7,429</b>	<b>8,357</b>
<b>Total assets</b>	<b>420,961</b>	<b>610,804</b>

(Millions of Yen)

	March 31, 2012	March 31, 2013
<b>Liabilities</b>		
Current liabilities		
Trading liabilities:	286	611
Trading securities and others	0	0
Derivatives	286	611
Net receivables arising from pre-settlement date trades	—	71
Margin account liabilities:	47,425	47,790
Loans from securities finance companies	※2 2,148	※2 3,360
Proceeds of securities sold on customers' account	45,277	44,431
Payables on collateralized securities transactions:	5,735	36,598
Cash deposits as collateral for securities loaned	5,735	36,598
Deposits received	117,813	151,654
Deposits received from customers	116,667	146,087
Others	1,147	5,567
Guarantee money received	113,646	149,923
Suspense account for undelivered securities	—	7
Short-term borrowings	56,550	137,525
Advances received	—	0
Deferred revenue	33	33
Accounts payable	133	308
Accrued expenses	756	821
Accrued income taxes	1,129	2,976
Accrued bonuses	93	112
Total current liabilities	<u>343,600</u>	<u>528,430</u>
Long-term liabilities		
Long-term borrowings	25	—
Deferred tax liability	—	226
Reserve for retirement bonuses for directors and auditors	204	204
Others	2	3
Total long-term liabilities	<u>231</u>	<u>433</u>
Statutory reserves		
Reserve for financial products transaction liabilities	※4 1,067	※4 1,100
Total statutory reserves	<u>1,067</u>	<u>1,100</u>
Total liabilities	<u>344,898</u>	<u>529,963</u>

(Millions of Yen)

	March 31, 2012	March 31, 2013
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	59,394	61,970
Total earned surplus	63,802	66,378
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	76,065	78,641
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	(2)	2,200
Total valuation and translation adjustments	(2)	2,200
Total net assets	76,063	80,841
Total liabilities and net assets	420,961	610,804

## (2) Non-Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Operating revenues		
Commissions	11,547	14,165
Brokerage commissions	10,435	13,072
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1	6
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	1,111	1,088
Net gain (loss) on trading	※1 (55)	※1 (26)
Interest and dividend income	※2 6,211	※2 6,654
Other operating revenues	—	5
Total operating revenues	17,703	20,799
Interest expenses	※3 975	※3 884
Net operating revenues	16,728	19,915
Selling, general and administrative expenses		
Transaction related expenses	※4 3,104	※4 3,356
Employees' compensation and benefits	※5 1,805	※5 1,832
Occupancy and rental	※6 1,097	※6 925
Data processing and office supplies	※7 1,742	※7 1,625
Depreciation	1,764	1,788
Duties and taxes other than income taxes	※8 94	※8 116
Provision of allowance for doubtful accounts	(346)	(36)
Others	※9 107	※9 114
Total selling, general and administrative expenses	9,367	9,719
Operating income	7,362	10,195
Non-operating income		
Compensation income for damages	0	—
Dividend income	29	26
Others	31	24
Total non-operating income	60	50
Non-operating expenses		
Others	5	0
Total non-operating expenses	5	0
Ordinary income	7,417	10,245
Special profits		
Gain on sales of investment securities	1	20
Gain on extinguishment of tie-in shares	—	98
Reversal of reserve for financial products transaction liabilities	41	—
Gain on sale of fixed assets	※10 1	—
Total special profits	43	118
Special losses		
Loss on sales and disposals of property and equipment	※11 2	※11 5
Provision for statutory reserves	—	33
Loss on sales of investment securities	2	43
Total special losses	5	81
Income before income taxes	7,455	10,282
Income taxes - current	2,395	3,753
Income taxes - deferred	803	102
Income taxes	3,197	3,855
Net income	4,257	6,427

### (3) Non-Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year ended march 31, 2012	Year ended march 31, 2013
Shareholders' equity		
Common stock		
Balance at the beginning of current period	11,945	11,945
Changes in the current term		
Total changes of items in the current term	—	—
Balance at the end of current period	11,945	11,945
Capital surplus		
Additional paid-in capital		
Balance at the beginning of current period	9,793	9,793
Changes in the current term		
Total changes of items in the current term	—	—
Balance at the end of current period	9,793	9,793
Total Capital surplus		
Balance at the beginning of current period	9,793	9,793
Changes in the current term		
Total changes of items in the current term	—	—
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	58,987	59,394
Changes in the current term		
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	4,257	6,427
Total changes of items in the current term	407	2,576
Balance at the end of current period	59,394	61,970
Total earned surplus		
Balance at the beginning of current period	63,396	63,802
Changes in the current term		
Dividends from capital and earned surplus	(3,851)	(3,851)
Net income	4,257	6,427
Total changes of items in the current term	407	2,576
Balance at the end of current period	63,802	66,378
Treasury stock		
Balance at the beginning of current period	(9,475)	(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, 2012	Year ended march 31, 2013
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	75,659	76,065
Changes in the current term		
Dividends from earned surplus	(3,851)	(3,851)
Net income	4,257	6,427
Purchase of treasury stock	(0)	(0)
Total changes of items in the current term	406	2,576
Balance at the end of current period	76,065	78,641
<b>Valuation and translation adjustments</b>		
Net unrealized gain (loss) on investment securities, net of taxes		
Balance at the beginning of current period	1	(2)
Changes in the current term		
Net change of items other than shareholders' equity	(3)	2,202
Total changes of items in the current term	(3)	2,202
Balance at the end of current period	(2)	2,200
<b>Total valuation and translation adjustments</b>		
Balance at the beginning of current period	1	(2)
Changes in the current term		
Net change of items other than shareholders' equity	(3)	2,202
Total changes of items in the current term	(3)	2,202
Balance at the end of current period	(2)	2,200
<b>Total net assets</b>		
Balance at the beginning of current period	75,660	76,063
Changes in the current term		
Dividends from earned surplus	(3,851)	(3,851)
Net income	4,257	6,427
Purchase of treasury stock	(0)	(0)
Net change of items other than shareholders' equity	(3)	2,202
Total changes of items in the current term	404	4,778
Balance at the end of current period	76,063	80,841

#### (4) Non-Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended march 31, 2013	Year ended march 31, 2013
Cash flows from operating activities		
Income before income taxes	7,455	10,282
Depreciation and amortization	1,764	1,788
Net change in allowance for doubtful accounts	(1,153)	(326)
Net change in accrued bonuses	(5)	19
Net change in reserve for financial products transaction liabilities	(41)	33
Interest and dividend income	(6,187)	(6,281)
Interest expenses	605	568
Loss (gain) on extinguishment of tie-in shares	—	(98)
Gain or loss on sales and disposals of fixed assets	2	5
Gain or loss on sales of investment securities	1	23
Net change in cash segregated as deposits	9,183	(72,199)
Net change in cash in trust	200	(300)
Net change in trading assets and liabilities	173	610
Net change in net receivables and payables arising from pre-settlement date trades	46	72
Net change in margin assets and liabilities	14,279	(117,375)
Net change in receivables on collateralized securities transactions	(9,862)	2,463
Net change in deposits received and receivables from customers and others	(1,485)	33,840
Net change in payables on collateralized securities transactions	(84)	30,863
Net change in guarantee money received	(9,343)	36,278
Net change in short-term guarantee deposits	2,854	(411)
Others	154	1,519
Sub total	8,556	(78,629)
Interest and dividend received	6,018	6,343
Interest paid	(602)	(558)
Income taxes paid	(3,592)	(1,930)
Net cash flows from operating activities	10,379	(74,775)
Cash flows from investing activities		
Payments for purchases of property and equipment	(8)	(8)
Payments for purchases of intangible assets	(1,477)	(852)
Proceeds from sales of investment securities	37	43
Others	16	26
Net cash flows from investing activities	(1,432)	(791)
Cash flows from financing activities		
Net change in short-term borrowings	(5,500)	81,000
Proceeds from long-term borrowings	100	—
Repayments of long-term borrowings	(45)	(50)
Payments for purchase of treasury stock	(0)	(0)
Dividends paid	(3,865)	(3,848)
Net cash flows from financing activities	(9,310)	77,102
Translation difference of cash and cash equivalent	(0)	0
Net change in cash and cash equivalent	(364)	1,537
Cash and cash equivalents at beginning of period	25,176	24,812
Increase in cash and cash equivalents resulting from merger	—	275
Cash and cash equivalents at end of period	※1 24,812	※1 26,624

## **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.

#### 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. Scope of “Cash and cash equivalents” in non-consolidated statements of cash flows

“Cash and cash equivalents” in the non-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

Consumption taxes

National and local consumption taxes are separately recorded.

## 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, 2012	As of March 31, 2013
Buildings	226	392
Equipment and instruments	671	773
Total	897	1,164

※2

(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.

(As of March 31, 2013)

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 1,962 million yen are collateralized for the loans from securities finance companies. 10,171 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, 2012	As of March 31, 2013
1)Securities lent for customers' short positions in margin trading	49,135	50,476
2)Collateralized securities for loans from securities finance companies	2,147	3,375
3)Securities loaned out in securities loaned vs. cash transactions	7,993	38,048
4)Long-term guarantee securities deposited	4,328	7,167
5)Securities pledged as collateral for short-term guarantee	23,165	30,914

(2) Securities received (Millions of Yen)

(Millions of Yen)

	As of March 31, 2012	As of March 31, 2013
1) Securities received for customers' long positions in margin trading	118,327	245,891
2) Securities borrowed from securities finance companies	8,865	4,245
3) Securities received in securities borrowed vs. cash transactions	13,945	11,321
4) Guarantee securities received from customers	228,634	279,314
5) Securities received from customers as collateral for short-term guarantee	2,095	2,130

※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, 2012	Year ended March 31, 2013
Stocks	(18)	(31)
Bonds	(37)	6
Total	(55)	(26)

※2 Breakdown of interest and dividend income

	(Millions of Yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Interest on margin trading	5,542	5,979
Interest received for the securities lending	123	171
Others	546	504
Total	6,211	6,654

※3 Breakdown of interest expense

	(Millions of Yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Interest expense on margin trading	439	385
Interest paid for the borrowings from finance companies on margin trading	27	26
Interest paid	108	116
Others	401	357
Total	975	884

※4 Breakdown of transaction related expenses

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Commissions paid	411	438
Membership fees for stock exchanges and securities associations	707	886
Communications expenses	1,493	1,477
Travel and transportation expenses	9	11
Advertisements	479	538
Entertainment and social Expenses	7	6
Total	3,104	3,356

※5 Breakdown of employees' compensation and benefits

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Directors' and auditors' compensation	329	304
Employees' compensation	659	694
Other compensation	578	578
Welfare expenses	146	143
Provision of allowance for employees' bonuses	93	112
Total	1,805	1,832

※6 Breakdown of occupancy and rental

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Occupancy and rental fee	348	319
Equipment and instruments expenses	749	605
Total	1,097	925

※7 Breakdown of data processing and office supplies

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Data processing and outsourcing cost of operations	1,735	1,621
Office supplies	6	5
Total	1,742	1,625

※8 Breakdown of duties and taxes other than income taxes

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Property taxes and automobile taxes	7	12
Official fees	8	7
Consumption tax	13	14
Enterprise tax (reduction on VAT and capital levy)	60	78
Others	6	6
Total	94	116

※9 Breakdown of Others

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Printing cost	2	1
Water, lighting and heating	19	19
Library expenses	3	3
Training	3	3
Employee recruitment costs	4	3
Sales Promotions	4	12
Miscellaneous	71	72
Total	107	114

※10 Breakdown of gain on sale of fixed assets

(Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013
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, 2012	Year ended March 31, 2013
Buildings	—	5
Equipment and instruments	0	0
Software	2	—
Total	2	5

## Notes to Non-Consolidated Statements of Changes in Net Assets

(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

Date of resolution	Ordinary General Meeting of Shareholders 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

(Year ended March 31, 2013)

1. Types and number of outstanding shares and treasury stock

(Number of shares)

	Number of shares as of April 1, 2012	Number of shares increased in the year ended March 31, 2013	Number of shares decreased in the year ended March 31, 2013	Number of shares as of March 31, 2013
Outstanding shares				
Common stock	269,264,702	—	—	269,264,702
Total	269,264,702	—	—	269,264,702
Treasury stock				
Common stock	12,532,887	60	—	12,532,947
Total	12,532,887	60	—	12,532,947

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 24, 2012
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, 2012
Effective date	June 25, 2012

(2) Dividends for which effective date is in the year ending March 31, 2013 (Plan)

Date of resolution	Ordinary General Meeting of Shareholders to be held on June 23, 2013
Type of shares	Common stock
Source of dividends	Earned surplus
Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Date of record for dividends	March 31, 2013
Effective date	June 24, 2013

## **Notes to Non-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 non-consolidated balance sheet is as follows.

	(Millions of Yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Cash and bank deposits	16,204	8,857
Cash in trust	9,608	19,067
Cash in trust whose purpose is to segregate guarantee money	(1,000)	(1,300)
Cash and bank deposits	24,812	26,624

## **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, 2012)

All contracts expired prior to year-end.

(Year ended March 31, 2013)

All contracts expired prior to year-end.

2. Present value of future lease payments

(Year ended March 31, 2012)

All contracts expired prior to year-end.

(Year ended March 31, 2013)

All contracts expired prior to year-end.

3. Lease charge paid, depreciation equivalent and interest equivalent

	(Millions of Yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Lease charge paid	1	—
Depreciation equivalent	1	—
Interest equivalent	0	—

4. Calculation method for depreciation equivalent

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

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, 2013)

### 1. General information

#### (1) Policies to handle Financial Instruments

The Company focus on the stock trading of individual investors. The Non-Consolidated Company borrows operating capital from financial institutions to support margin trading. When needed, the Non-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 Non-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 Non-Consolidated Company has the minimum range of trading operations in order to provide various services for online trading customers. The Non-Consolidated Company generally does not trade its own investments for earnings.

#### (2) Details of and risks arising from financial instruments

Financial assets of the Non-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 Non-Consolidated Company procures cash through short-term borrowings and convertible bonds, which are exposed to liquidity risk at the time of redemption.

The Non-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 Non-Consolidated Company offers to its customers.

#### (3) Risk management

Risk management is based on the corporate rules. The finance division of the Non-Consolidated Company monitors credit risk and market risk quantitatively according to the Financial Instruments and Exchange Law. The compliance Division of the Non-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	16,204	16,204	—
(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	—
<b>Total assets</b>	<b>405,109</b>	<b>405,109</b>	<b>—</b>
(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	117,813	117,813	—
(5) Guarantee money received	113,646	113,646	—
(6) Short-term borrowings	56,550	56,550	—
<b>Total liabilities</b>	<b>339,308</b>	<b>339,308</b>	<b>—</b>

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	664

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.

(Year ended March 31, 2013)

Book value, fair value of financial instruments, and the differences between these values as of March 31, 2013 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	8,857	8,857	—
(2) Cash segregated as deposits	300,116	300,116	—
(3) Cash in trust	19,067	19,067	—
(4) Trading assets and Investment securities	4,846	4,846	—
1) Trading securities and others	0	0	—
2) Derivatives	1,402	1,402	—
3) Other securities	3,444	3,444	—
(5) Loans receivable from customers	248,476	248,476	—
(6) Cash deposits collateral for securities borrowed	12,225	12,225	—
<b>Total assets</b>	<b>593,588</b>	<b>593,588</b>	<b>—</b>
(1) Trading liabilities	611	611	—
1) Trading securities and others	0	0	—
2) Derivatives	611	611	—
(2) Loans from securities finance companies	44,431	44,431	—
(3) Proceeds of securities sold on customers' account	36,598	36,598	—
(4) Deposits received	151,654	151,654	—
(5) Guarantee money received	149,923	149,923	—
(6) Short-term borrowings	137,525	137,525	—
<b>Total liabilities</b>	<b>520,742</b>	<b>520,742</b>	<b>—</b>

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,

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) 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	117

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, 2013

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, 2012	As of March 31, 2013
Net unrealized gain on those securities	(0)	(0)

##### ii) Derivative trading

###### 1. Derivative trading which have not applied hedge accounting

(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".

(Year ended March 31, 2013)

	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	58	0	—	—
Foreign exchange margin trading	71,490	1,402	8,131	611

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, 2013.
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 )The shares of the Company's subsidiary, and investments in subsidiaries and affiliates**

(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.

(Year ended March 31, 2013)

No relevant items

**ii ) "Other securities" whose market price is available**

(Year ended March 31, 2012)

No relevant items

(Year ended March 31, 2013)

	Type	Year ended March 31, 2013		
		Acquisition cost (Millions of Yen)	Book value (Millions of Yen)	Differences (Millions of Yen)
Those whose book value exceeds acquisition cost	(1) Stocks	3,444	30	3,414
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Sub total	3,444	30	3,414
Those whose book value does not exceed acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Sub total	—	—	—
Total		3,444	30	3,414

**iii )“Other securities” sold during the current period**

(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

(Year ended March 31, 2013)

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	43	20	43

**iv ) Impaired Marketable Securities**

(Year ended March 31, 2012)

No relevant Items

(Year ended March 31, 2013)

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, 2012	As of March 31, 2013
Deferred income tax assets		
Accrued enterprise tax	81	217
Excess of allowance for doubtful accounts	758	503
Reserve for retirement bonuses for directors and auditors	73	73
Excess of reserve for financial products transaction liabilities	380	392
Accrued bonuses	35	43
Devaluation loss on investment securities	7	7
Others	27	26
Total deferred income tax assets	1,362	1,260
Deferred income tax liabilities		
Net unrealized gain on investment securities, net of taxes others	— (0)	(1,218) (0)
Total deferred income tax liabilities	(0)	(1,219)
Net balance of deferred income tax assets	1,362	41

### 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, 2012	As of March 31, 2013
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, 2013.

## **Segment Information**

(Year ended March 31, 2012 and Year ended March 31, 2013)

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

(Related Information)

(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 non-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 do not earn any overseas revenues.

2) Fixed assets

No relevant items, as the Company 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 non-consolidated statement of income.

(Year ended March 31, 2013)

(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 do not earn any overseas revenues.

2) Fixed assets

No relevant items, as the Company 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 non-consolidated statement of income.

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

(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.

(Year ended March 31, 2013)

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

(Information of amortization of goodwill related to the segment)

(Year ended March 31, 2012)

No relevant items.

(Year ended March 31, 2013)

No relevant items.

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

(Year ended March 31, 2012)

No relevant items.

(Year ended March 31, 2013)

No relevant items.

## Related Parties information

(Year ended March 31, 2012)

### 1. 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.

### 2. Information on controlling company and important affiliate company

No relevant items.

(Year ended March 31, 2013)

### 1. 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.

### 2. Information on controlling company and important affiliate company

No relevant items.

## **Per Share Information**

	Year ended March 31, 2012	Year ended March 31, 2013
Net assets per share	296.27 Yen	314.89 Yen
Net income per share	16.58 Yen	25.03 Yen

Note:

1. The Company does not report fully diluted earnings per share, as there are no residual securities.

2. Net income earnings per share as follows

Items	Year ended March 31, 2012	Year ended March 31, 2013
Net income on the statements of income (Millions of Yen)	4,257	6,427
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	4,257	6,427
Average number of common stock outstanding (share)	256,731,826	256,731,770

3. Net assets per share as follows

Items	As of March 31, 2012	As of March 31, 2013
Total net assets on the balance sheets (Millions of Yen)	76,063	80,841
Amount deductible from total net assets on the balance sheets (Millions of Yen)	—	—
Net assets attributed to common stock (Millions of Yen)	76,063	80,841
Number of common stock outstanding (share)	256,731,815	256,731,755

## **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, 2013 totals less than 1/100 of the total assets is omitted.

### ii) Fixed Assets

(Millions of Yen)

		As of April 1, 2012	Increase in the current period	Decrease in the current period	As of March 31, 2013	Accumulated Depreciation and Amortization	Depreciation expensed in the current period	Net Value of assets
Tangible	Buildings	470	182	7	644	392	23	253
	Equipment and instruments	1,008	10	5	1,013	773	106	240
	Land	190	244	0	434	—	—	434
	Total	1,668	436	12	2,092	1,164	130	927
Intangible	Software	13,789	911	99	14,602	11,335	1,657	3,266
	Telephone subscription rights	16	—	—	16	12	1	4
	Others	41	—	—	41	40	1	1
	Total	13,847	911	99	14,659	11,388	1,658	3,271
Long-term prepaid expenses		7	1	1	7	4	1	3

Note:

1 The increase in buildings and land is due to the merger of its sole subsidiary on April 1, 2012.

2 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) Bonds

No relevant items

#### iv )Borrowings

Item	As of April 1, 2012	As of March 31, 2013	Average Interest Rate (%)	Maturity
Short-term borrowings	56,500	137,500	0.29	—
Long-term borrowings to be repaid within 1 year	50	25	0.77	—
Long-term lease liabilities to be repaid within 1 year	—	—	—	—
Long-term borrowings excluding those to be repaid within 1 year	25	—	—	—
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	2,148	3,360	0.77	—
Total	58,723	140,885	—	—

Note: "Average Interest Rate" is the weighted average interest rate as of March 31, 2013.

#### v )Schedule for Provisions

(Millions of Yen)

Item	Balance as of April 1, 2012	Increase	Decrease		Balance as of March 31, 2013
			Appropriation	Other	
Allowance for doubtful account	2,306	29	290	65	1,979
Accrued bonuses	93	113	94	—	112
Reserve for financial products transaction liabilities	1,067	33	—	—	1,100

Note: The decrease of allowance for doubtful account is a reversal from revaluation of the allowance and the collection of the doubtful accounts.

#### vi )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 1,2012 and as of March 31,2013.

## Breakdown of Major Assets and Liabilities

### [1] Assets

#### i) Cash in hand and at banks

	Book value (Millions of Yen)
Cash in hand	1
Cash at banks	8,857
Demand deposits	7,270
Ordinary deposits	1,558
Segregated deposits	29
Total	8,857

#### ii) Cash segregated as deposits

	Book value (Millions of Yen)
Trusted money segregated for customers as fiduciary assets	288,604
Trusted money segregated for customers' foreign exchange margin transactions	11,400
Others	112
Total	300,116

#### iii) Margin account assets

	Book value (Millions of Yen)
Loans receivable from customers	248,476
Cash deposits as collateral for securities borrowed from securities finance companies	4,275
Total	252,751

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

	Book value (Millions of Yen)
Loans from securities finance companies	3,360
Japan Securities Finance Co., Ltd	2,933
Osaka Securities Finance Co., Ltd.	168
Chubu Securities Financing Co., Ltd.	258
Proceeds of securities sold on customers' accounts	44,431
Total	47,790

**ii )Payables on collateralized securities transactions**

	Book value (Millions of Yen)
Cash deposits as collateral for securities loaned	36,598
Total	36,598

**iii )Deposits received**

	Book value (Millions of Yen)
From customers	146,087
Others	5,567
Total	151,654

**iv ) Guarantee money received**

	Book value (Millions of Yen)
Guarantee money received concerning margin trading	116,910
Guarantee money received concerning futures trading	18,026
Others	14,987
Total	149,923

**v )Short-term borrowings**

	Book value (Millions of Yen)
Sumitomo Mitsui Banking Corporation	18,000
Sumitomo Mitsui Trust Bank, Limited	15,000
Mizuho Corporate Bank, Ltd	10,000
The Norinchukin Bank	5,000
The Bank of Tokyo-Mitsubishi UFJ, Limited	5,000
Resona Bank, Limited	5,000
Others	24,500
Call money	55,000
Long-term borrowings due within one year	25
Total	137,525

**[2] Others**

Quarterly operating revenues and others for the fiscal year ended March 31, 2013

	Three months Ended June 30, 2012	Six months Ended September 30, 2012	Nine months Ended December 31, 2012	Year Ended March 31, 2013
Operating revenues (Millions of Yen)	3,999	7,811	12,330	20,799
Income before income taxes (Millions of Yen)	1,502	2,817	4,785	10,282
Net income (Millions of Yen)	974	1,790	3,010	6,427
Net income per share (Yen)	3.79	6.97	11.73	25.03

	Three months ended June 30, 2012	Three months ended September 30, 2012	Three months ended December 31, 2012	Three months ended March 31, 2013
Net income per share (Yen)	3.79	3.18	4.75	13.31

**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, 2013.**