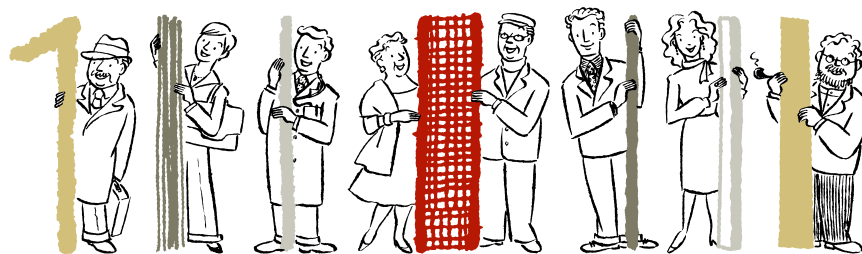




Thankful 60 Years
Ichiyoshi Securities



2010 | Investors' Guide

For the Year Ended March 31, 2010



ICHIYOSHI
SECURITIES

CREDO (Mission Statement)

Management Philosophy

Remain a firm of customers' trust and choice

Management Objective

To be a "Name-Brand Boutique House" in the financial industry

Action Guidelines

Gratitude, Integrity, Courage, Responsiveness, Continuity

Long-term Good Relation

For Our Employees

Respecting employees' individuality and striving for human resource cultivation

The Ichiyoshi Spirit

Fighting on with passion and sincerity

Job Satisfaction

Building a free and invigorated corporate climate that optimizes employees' abilities and creativity by prioritizing teamwork

For Our Shareholders

Striving for continuous improvement in performance and corporate value

Return to Shareholders

Raising business profitability and strengthening financial health, then returning profits to shareholders

Information Disclosure

Ensuring business management transparency through appropriate disclosure and investor relation activities

For Our Customers

Aiming to be every customer's first choice

Customer Prioritization

Always providing advice with sincerity from the customer's standpoint

Quality Services

Responding to social and market changes and providing high-quality products and services

For Society

Contributing to the development of society as a participant in the financial and securities markets

Social Responsibility

Complying with laws and regulations and behaving with high ethical standards

Social Contribution

Contributing to the development of regional communities and securities markets through corporate activities

“Every customer’s first choice”

Precisely meeting the diverse needs of our varied customers
and providing the very best in services and products

Among all the financial institutions available, being our customers’ securities firm of first choice

Continuing to maintain Long-term Good Relations in our transactions

The design of our corporate logo is imbued with these philosophies.



Contents

| | | | |
|----|--|----|---|
| 02 | Consolidated Financial Highlights: A Decade of Growth | 22 | Information on Consolidated Subsidiaries |
| 04 | Message from the President | 24 | Social Contributions |
| 05 | Interview with the President | 25 | Financial Section |
| 13 | Ichiyoshi's Strengths | 35 | Company History |
| 14 | Topics | 36 | Directory |
| 15 | Business Outline | 37 | Stock Information, Corporate Data |
| 19 | Compliance | | |
| 20 | Director/Executive Officer/Operating Officer | | |
| 21 | Corporate Governance | | |

Forward-Looking Statements

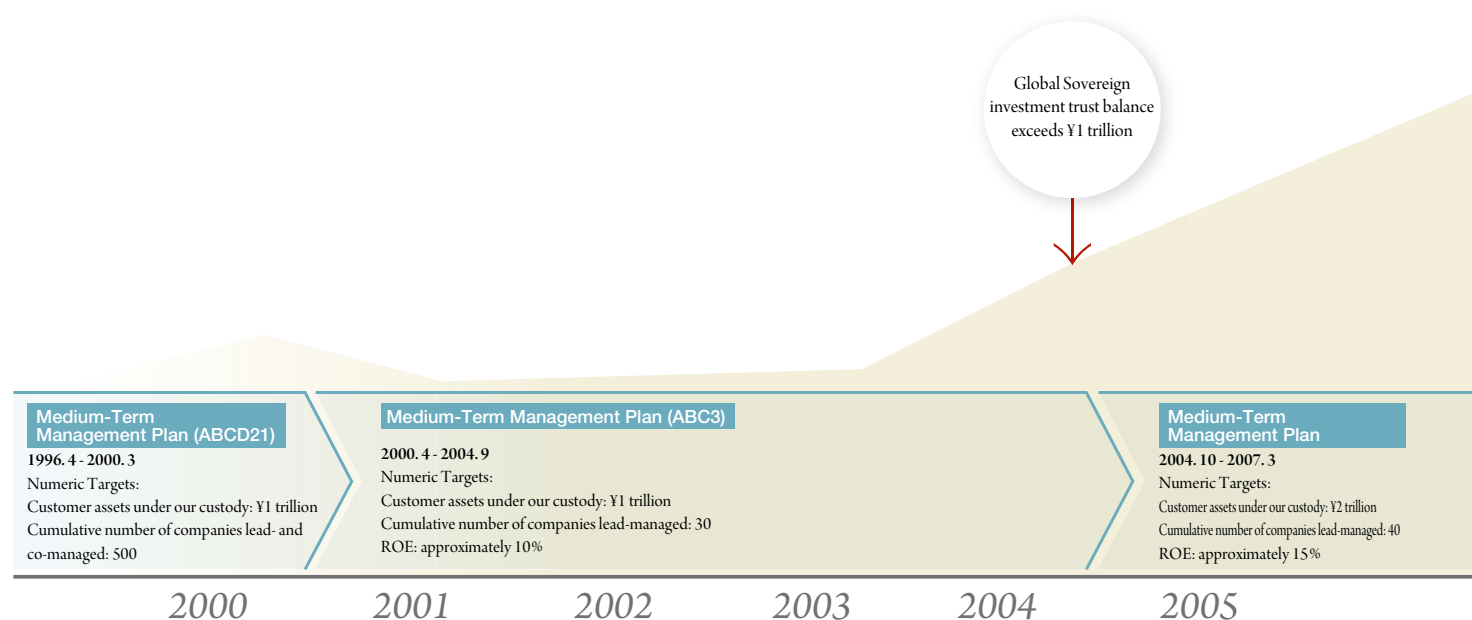
This investors' guide contains forward-looking statements about the future plans, strategies, beliefs and performance of Ichiyoshi Securities and its consolidated subsidiaries. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on the assumptions derived from information currently available to the Company and are subject to a number of risks and uncertainties, which include market trends, economic trends, competition in the Japanese financial industry, laws and regulations, and the tax system. As such, actual results may differ materially from those projected.

Consolidated Financial Highlights: A Decade of Growth

Ichiyoshi Securities Co., Ltd. and Consolidated Subsidiaries

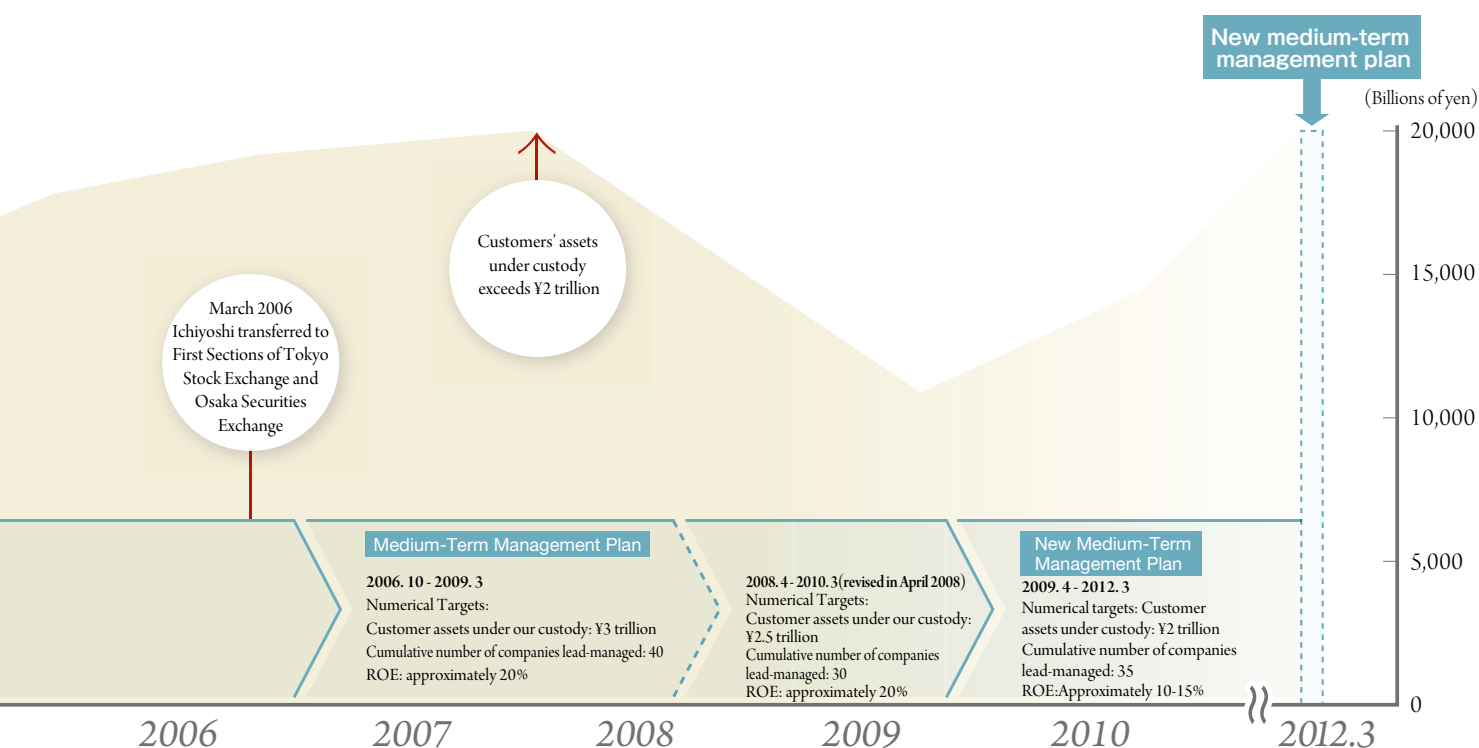
| For the years ended March 31 or as of March 31 | 2000 | 2001 | 2002 | 2003 | |
|--|---------|--------|--------|--------|--|
| For the Year | | | | | |
| Operating revenue | 24,640 | 12,627 | 10,689 | 9,565 | |
| Current income (loss) | 11,038 | △2,203 | △2,947 | △3,476 | |
| Net income (loss) | 9,925 | △2,565 | △3,577 | △4,112 | |
| At Year-End | | | | | |
| Total assets | 152,327 | 86,982 | 47,358 | 39,096 | |
| Net worth | 43,323 | 38,690 | 33,309 | 28,268 | |
| Per Share Data | | | | | |
| Net income (loss)(Yen) | 187.53 | △48.01 | △69.91 | △85.62 | |
| Net worth (Yen) | 807.28 | 727.68 | 688.03 | 597.04 | |
| Cash dividends (Non-consolidated)(Yen) | 30 | 3 | 3 | 3 | |
| Key Indicators | | | | | |
| Net return on equity (%) | 25.8 | △6.3 | △9.9 | △13.4 | |
| Equity ratio (%) | 47.9 | 76.2 | 70.3 | 72.3 | |
| Other Performance Indicators | | | | | |
| Customer assets under our custody (billions of yen) | 817.8 | 686.2 | 671.1 | 697.5 | |
| Of which, customers' investment trust assets (billions of yen) | 254.1 | 247.9 | 274.2 | 337.5 | |
| Number of customer accounts | 77,381 | 88,849 | 93,791 | 99,701 | |
| Cumulative number of companies lead- and co-managed | 443 | 511 | 580 | 620 | |
| Of which, number of companies lead-managed | 3 | 7 | 8 | 10 | |

Customer Assets under our Custody



(Millions of yen)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|---------|---------|---------|---------|---------|---------|---------|
| | 19,561 | 21,734 | 27,569 | 25,482 | 21,489 | 14,256 | 15,744 |
| | 4,671 | 5,477 | 9,855 | 6,498 | 1,872 | △3,261 | 140 |
| | 4,596 | 4,967 | 5,757 | 3,848 | 1,087 | △4,804 | 40 |
| | 61,406 | 62,669 | 88,736 | 65,577 | 50,078 | 36,596 | 37,254 |
| | 32,520 | 35,591 | 40,571 | 39,318 | 35,570 | 28,156 | 26,917 |
| | 101.07 | 107.14 | 122.64 | 81.09 | 22.90 | △106.03 | 0.93 |
| | 708.83 | 759.64 | 858.11 | 826.71 | 775.38 | 640.42 | 619.13 |
| | 20 | 30 | 100 | 55 | 32 | 26 | 24 |
| | 15.1 | 14.6 | 15.1 | 9.6 | 2.9 | △15.1 | 0.1 |
| | 53.0 | 56.8 | 45.7 | 59.9 | 70.9 | 76.7 | 72.1 |
| | 1,119.2 | 1,430.6 | 1,974.0 | 1,966.5 | 1,590.2 | 11,775 | 13,697 |
| | 431.5 | 547.6 | 754.0 | 909.3 | 825.9 | 6,044 | 6,834 |
| | 112,089 | 128,206 | 135,726 | 144,021 | 150,457 | 155,490 | 153,675 |
| | 663 | 710 | 743 | 783 | 812 | 821 | 828 |
| | 15 | 20 | 23 | 25 | 26 | 27 | 27 |



Message from the President

**We are striving to build “a securities firm like no other in Japan.”
These words and their meaning are of deep significance to Ichiyoshi.**



The business management policy advocated in the Ichiyoshi Credo is to “remain a firm of customers’ trust and choice.” Accordingly, we have set the unprecedented management objective of building a “Name-Brand Boutique House” in the finance and securities industry.

Our action guidelines to attain these goals are based on the virtues of “Gratitude, Integrity, Courage, Responsiveness and Continuity.” In addition, we are endeavoring to achieve high, long-lasting utility value to both individual and medium-sized business customers through “Long-Term Good Relations.” Every Ichiyoshi employee, including myself, is encouraged to always carry with them a card bearing the Ichiyoshi Credo as a tool and constant reminder of our joint efforts toward these goals.

In order to realize this Credo, for the past 10 years we have implemented four different medium-term management plans targeting the creation of a “Name-Brand Boutique House.”

We are currently implementing a New Medium-Term Management Plan targeting March 31, 2012 to rebuild the foundation for our “Name-Brand Boutique House”.

Ichiyoshi will continue to work in unity for the benefit of its shareholders and investors. We look forward to your continued patronage and support in these endeavors.

July 2010
Masashi Takehi
President & Chief Executive Officer

A handwritten signature in black ink, reading "M. Takehi" with a stylized flourish at the end.

Interview with the President

Q. Ichiyoshi's management philosophy and objectives have been clarified in the President's Message, but what is Ichiyoshi's concept of a "Name-Brand Boutique House?"

A. We regard Ichiyoshi as a boutique house, or a securities company that offers financial asset management services placing hearty importance on each individual customer. And this is how we distinguish ourselves from the traditional brokers that compete on economies of scale and provide discounts in the commission.

I strongly feel how the way in which customers select a financial institution has changed so dramatically since the fall of Lehman Brothers. Customers tend to evaluate how

professionally an institution provides a customer-focused advice, regardless of the size of the institution.

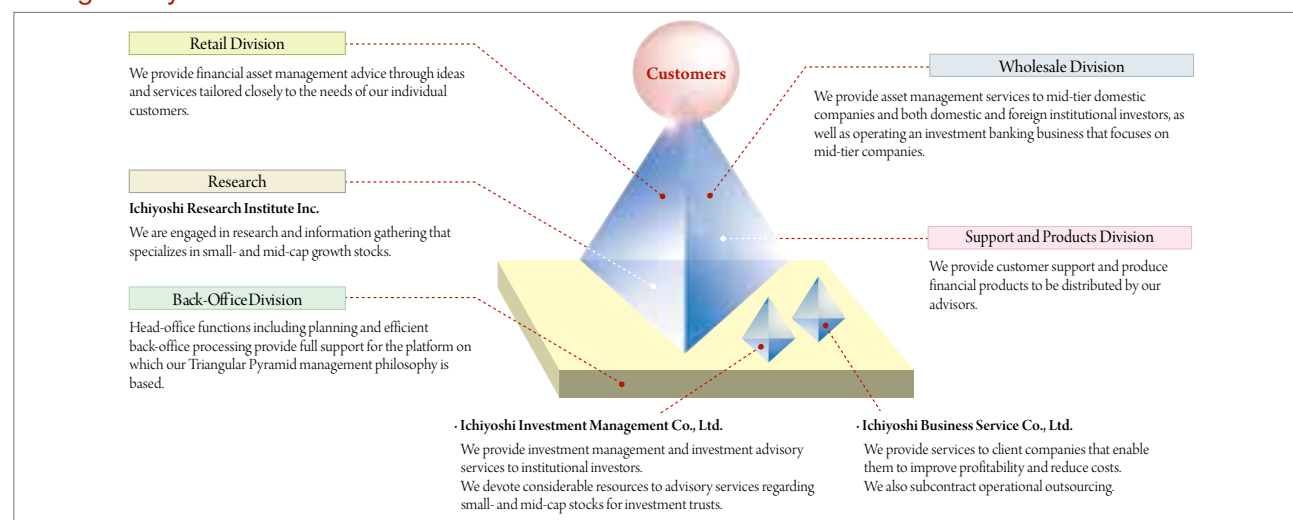
Just as an American boutique securities company, Edward Jones, had grown dramatically since the late '80s, Ichiyoshi has aimed to be a "Name-Brand Boutique House," or a Japanese pioneer of the boutique house for the last 10 years, specializing in asset management consulting for retail customers and services for medium-size corporate customers.

Q. Please explain the Triangular Pyramid Management.

A. The Triangular Pyramid calls for a structure that is constructed and supported on the foundation of the back offices. The bottom facet of the Triangular Pyramid is the research division and the other three facets are the retail, wholesale and support/product divisions, respectively. This management style aims to optimize the functionality of each division and affiliated company, in

order to maximize the firm's overall performance. The synergy from co-working should enable the divisions and the affiliates to improve products, information and services to customers, all of which should, in our opinion, eventually benefit the financial consulting provided to our customers.

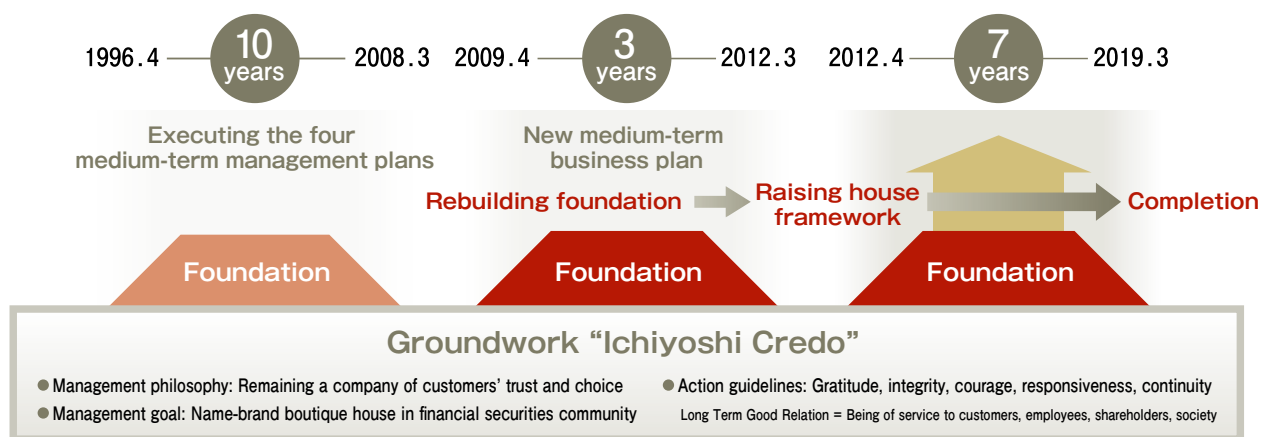
Triangular Pyramid



Q. Please outline the new medium-term management plan.

A. We decided that, due to the impact of the September 2008 Lehman shock, we need to rebuild and strengthen the foundation for the “name-brand boutique house” that we have been working on for 10 years. Thus, we have formulated the New medium-term management plan targeting March 31, 2012. We have returned to our starting point of specializing

in financial asset management for high net worth individuals, in research on small- and mid-cap stocks and in follow-up on the needs of mid-tier companies, to build a foothold for our further development over the next 10 years.



Basic strategies of New medium-term management Plan

- | | | | |
|---|---|---|---|
| 1 | Through realization of our Credo » “Value standard” for permanent prosperity | 5 | Integrated power of Ichiyoshi Group » Reinforcement of Triangular Pyramid Management |
| 2 | Expansion of business base » Increase in customers' assets in custody | 6 | Practical observance of legal compliance » Compliance is a source of competitiveness |
| 3 | Continuing improvement on revenue-cost structure » Revenue structure less susceptible to market volatilities. | 7 | Diversification of business channels » Part of growth strategies |
| 4 | Enhancement of earnings on existing business lines » Enhancement of earnings on specialized small –and medium-cap stock business | 8 | Nurturing and training of human resources » Human resources are a source of growth |

Returning to the starting point

Rebuilding the foundation by further enhancing "Ichiyoshi's strength"

"Name-brand boutique" oriented business model specializing in:

- (1) Financial asset management advice for wealthy individuals
- (2) Research on small- and mid-cap stocks and services for mid-tier companies.

Numerical targets

Period of the plan:
three years from April 2009 through the end of March 2012

Customer assets in custody: JPY 2 trillion (JPY 1.37 trillion)

Lead-managing deals: in 35 companies (27 companies)

RoE: Around 10 - 15% (1.3%)

Figures in parenthesis represent actual numbers at the end of March 2010;

Assumptions at the end of March 2012

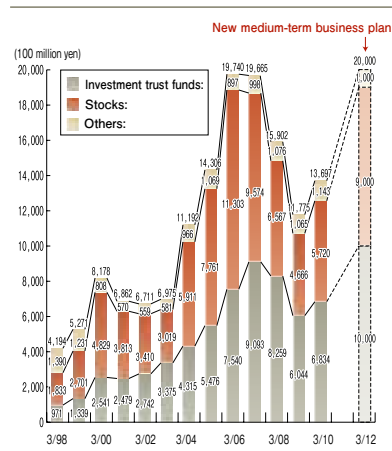
Nikkei 225: 15,000 yen;

Forex rate: 110 yen/US\$; and

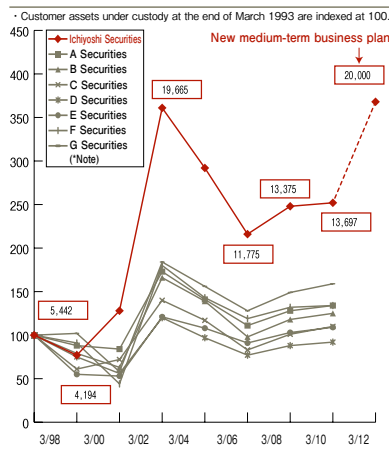
Long-term interest rate: 1.7%.

Targets in the new medium-term management plan

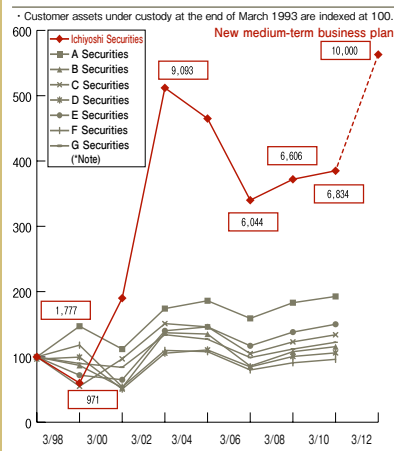
(i) Strengthening the business platform: increasing customer assets under custody



(ii) Strategy for increasing customers' assets under custody



(iii) Strategy for increasing customers' investment trust funds under custody

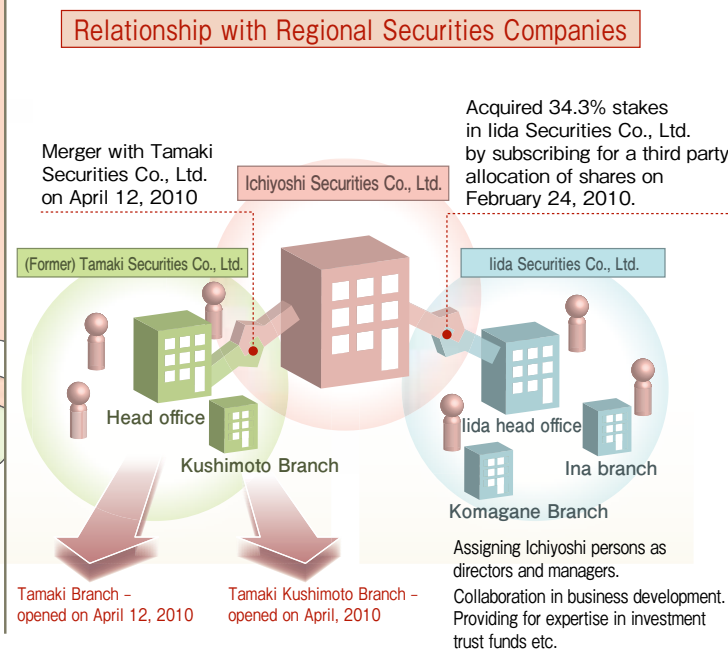
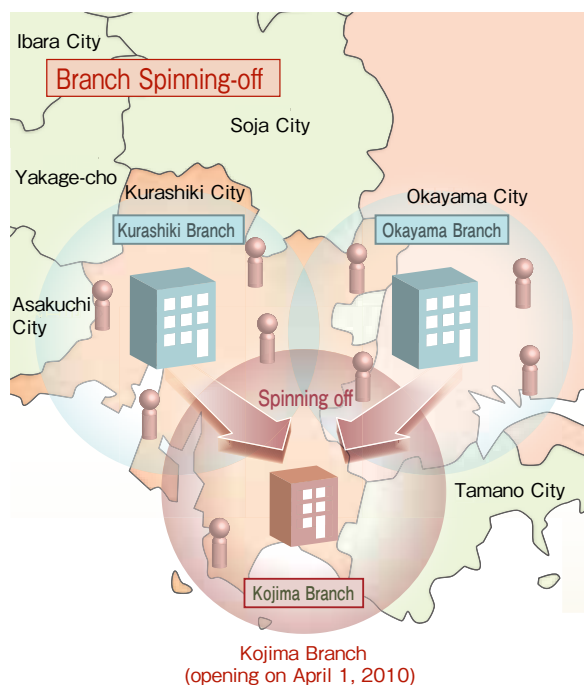


*Note: Assets under custody refer to those of the listed securities companies as of 1993 and excluding those of the merged companies and the online trading specialists.
Source: Calculated by Ichiyoshi. The figures for customers' assets under custody in each securities company are referenced from published trade papers.

Q. What is the “business channel diversification” that forms part of the growth strategy in the new medium-term management plan.

A. “Business channel diversification” is one part of the basic strategy in our new medium-term business plan. It involves establishing sub-branches, and building co-working relationships with regional brokerages. On April 1, 2010, we opened the new Kojima Branch in Kurashiki, Okayama Prefecture, which was the 34th Ichiyoshi Securities branch. Previously, it was mainly Kurashiki Branch that serviced this area, but we opened the new branch in order to provide services more closely tailored to the local region. On April 12, 2010 we opened Ichiyoshi Securities’

35th and 36th branches following the merger with Tamaki Securities; They are Tamaki Branch in Shingu, Wakayama Prefecture, and Tamaki Kushimoto Branch, in Kushimoto-cho, Wakayama Prefecture. On February 24, 2010, Ichiyoshi bought a substantial stake in Iida Securities (Iida, Nagano Prefecture), aiming to cooperatively develop business (through our provision of investment trust sales know-how and contract some support operations) and to enhance profitability by tailoring the business more closely to the local region.



Q. Please explain the details of the product strategy aimed at achieving the goals in the new medium-term management plan.

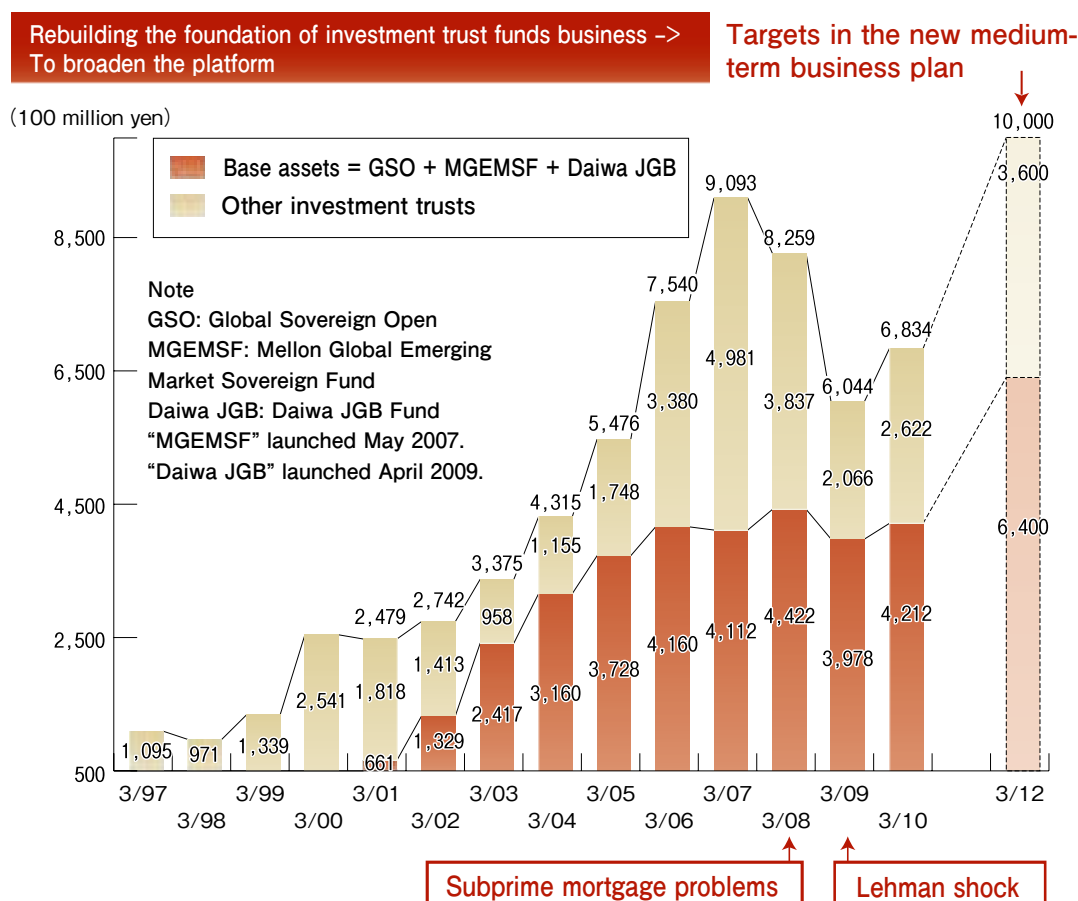
A. While we handle both equities and bonds as important products, one of the defining characteristics of our product strategy is to recommend our customers to hold “base assets” as a foundation for their financial asset portfolios.

Aiming to ensure stable growth in customers’ financial assets, we designate low-risk investment trust funds that invest in sovereign debt and pay out income monthly as “base assets.” Specifically, they are the Global Sovereign Open, the Mellon Global Emerging Market Sovereign

Fund and the Daiwa JGB Fund.

As shown in the graph below, the subprime mortgage problems and the Lehman shock caused a sizeable decline in the outstanding balances of the relatively high risk investment trusts but there was only limited decline in the balances of low-risk base assets.

Given our desire to ensure the stable performance of our customers’ valuable financial assets, we will maintain our product strategy of promoting “base asset” as their core portfolio.



Q. Please explain more about the “Ichiyoshi standard” that you have observed for the past 10 years — “not selling products simply because they are popular among investors.”

A. The “Ichiyoshi standard” consist of basic principles regarding products for individual clients that are:

- We do not handle publicly offered structured bonds
- We handle only highly rated bonds; we do not handle non-investment-grade bonds
- We do not handle a private placement fund
- We do not solicit individual foreign equities. We recommend foreign equities be held in an investment trust
- Asset management companies are chosen for their trustworthiness and consistency
- We do not solicit futures or options
- We do not handle foreign exchange margin trades

The management and employees of our company are committed to the concept of providing assistance to the steady, secure and reliable growth of our customers’ assets. We do not simply aim to provide a broad range of products and services, some of which may be popular but overly risky. Rather, in some cases, we may refuse to provide some products to ensure the long-term safety of customers’ assets. We aim to win our customers’ trust and build long-term relationships with them.



売れる商品でも、
売らない信念。

私たちは、お断りする事があります。

【いちよし基準】＝「個人のお客様向け商品についての選別基準」

- 公募債・社債は取り扱いません。
- 債券は長期付けのみとし、中途解約は取り扱いません。
- 公募ファンドを取り扱いません。
- 個別外資株は、お断りします。
- 外資株は個別立派株をお断りします。
- 個別外資株は、流動性と継続性で選びます。
- 先物・オプションは取り扱いません。
- FX（外国為替証拠金取引）は取り扱いません。

私たちは、この「いちよし基準」を10年、変わり続けています。

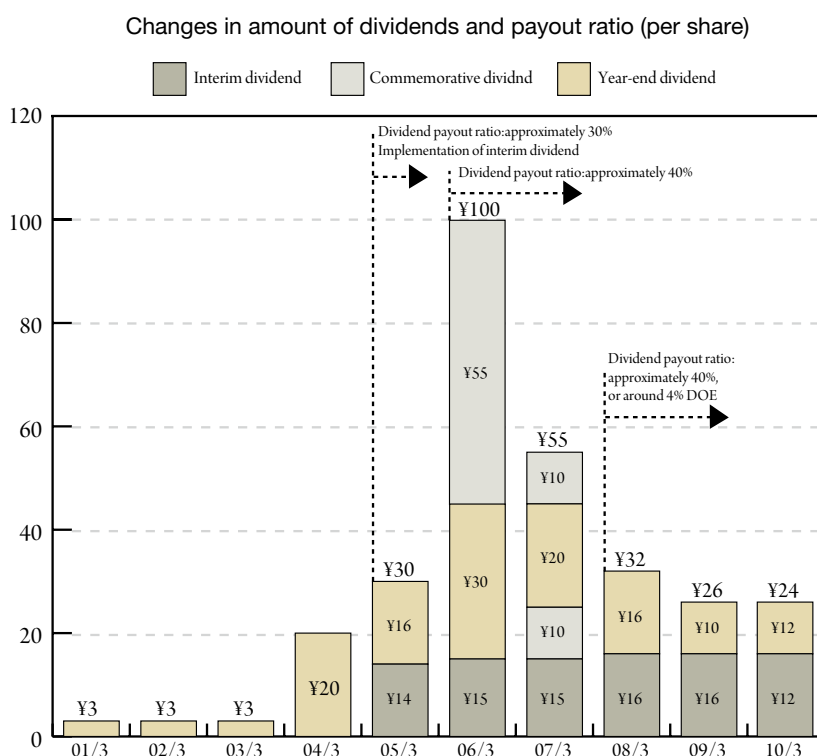
お客様の資産を安全・確実に2～3%の増えを目標に、お役に
立ちたい一心で当社の投資方針を定めています。常に商品の見直し
をするだけでなく、私たちがお断りする商品やサービスがすべて、
お客様の大切な資産を減らすことや弊害に陥らせておけるよう、
あえてお断りする事があります。私たちは、お客様に信頼して頂き、
1円単位でお付き合いを続けていくことを大切にします。

選ばれ続ける投資会社へ。

いちよし証券

Q. Ichiyoshi has been ahead of the pack in implementing high levels of returns to shareholders. Please elaborate on your policy on earnings distribution.

A.



An appropriate earnings distribution to our shareholders, as well as corporate governance, has been among our core management policies.

In March 2000, we pledged a payout ratio of approximately 20% to shareholders, and paid dividends of ¥30 per share, including ¥10 per share in commemorative dividends. Thereafter, we upgraded our payout ratio level to 30% in 2005 and to 40% in 2006. We also have started paying out interim dividends since the fiscal year ended March 2005. Since the fiscal year ended March 2008, we

have based dividends on either a payout ratio of approximately 40% or DOE of approximately 4%, whichever is the larger. Thus, the total dividend per share for the fiscal year under ended March 31, 2008, was ¥32, and the total dividend per share for the fiscal year under ended March 31, 2009, was ¥26 and ¥24 for the fiscal year ended March 31, 2010.

From September 1998 to January 2009, we retired 15,490,000 shares, or about 27.9% of the total outstanding shares.

Retirement of shares

| | Bought-back and retired shares | Acquisition price | Retirement ratio |
|--------------------------------|--------------------------------|-------------------|--------------------|
| September 1998 to January 2004 | 11,841,000 shares | ¥ 264.55 | 20.2% |
| January to March 2008 | 1,699,200 shares | ¥ 1,032.31 | 3.5% |
| November 2008 to January 2009 | 1,957,500 shares | ¥ 673.03 | 4.2% |
| | | | TOTAL 27.9% |

Reference: total number of shares issued as of March 31, 2010 44,431,386 shares

Q. Ichiyoshi instituted corporate governance procedures from an early stage. What have these activities involved?

A. Ichiyoshi has been a pioneer in strengthening corporate governance in the securities industry. First, in April 1998, we introduced an “executive officer system,” while In June 2003, we appointed three independent outside directors and moved to a “committees-based company” system to clearly delineate the management oversight and business execution roles.

Furthermore, in January 2006, Ichiyoshi set up the External Experts Committee to receive advice from outside academics and experts on matters concerning Ichiyoshi’s business management. In January 2009, we enhanced our director and executive officer management structure with the introduction of an operating officer system with the aim of flexible decision-making through a smaller number of executive officers and improved business execution capabilities.

Since 2001, we have held annual meetings of shareholders on Saturdays, as well as social gatherings with shareholders, as part of our proactive corporate governance endeavors.



The 8th Corporate Governance Survey

Top 20 companies in “JCG Index of Corporate Governance 2009”

| Rank | JCG Index | Company Name |
|------|-----------|--------------------------------|
| 1 | 82 | TOSHIBA CORPORATION |
| 2 | 81 | SONY CORPORATION |
| 2 | 81 | Sumida Corporation |
| 2 | 81 | AEON Co., Ltd. |
| 2 | 81 | Daiwa Securities Group Inc. |
| 6 | 78 | Nissen Holdings Co., Ltd. |
| 7 | 77 | TEIJIN LIMITED |
| 8 | 76 | PARCO CO., LTD. |
| 9 | 75 | OMRON Corporation |
| 9 | 75 | Resona Holdings, Inc. |
| 11 | 74 | Shoei Co., Ltd. |
| 11 | 74 | Eisai Co., Ltd. |
| 13 | 73 | Asahi Breweries, Ltd. |
| 13 | 73 | Konica Minolta Holdings, Inc. |
| 13 | 73 | Mitsubishi Corporation |
| 13 | 73 | Nomura Holdings, Inc. |
| 13 | 73 | Benesse Corporation |
| 18 | 72 | Asahi Glass Company, Limited |
| 18 | 72 | Ichiyoshi Securities Co., Ltd. |
| 20 | 71 | RICOH COMPANY, LTD. |

Source: Japan Corporate Governance Research Institute, Inc. (JCGR)

Assessment of corporate governance

Japan Corporate Governance Research Institute (“JCGR”) conducted its 8th survey on the 2010 corporate governance systems of all companies listed on the First Section of the Tokyo Stock Exchange and published the result of the survey as JCG Index 2009, in which Ichiyoshi obtained 72 points and was ranked 18th.

Criteria in assessment of governance – based on “JCGR Corporate Governance Principles”

- (i) Governance from the perspective of shareholders’ benefit
- (ii) Clear goals for corporate performance
- (iii) A structure to ensure the fulfillment of the CEO’s responsibility
- (iv) Existence and governability of the board of directors in which the independent directors take initiatives
- (v) Management that enables the CEO to achieve corporate goals
- (vi) Effective compliance-observance system and internal audit system and CSR awareness
- (vii) Accountability to shareholders
- (viii) Appropriate disclosure to shareholders through IR activities
- (ix) Transparency through disclosure to the other stakeholders

*Those with 64 points or more out of 100 are ranked as “high JCG Index Companies” and those with 37 points or less as “low JCG Index Companies.”

Ichiyoshi's Strengths

Growth in balance of investment trust funds on build-up of base assets

We recommend that customers build up base assets to ensure the safe and steady growth of their investment assets. Base assets, forming the foundation of asset portfolios, comprise the Global Sovereign Open fund and other investment trusts paying monthly distributions that target secure medium- to long-term investment returns on domestic and foreign bonds. We see base assets as a good alternative to deposits, which currently pay very little interest, and they are winning the support of a broad customer base.

We also recommend investment trusts as a way of benefiting from projected growth in emerging markets. Not only focusing on product lineup, but also providing advice that prioritizes individual needs, we are ensuring that customers will hold their assets over the medium to long term.



Specialization in Emerging Growth Companies and Small- and Medium-Cap Growth Stocks

Specializing in investments in small- and medium-cap growth stocks, we unearth promising companies with high growth potential sufficient to sustain the future of the Japanese economy—not through short-term speculation but through medium- to long-term holding—and benefit our customers. To this end, our subsidiary Ichiyoshi Research Institute Inc., in collaboration with Ichiyoshi Investment Management Co., Ltd., conducts research, and analysis, and provides management and consulting services focused on emerging growth companies and small- and medium-cap growth stocks.

Ichiyoshi Research Institute houses 17 analysts (as of March 31, 2010) distinguished by their wealth of experience and knowledge. They specialize in research and analysis on emerging growth companies and small- and medium-cap growth stocks listed on the First and Second sections of the Tokyo Stock Exchange, the First and Second sections of the Osaka Securities Exchange, JASDAQ, Mothers and Hercules. Ichiyoshi Research Institute has ranked first in the Japanese version of Euromoney magazine's "Best Research House Ranking 2009" for six

straight years in the division of "Emerging Market Access Ranking" (IFIS index), and enjoys a strong reputation in Japan and overseas for their research capabilities.

Ichiyoshi Investment Management is an asset management business that brings together the Ichiyoshi Group's expertise in prospecting and investing in emerging growth companies. Among such companies, Ichiyoshi Investment Management invests for the long term primarily in those poised for dramatic growth. In addition to providing advice to the Ichiyoshi Public Venture Fund and Ichiyoshi Growth I, the firm is also involved in the management of the Ichiyoshi Small- to Medium-Cap Stock Recovery Fund (also known as "Little Heroes"), which was established in June 2009.

We will continue to deepen cooperation with these two subsidiaries to enhance a mutual support system for investment in small- and medium-cap growth stocks as we strive to become a "Name-Brand Boutique House" in the financial and securities industry.

Client relationships built on services tailored to local communities

We make efforts to improve the quality of our services to meeting customers' broad range of needs. These efforts include a product lineup suited to international portfolio diversification, branch designs that enable clients to take ample time and seek advices on future plans and asset management, improvement in the functionality of the Ichiyoshi Direct call center, and support services for owners of mid-tier

companies.

We are also looking towards the opening of sub-branches and business and capital tie-ups with regional brokerages in order to strengthen client relationships built on the tailoring of our services to local communities.



Spreading a circle of name-brand boutique house

Kojima Branch

Kojima Branch newly opened on April 1, 2010 as the 34th domestic branch of Ichiyoshi Securities.

Situated in the western part of the Kojima Peninsula and in the southernmost tip of Okayama Prefecture (except for islands in the Island Sea of Japan), the Kojima township of Kurashiki city is the gateway to the Seto Ohashi Bridge that connects Shikoku Island with Honshu mainland. Shipping, salt manufacturing and textile industry flourished in old times in Kojima. Nowadays, prosperous is the apparel industry represented by sport uniforms, school uniforms and jeans. Kojima is also known as the place where blue jeans are firstly sewed in Japan.



Tamaki Branch and Tamaki Kushimoto Branch

Having merged with the Tamaki Securities Co., Ltd., Ichiyoshi opened Tamaki Branch and Tamaki Kushimoto Branch on April 12, 2010 as the Ichiyoshi's 35th and 36th domestic branch, respectively.

The former Tamaki Securities Co., Ltd., founded in December 1948, was a community-oriented regional securities house with a strong presence in southern part of Wakayama Prefecture.

City of Shingu is located in the southern tip of the Kii Peninsula, and has been called the Wood Country (or *Ki-no-kuni*) from long time ago. With warm climate and beautiful scenery, the city is also famous for trailhead of Kumano Kodo Pilgrimage Routes that are registered on the UNESCO World Heritage List. Kushimotocho is a town that is located in the southernmost tip of Honshu Island (or mainland of Japan). With the Shionomisaki Peninsula sticking in the Pacific Ocean backed by the Kii mountain range, the town is the blessed by the scenic coast lines.



About Iida Securities

Iida Securities Co., Ltd., founded in May 1948, is another community-oriented regional house with a strong presence in the Southern part of Nagano Prefecture. Iida Securities has its headquarters in Iida, Nagano Prefecture, with one each branch in Komagane and Ina.

The company has 30 employees and JPY 257 million in stated capital, as of April 1, 2010



On the occasion of entering a business tie-up with Ichiyoshi Securities, Iida Securities ran an advertisement in the Shinano Mainichi Shimbun on March 1, 2010. (as shown on the left). "Zuku" of "Let's exert zuku" in the ad means strength of mind, moral for work and hardworking in a dialect, as is known by almost all the Nagano Prefecture residents. The word was also top ranked in "Homeland Shinshu(Nagano) dialect to be preserved in the 21st century."

Business Outline

Retail Business

The Advisors Division provides financial products for retail customers.

Ichiyoshi's advisory activities are geared to help build optimum asset portfolios of each retail customer through proposals and services that accurately reflect customer needs.

■ Ichiyoshi's advisory activities

Providing customers with asset management advice is the at the core of our operations, and Ichiyoshi was the first in the industry to change the name of its sales staff from "salesperson" to "advisor."

Ichiyoshi's advisory activities take the fundamental approach of conducting sales from customers' perspective. Through a direct dialog with each of our customers we are able to understand their true needs, create an appropriate portfolio and provide consistent follow-on services.

To become a true financial planner trusted by the customer, advisors must possess intimate knowledge of products and markets and excel in their ability to make proposals, their legal compliance and manners, all of which are enhanced through our training system.

■ We don't sell products simply because they are popular among investors

We want our customers' household finances to grow steadily and soundly. This is our firm, unwavering stance. As well as offering a complete product line, we always consider the customers' viewpoint in order to understand their needs and provide them with reliable products and services. We only offer our customers products that have cleared the Ichiyoshi Standard, thoroughly applying strict neutrality to each product so that customers can hold financial products for the medium- to long-term with peace of mind.

Ichiyoshi Securities aims to create customer relationships that last ten, twenty or more years.

■ Remaining a firm of customers' trust

Carrying out advisory activities based on the Ichiyoshi Credo (management philosophy, management objective and action guidelines) will enhance the trust of our customers, which, in turn, will lead to customer satisfaction and an increase in customers' assets in our custody.

We would like to push forward this win-win approach for our customers and for the Company.



Wholesale Business

Ichiyoshi's Wholesale Business provides products and services attuned to the needs of its diverse institutional customers through its Corporate Clients Sales Division, Institutional Investors Division and Investment Banking Division.

Corporate Clients Sales Division

■ Specializing in services for medium-sized listed companies

In response to various demands in the medium-sized listed companies, Ichiyoshi provides them with solution service and proposals on the portfolio management. The activities involve the participation and coordination of many departments and affiliated companies. As for the business for privately owned companies, our focus is to build a partnership by advising on both their business management and asset management. In addition, we have put in place a system to support fund management by regional financial institutions and corporate pensions.

Institutional Investors Division

■ Improving services for domestic and overseas institutional investors

We are focused on expanding and upgrading brokerage services to meet the diversified needs of institutional investors in Japan and abroad. We also organize listed companies' investor relations meetings to serve as an intermediate between those companies and institutional investors. Ichiyoshi's Trading Section was relocated to the headquarters in an aggressive drive to bolster response speed in executing orders and reinforce services using transaction methods that meet customer needs.

English-language research reports, one of our services for institutional investors, are regarded highly overseas. We will continue to augment our services for global institutional investors through proactive distribution of information overseas.

Investment Banking Division

■ Specialization in emerging-stock markets and support for growth

The Investment Banking division offers assistance on initial public offerings (IPOs) and capital policy to medium-sized and venture companies, as well as intermediary and advisory services for mergers and acquisitions. Ichiyoshi, with its strength in emerging-stock markets, places research-based support for emerging companies at the heart of its investment banking business. Moreover, we are strategically emphasizing IPOs and mergers and acquisitions as the two pillars of this division.

Ichiyoshi considers its strengths as follows:

- Clarity of direction in its investment banking business
- Focus on emerging and high-growth companies
- Establishment of a support infrastructure via research and investor relations
- Confidence in the quality and independence of underwriting and credit evaluation functions
- Customer-oriented response, built from experience, both before and after IPOs
- Strong distribution functions for emerging stocks

Support Business and Products Business

■ Supporting advisory activities

The Advisors Support Division, which provides customer support, engages in advisory activities and develops financial products for sale, consists of the Advisors Support Department, the Research & Strategy Department, the Financial Products Department, the Wealth Management Department and Ichiyoshi Direct Call Department. Activities to facilitate improved customer services span introducing customers to individual stocks and issues, providing them with customer-friendly information, hosting seminars, introducing tax accountants and other specialists and providing products and services that meet the diverse needs of business owners.

The Advisors Support Division plans and manages advisor activities such as seminars and campaigns. The Research & Strategy Department closely works with Ichiyoshi Research Institute to provide information on the investment environment and on individual listed stocks. The Financial Products Department develops investment trusts and fixed-income products, while also providing materials such as a range of asset management reports. The Wealth Management Department provides a range of support services to business owners, by introducing experts such as tax accountants and lawyers, providing order-made investment advice, and a range of support services for business succession, inheritance and gifting arrangements, along with the utilization of real estate. The Ichiyoshi Direct Call Department offers telephone trading, a call center to respond to a broad range of enquiries, and a telephone answering service.

■ Medium- to long-term asset management follow-up services

Ichiyoshi carries out consistent medium- to long-term asset management follow-up services. Ongoing provision of information and follow-up services is vital to helping to keep the long-term holding of shares and investment trusts. Accordingly, we issue reports on stocks held, host stock-investment seminars and hold ongoing fund management-reporting meetings and quarterly premium fund management-reporting meetings at each branch for investment trust customers throughout Japan.

Ichiyoshi supports the safe, medium- to long-term holdings not just when financial products are purchased, but also throughout the holding period by providing ongoing information and periodicals including *JASDAQ Monthly*, *The Market Strategy* and *Fund Care*.



Back-Office Divisions

Ichiyoshi's Operations Control Division is responsible for the Company's administrative services (compliance, monitoring and inspections) and general business affairs. The division also supports funding operations, plans operational promotions and supports the back-office activities of each branch office.

■ Emphasis on compliance management

Understanding and abiding by rules is now a minimum requirement for financial institutions. While Ichiyoshi has put focus on compliance management, "Plan for Strengthening the Competitiveness of Japan's Financial and Capital Markets," promulgated by the Financial Services Agency, has spurred the Company to raise levels of compliance management and to revise the functions of its back-office divisions. With the objectives of raising the quality of our advisors and the back-office divisions that support them and providing better services for customers, we conduct regular in-house compliance tests and internal and external training courses. These endeavors serve to ensure that all employees acquire legal, regulatory and administrative familiarity and knowledge.

■ The role of back-office divisions

The Operations Control Division is the underlying force that supports our Triangular Pyramid Management. It provides a lifeline for the back-office activities of each branch office and division and strives to ensure better services are provided to customers. Moreover, the division facilitates swift, precise and flexible responses to the multitude of changes that the Company faces.

Staff Training

Viewing people as our greatest asset, we are constantly focused on developing and improving the capabilities and qualifications of our employees.

Ichiyoshi is proactively engaged in workplace improvements that take employee concerns into consideration, aiming at a comfortable workplace employees can be proud of and where they will want to work for a long time.

IR Activities

One part of our IR activities involves holding biannual information meetings for institutional investors in Japan. We also visit institutional investors in the United States and Europe, hold meetings with them, and conducts various IR activities in order to enable them to access to the latest development of our company. Ichiyoshi posts financial materials and press releases in English on its website, providing simultaneous disclosure of information in Japanese and English.

Compliance

Ichiyoshi has formulated a Credo (Mission Statement) that embodies the management philosophy, business goals and action guidelines commonly recognized by all the Company's employees. The Credo declares that employees of the Company shall act with high ethical standards, observing relevant statutes and regulations as part of its obligation to society. Ichiyoshi aims to practice active compliance that solidly responds to societal demands, rather than passive compliance that merely involves observing laws.

Compliance Activities

Each year we formulate a new compliance program that updates or revises the rules and flow of the program. The company-wide knowledge and understanding of the new compliance program is enhanced through the monthly or every-other monthly sessions of the Compliance Meeting. The session, attended by committee members who are the

principal members of each branch, division and subsidiary company, serves as a secretariat and is attended by related departments within the Operations Control Division. The session gives out compliance directives, ensures thorough sharing of information and reports on current problems.

Compliance Manual

The Compliance Manual, Business Rule Guidebook and other materials are available on Ichiyoshi's intranet for ready reference should a possible compliance issue arise. The materials are kept up to date with any changes in relevant laws or regulations. Once every half-year, the Company also administers a compliance test to all employees to deepen and verify compliance-related understanding. Each department or branch of the Company also strives for further self-development through active participation in external training sessions.



Internal Whistle-Blowing System

To prevent employee violation of laws and other corporate misconduct, in March 2004, the Company implemented an internal whistle-blowing system with corporate legal counsel as the contact point. Reported information is passed on to the executive chief responsible for Internal Control System for swift and appropriate corrective action.

In addition to the internal whistle-blowing system, the Company maintains consultation services for employee health and legal matters, and a Suggestion Forum in which employees can express views directly to the management. Such systems also serve to gather information outside the normal operational channels.

Director/Executive Officer/Operating Officer

(As of June 19, 2010)



Board of Directors

From left to right in the back row: Akira Gokita, Shigenobu Hayakawa and Kenro Kakeya

From left to right in the front row: Heiji Endo, Masashi Takehi, Toshiyuki Fuwa and Nobutaka Tana-ami

| Directors | | Executive Officers | | Operating Officers | |
|---------------------|---|-------------------------------------|--------------------|---------------------------|----------------|
| Masashi Takehi | Chairman of the Board Member of the Nominating Committee the Remuneration Committee | President & Chief Executive Officer | Masashi Takehi | Senior Operating Officers | Osamu Akagi |
| Toshiyuki Fuwa | | Senior Managing Executive Officer | Toshiyuki Fuwa | Operating Officers | Shigeru Akiba |
| Heiji Endo | Member of the Audit Committee | | Nobutaka Tanaami | | Masaki Yano |
| Nobutaka Tanaami | | Managing Executive Officers | Toshihiko Takaishi | | Isao Kuwahara |
| Shigenobu Hayakawa* | Member of the Nominating Committee the Remuneration Committee the Audit Committee | Executive Officers | Yasuaki Yamasaki | | Tsutomu Nakao |
| | | | Hisato Hatanaka | | Mikio Nio |
| | | | Shiro Tateishi | | Hiroshi Ryugen |
| Akira Gokita* | Member of the Nominating Committee the Remuneration Committee the Audit Committee | | | | |

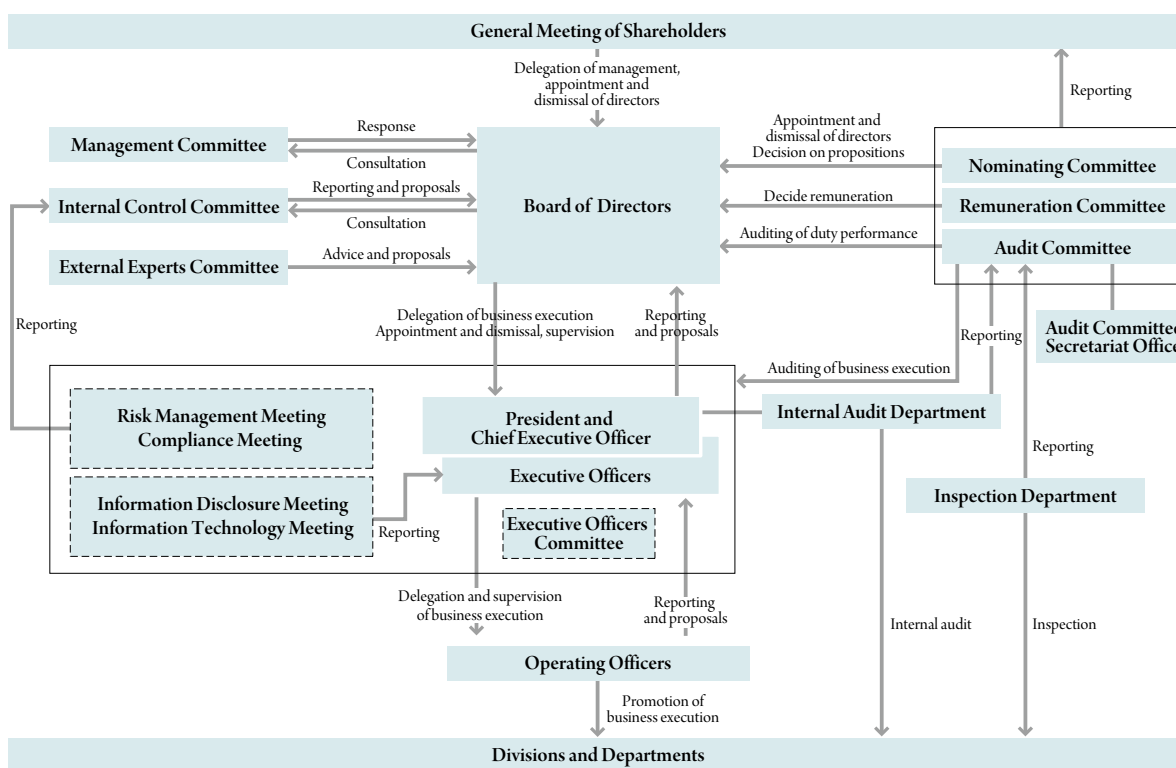
Kenro Kakeya*

*Outside director

Corporate Governance

We have made corporate governance one of our management priorities to secure the flexibility and transparency of decision-making, to improve the speed and effectiveness of business execution and to reinforce supervision over management and business matters.

Governance Structure



Corporate Governance Developments

1998

- ▶ Executive officers appointed to effect prompt decision-making and execution of decisions
- ▶ Board of Auditors bolstered by the appointment of an attorney-at-law as an independent outside auditor

2000

- ▶ Two business results briefings held for retail investors and analysts
- ▶ Board of Directors reinforced by the appointment of a certified public accountant as an independent outside director
- ▶ Remuneration Committee, with members including an independent outside director and an independent outside auditor, created to clarify assessments of executive officers' performance

2001

- ▶ Annual shareholders' meeting held on Saturday (accompanied by a social gathering with shareholders)

2003

- ▶ "Committees-based company" system adopted

2004

- ▶ Internal whistle-blower system adopted; retirement benefits system for directors and executive officers abolished

2005

- ▶ Information Disclosure Committee established
- ▶ Internal Control Committee established
- ▶ Investor relations activities conducted in the United Kingdom and the United States
- ▶ Business Continuity Plan Adoption Committee created
- ▶ Internal Audit Department created under the direct authority of the Chief Executive Officer

2006

- ▶ External Experts Committee established

2007

- ▶ Appointment of non-executive director as Chairman of the Board of Directors (to end of March 2010)

2009

- ▶ Introduction of Operating Officers system

Information on Consolidated Subsidiaries

Ichiyoshi Research Institute Inc.

It focuses focus on research and information gathering regarding small- and mid-cap growth stocks-strength of the Ichiyoshi Securities group.

2009 Best Research House Ranking, Euromoney Japanese language version

Emerging Market Access Ranking (January 1–December 31, 2009): No 1 (sixth consecutive years on top)

Top class coverage of Jasdaq and small- and mid-cap growth stocks

Ichiyoshi Research Institute's coverage specializes in small- and mid-cap stocks traded on the Tokyo Stock Exchange, Osaka Securities Exchange, Jasdaq, Mothers, and Hercules. There are some 320 stocks in the universe of continuing coverage by our analysts,

making our coverage the widest of all the Japanese brokers. Ichiyoshi Research Institute provides the research to investors in a timely manner via channels such as Ichiyoshi Securities.

Securities analysts' in-depth company research

Another characteristic of our research is that analysts focus their coverage on high-growth areas , including high-tech and telecoms (IT) and biotechnology, along with logistics reform, and environment and infrastructure. Ichiyoshi believes that all the analysts

are fully versed in the respective industries of coverage and such knowledge, coupled with regular contact with top management, enables their in-depth research .

Providing information that assists investors' asset formation

Research deriving from Ichiyoshi Research Institute Inc.'s diligent research activities and in-depth analysis is delivered to asset management advisors and investors in a timely fashion via the JASDAQ Monthly, the internet, TV and a range of media.



Best Research House Rankings by Euromoney

Emerging Market Access Ranking

Source: Euromoney, No. 78, 2010

| Ranking | Company | Index |
|---------|-------------------------------------|---------------|
| 1 | Ichiyoshi Research Institute | 31.73% |
| 2 | Nomura Securities | 14.41% |
| 3 | Daiwa Securities | 9.64% |
| 4 | Mizuho Securities | 7.28% |
| 5 | Tokai Tokyo Research Center | 6.51% |
| 6 | Mitsubishi UFJ Securities | 3.94% |
| 7 | Citigroup Global Markets Japan | 3.91% |
| 8 | Okasan Securities | 2.79% |
| 9 | Merrill Lynch Japan Securities | 2.71% |
| 10 | Barclays Capital Japan | 2.58% |

Ichiyoshi Research Institute ▶ <http://www.ichiyoshi-research.co.jp/>

Ichiyoshi Investment Management Co., Ltd.

Specialization in small- and mid-cap growth stock investment

Ichiyoshi Investment Management Co., Ltd. invests for the long term, mainly in many small- and mid-cap stocks with outstanding growth prospects. The investment management company consults in detail with the clients before signing investment management contracts in order to ensure that the management style meets their needs.

Thorough company research by portfolio managers

The portfolio managers visit companies directly, with reference to the research provided by Ichiyoshi Research Institute, in order to discover promising stocks.



Close cooperation with Ichiyoshi Research Institute

The investment management company fully utilizes the output from Ichiyoshi Research Institute.

Well-disciplined process in investment decision making

The managers then select stocks at investment policy committee meetings that make use of environmental analysis conferences and investment universe conferences.

The earnings outlook is the most important criterion for stock selection.

Strict compliance and disclosure

In addition to strict compliance and risk management, we also ensure that disclosure is sufficient to fully inform our customers.

Ichiyoshi Investment Management Co., Ltd.

▶ <http://www.ichiyoshiim.jp/english/business-operation/information.html>

Ichiyoshi Business Service Co., Ltd.

In order to promote operational efficiency and cost cutting in all aspects of the Ichiyoshi Securities group, the business service subsidiary is engaged in the outsourced operations (back-office and real-estate management). It also provides integrated agency services based on financial product brokerage, real-estate brokerage, insurance and back-office operations. Aiming to contribute to earnings improvement and cost cutting at the customers, the company provides products and services matched to the customers' needs via agency agreements with leading companies in a range of industries.

Outsourcing Division

The company contracts back-office and real-estate management operations in order to promote operational efficiency and cost reduction.

Financial Product Brokerage Division

The company provides asset-management advice to clients on stocks, bonds and investment trusts as a brokerage agency.

Real Estate Introducing Brokerage Division

The company provides brokerage for purchases and sales of real estates as well as for rental properties and advices on real estate assets.

Insurance Division

The company is a sales agent for life insurance, property and casualty insurance, and low-value short term insurance, and provides insurance products tailored to customers' life plans.

Office supplies

As an agent of the Kokuyo Group, the company is engaged in direct sales of office supplies (Kaunet and Withkaunet) and office furniture, and provides advice and design for office layouts.

Ichiyoshi Business Service Co., Ltd. ▶ <https://www.ichiyoshi-bs.co.jp/>

Social Contributions

We consider contributing to society our social responsibility and donate a portion of the Company's revenue to charitable organizations in Japan and overseas. We have also created the Ichiyoshi Point Service, which enables customers to donate to organizations of their choice.

Creating a vibrant world,
with towns of
abundant verdure



Encouraging a sense
of caring



Supporting the training
of guide dogs



Offering children
in developing countries
a more promising future



Medical support
for those suffering in
miserable conditions



Protecting lifestyles
and the global environment



Philanthropy Project for the Ichiyoshi 60th anniversary



Celebrating the 60th anniversary of its foundation, the Company donated the funds for building schools in the Philippines through Plan Japan, an international NGO that supports children in the developing nations of the world for growth in a happier environment.

"A. Hermosa Memorial Elementary School" at Citio Marco An, situated in the inner part of Barangay Santa Cruz, Placer, Masbate Province, Philippines was completed by August 2010.

Schoolhouse built by the donation of funds for construction from the Company in the past

"Ichiyoshi Zhongdian Friendship Elementary School" in Zhongdian District, Yunnan Province, China (August 1997)

"Neang Teut Elementary School" in a rural area, Kampong Cham Province, in central Cambodia (December 2005)

"Beatrice Jimenez Vaquero Elementary School" in the Cotopaxi region of mountainous northern Ecuador (July 2007)

"Panubigan Elementary School" in the south of Masbate Province, Philippines (February 2008)

"Altavista Elementary School" in Cebu Province, Philippines (November 2008)

Financial Section

| | |
|----|---|
| 26 | Management Discussion and Analysis |
| 30 | Consolidated Balance Sheets |
| 32 | Consolidated Income Statements |
| 33 | Consolidated Statements of Shareholders' Equity |
| 34 | Consolidated Cash Flow Statements |

Management Discussion and Analysis

During the fiscal year ended March 31, 2010, the leading economic nations of the world joined forces to carry out their proactive economic measures and ultra-low interest rate policies. Thanks to such measures and policies, the global economy got back on the recovery path, and financial markets got further stabilized. The economic rebound in Asia in particular, centering around China, helped Japanese firms improve their production and export activities, giving rise to a gradually brighter outlook for the domestic economy of Japan. The Nikkei Stock Average on the Tokyo Stock Exchange (“TSE”), starting off from the ¥8,300 level in the early part of the fiscal year, recovered to ¥10,767 on August 31, 2009.

Despite initial expectations for change under the new coalition government formed in September by the Democratic Party of Japan, uncertainty over policy executions by the new government, coupled with a strengthening yen and concerns over worsening demand-supply conditions of stocks resulting from increasing fund raisings through equity issuances, weighed on the market, pushing down the Nikkei Stock Average to ¥9,081 on November 27, 2009. With the turn of the year, however, the government and the Bank of Japan coordinated their policy efforts, which helped push the Nikkei Stock Average up to ¥10,982 on January 15, 2010. Thereafter, amid the news of new financial-reform bill of the U.S., exit strategy consideration in China and budget crisis in Greece, uncertainty arose again, giving rise to temporary corrections in the stock market. Hitting bottom on February 9, 2010, the stock market resumed its recovery pattern, aided by the Bank of Japan’s additional monetary easing, expectations for better business earnings and weakening trend of the yen. The Nikkei Stock Average ended the fiscal year at ¥11,089, up 36.7% from the year earlier. With respect to emerging-stock markets in which Ichiyoshi Securities Co., Ltd. (“Ichiyoshi” or the “Company”) has strength, the Nikkei JASDAQ Average on the JASDAQ Stock Market (the largest among the emerging-stock markets) recorded a recovery curve towards August 2009, thereafter undergoing corrections till the middle of November. The Nikkei JASDAQ Average rebounded with the turn of the year, ending the fiscal year at ¥1,275, up 25.3% from the year earlier.

The average daily turnover on the TSE during the fiscal year was ¥1,553.1 billion, down 23.5% from the previous fiscal year. The average daily turnover on the JASDAQ Stock Market rose 4.2% to ¥14.8 billion.

Against such background, we designated “Global Sovereign Open” and “Mellon World Emerging Sovereign Fund” as basic assets of customers and placed them in the center of our promotional activities. In addition, we exerted our efforts on the distribution of equity funds, such as “Ichiyoshi Small- and Med-Cap Stock Recovery Fund,” focused on small- and mid-cap stocks in which Ichiyoshi has strength, “HSBC India Infrastructure Stock Open” and “HSBC Asia Quality Stock Open,” both focused on high growth in Asia.

Resultantly, net operating revenue for the fiscal year ended March 31, 2010 amounted to ¥15,661 million.

Operating cost and expenses recorded ¥15,427 million. Hence, current income registered ¥140 million.

Customers’ assets in our custody as at March 31, 2010 stood at ¥1,369.7 billion, up 16.3% from March 31, 2009.

Set forth below are details of revenue sources, cost and expenses, cash flow and financial condition.

1. Commissions

Total commissions for the fiscal year ended March 31, 2010 amounted to ¥13,912 million, up 10.3% from the previous fiscal year ended March 31, 2009.

(1) Brokerage commissions

Total brokerage commissions on stocks increased 11.5% to ¥5,068 million. Of these commissions, those on

small- and mid-cap stocks (consisting of stocks listed on Second Sections of TSE and OSE, Mothers, Hercules and JASDAQ Stock Market) accounted for 14.0%, up from 12.1% for the previous fiscal year.

(2) Commissions from underwriting and solicitation to specified investors

In the primary market, we participated in the management and underwriting of 5 initial public offerings (IPO's), as against 9 IPO's in the previous fiscal year. In the secondary market (for follow-on financing), we participated in 5 deals on a management or underwriting basis (of which 1 was lead-managed by Ichiyoshi), as against 3 in the previous fiscal year (one of which was lead-managed by Ichiyoshi). As a result, total commissions from underwriting of stocks and bonds and solicitation to specified investors recorded ¥143 million, up 271.0%.

The cumulative number of companies whose offerings were lead- or co-managed by Ichiyoshi stood at 828 (of which 27 were lead-managed by Ichiyoshi) as of March 31, 2010.

(3) Commissions from distribution and solicitation to specified investors

Commissions from distribution and solicitation to specified investors decreased 79.1% to ¥3,736 million as commissions from distribution of investment funds, mostly funds which pay out income monthly, declined 80.8 % to ¥ 3,731 million.

(4) Commissions from other sources

The trailer fees on investment funds decreased 10.7% to ¥4,251 million as the average outstanding balances of investment funds during the first two quarters declined from the comparable period of the previous fiscal year while the end-of-fiscal-year outstanding balances rose 13.1% from the year earlier. Commissions from variable-annuity insurance policy sales, wrap-account management fees and investment banking fees (such as M&A advisory fees) also contributed to commissions from other sources. Thus, total commissions from other sources amounted to ¥4,903 million, down 16.0%.

2. Gains or Loss on Trading

Trading on stocks, etc. recorded gains of ¥455 million, up 7.2%, and trading on bonds, foreign exchange, etc. registered gains of ¥478 million, up 43.2%. Consequently, total gains on trading amounted to ¥934 million, up 23.0%.

3. Interest and Dividend Income

Interest and dividend income declined 24.2% to ¥252 million, reflecting a decrease in advances for margin transactions during the first two quarters as compared to the comparable year-earlier period, and interest expenses dropped 12.3% to ¥83 million.

As a result, net interest and dividend income amounted to ¥168 million, down 29.0%.

4. Operating Cost and Expenses

As a result of review of cost structure and functional rationalization of headquarters through the consolidation of divisions, departments and sections, operating cost and expenses decreased 11.1% to ¥15,427 million.

Resultantly, current income for the fiscal year ended March 31, 2010 amounted to ¥140 million.

5. Extraordinary Income and Loss

We recorded an extraordinary income of ¥109 million, including a ¥45 million gain on reversal of stock acquisition rights and a ¥29 million reversal from reserve for financial instruments transaction liabilities, and an extraordinary loss of ¥160 million, including a ¥71 million transfer to allowances for doubtful accounts and a subsidiary liquidation cost of ¥34 million. As a result, we registered a net extraordinary loss of ¥51 million.

After allowing for net extraordinary loss, income before taxes, tax adjustments and minority interests for the fiscal year ended March 31, 2010 recorded ¥89 million, and net income (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling ¥56 million, and after addition of corporate tax adjustments of ¥5 million and minority interests of ¥2 million) registered ¥40 million.

6. Condition of Assets, Liabilities and Net Worth

(1) Financial Condition

Current assets amounted to ¥29,234 million as of March 31, 2010, an increase of ¥1,785 million (up 6.5%) from March 31, 2009, as advances for margin purchases swelled by ¥3,382 million and subscription payments rose by ¥4,495 million while cash and bank deposits decreased by ¥6,274 million.

Fixed assets stood at ¥8,020 million as of March 31, 2010, a decrease of ¥1,127 million (down 12.3%) from March 31, 2009. The decrease resulted from depreciation of fixed assets.

As a result, total assets stood at ¥37,254 million as of March 31, 2010, an increase of ¥658 million (up 1.8%) from March 31, 2009.

(2) Liabilities

Current liabilities stood at ¥9,402 million as of March 31, 2010, an increase of ¥1,477 million (up 18.6%) from March 31, 2009. The increase resulted chiefly from an increment of ¥1,015 million in borrowings for margin transactions from securities finance corporations.

Long-term liabilities recorded ¥796 million as of March 31, 2010, an increase of ¥449 million (up 129.7%) from March 31, 2009. The increase mainly resulted from a rise in long-term borrowings.

Statutory reserves registered ¥138 million as of March 31, 2010, a decrease of ¥29 million (down 17.7%) from March 31, 2009. The decrease resulted from a reduction of reserve for financial instruments transaction liabilities.

(3) Net worth

Net worth amounted to ¥26,917 million as of March 31, 2010, a decrease of ¥1,238 million (down 4.4%) from March 31, 2009. The decrease mainly resulted from payment of dividends in the amount of ¥964 million.

As a result, equity ratio as of March 31, 2010 recorded 72.1%, and capital adequacy ratio as of the same date, as defined by the securities regulator, registered 494.1%.

7. Cash Flow

Cash flow from operating activities for the fiscal year ended March 31, 2010 amounted to a negative figure of ¥5,215 million, a decline of ¥11,694 million from the previous fiscal year, despite income before taxes, tax adjustments and minority interests registering positive figures. Main contributors were an increase in advances for margin transactions and a rise in subscription payments. Cash flow from investing activities registered a negative figure of ¥210 million, a decline of ¥261 million, due chiefly to the acquisition of tangible and intangible fixed assets. Cash flow from financing activities recorded a negative figure of ¥768 million, an increase of ¥2,091 million, mainly as a result of acquisitions of treasury shares and dividend payments.

After all these activities, the amount of cash and cash equivalents as of March 31, 2010, stood at ¥9.156 billion, a decrease of ¥6,137 million from the end of the previous fiscal year (March 31, 2009).

8. Basic Policy on Earnings Distribution and Dividends for Fiscal Year Ended March 31, 2009

One of our core management policies is to make an appropriate earnings distribution to our shareholders.

With respect to dividend payment, our former policy, effective through the fiscal year ended March 30, 2007, was to decide an amount of dividend per share, depending upon the level of earnings, while targeting a certain payout ratio. Effective from the fiscal year ended March 31, 2008, however, we have adopted a new dividend policy to make earnings distribution to shareholders more solid on a continuing basis. Under the new dividend policy, an annual total of dividend per share will be equal to either approximately 40% of annual earnings per share (namely, payout ratio of approximately 40%) or approximately 4% of equity per share (namely, DOE of approximately 4%), whichever is larger.

Under this policy, an interim dividend per share of ¥12.00 was paid to the shareholders of record as of September 30, 2009, and a final dividend per share of ¥12.00 is to be paid to the shareholders of record as of March 31, 2010. The total annual dividend per share of ¥24.00 is equal to approximately 4% of equity per share.

Further as part of earnings distribution to shareholders, we acquired treasury shares during the fiscal year as follows:

[Acquisition of treasury shares and retirement thereof]

| | |
|---------------------------------------|--|
| Period of acquisition | From February 25 to 26, 2010 (contract-day base) |
| No. of shares acquired | 441,800 shares |
| Average of acquisition cost per share | ¥554. |

Consolidated Balance Sheets

(As of March 31, 2010 and 2009)

(Millions of yen)

| | 2010 | 2009 |
|---|---------------|---------------|
| (Assets) | | |
| Current assets | 29,234 | 27,448 |
| Cash and bank deposits | 9,226 | 15,500 |
| Segregated cash and statutory deposits | 3,111 | 3,304 |
| Trading assets | 425 | 406 |
| Securities | 425 | 406 |
| Contracted trades | 33 | 13 |
| Margin transaction assets | 9,994 | 6,112 |
| Advances for margin transactions | 8,912 | 5,529 |
| Cash deposits as collateral for securities borrowed | 1,082 | 582 |
| Advance payments for customers on trades | 70 | 60 |
| Advance payments for subscription | 5,419 | 923 |
| Short-term loans | 8 | 12 |
| Corporate tax receivable | — | 377 |
| Accrued income | 841 | 524 |
| Deferred tax assets | 6 | 4 |
| Other current assets | 109 | 240 |
| Allowances for doubtful accounts | △ 12 | △ 31 |
| Fixed assets | 8,020 | 9,147 |
| Tangible fixed assets | 4,295 | 4,620 |
| Buildings | 1,772 | 1,977 |
| Fixtures and equipment | 836 | 943 |
| Land | 1,678 | 1,699 |
| Lease assets, net | 6 | — |
| Intangible fixed assets | 607 | 756 |
| Computer software | 604 | 752 |
| Telephone subscription rights | 2 | 3 |
| Investments, etc. | 3,118 | 3,770 |
| Investment securities | 1,762 | 1,962 |
| Long-term loans | 66 | 43 |
| Cash deposits as guarantee for long-term credits | 1,275 | 1,738 |
| Deferred tax assets | 12 | 9 |
| Other investments | 97 | 42 |
| Allowances for doubtful accounts | △ 97 | △ 25 |
| Total assets | 37,254 | 36,596 |

(Millions of yen)

| | 2010 | 2009 |
|--|----------------|----------------|
| (Liabilities) | | |
| Current liabilities | 9,402 | 7,924 |
| Trading liabilities | 4 | 1 |
| Derivatives | 4 | 1 |
| Margin transaction liabilities | 4,244 | 2,764 |
| Borrowings for margin transactions | 3,064 | 2,049 |
| Cash received for loaned securities | 1,179 | 715 |
| Borrowings against securities as collateral | 34 | 16 |
| Cash received for borrowed-securities transactions | 34 | 16 |
| Cash payable to customers | 2,534 | 2,730 |
| Deposits from customers (for committed trades) | 873 | 781 |
| Short-term borrowings | 210 | 210 |
| Lease obligations | 1 | — |
| Corporate taxes payable | 89 | 20 |
| Accrued bonuses to employees | 455 | 399 |
| Reserve for point service program | 272 | 397 |
| Other current liabilities | 682 | 602 |
| Long-term liabilities | 796 | 346 |
| Long-term borrowings | 438 | — |
| Lease obligations | 5 | — |
| Deferred tax liabilities | 19 | 11 |
| Revaluation-related deferred tax liabilities | 40 | 40 |
| Accrued retirement benefits for employees | 221 | 220 |
| Accrued retirement benefits for officers | 55 | 46 |
| Other long-term liabilities | 16 | 28 |
| Statutory reserves | 138 | 168 |
| Reserve for financial instrument transaction liabilities | 138 | 168 |
| Total liabilities | 10,337 | 8,439 |
| (Net worth) | | |
| Shareholders' equity | 28,758 | 30,082 |
| Common stock | 14,577 | 14,577 |
| Capital surplus | 8,255 | 8,255 |
| Retained earnings | 6,441 | 7,521 |
| Treasury stock | △ 517 | △ 271 |
| Difference on valuation and conversion | △ 1,882 | △ 2,000 |
| Other securities valuation difference | △ 22 | 16 |
| Land revaluation difference | △ 1,860 | △ 2,016 |
| Subscription rights to shares | 11 | 39 |
| Minority interests | 30 | 33 |
| Total net worth | 26,917 | 28,156 |
| Total of liabilities and net worth | 37,254 | 36,596 |

Consolidated Income Statements

(Years Ended March 31, 2010 and 2009)

(Millions of yen)

| | 2010 | 2009 |
|---|---------------|----------------|
| Operating revenue | 15,744 | 14,256 |
| Commissions | 13,912 | 12,557 |
| Brokerage commissions | 5,128 | 4,591 |
| Commissions from underwriting, secondary-market sales, and the sale of investment products to specific risk-taking investors | 143 | 38 |
| Commissions on the handling of financial products, including sales commis- sions on transactions with specific risk-taking investors | 3,736 | 2,086 |
| Commissions from other sources | 4,903 | 5,841 |
| Gains or loss on trading | 934 | 759 |
| Interest and dividend income | 252 | 332 |
| Other operating income | 645 | 606 |
| Interest expenses | 83 | 95 |
| Net operating revenue | 15,661 | 14,161 |
| Operating costs and expenses | 15,427 | 17,345 |
| Transaction-related expenses | 1,463 | 2,139 |
| Personnel expenses | 8,580 | 8,898 |
| Property-related expenses | 1,757 | 1,925 |
| Clerical expenses | 2,142 | 2,628 |
| Depreciation | 711 | 844 |
| Public charges | 172 | 156 |
| Transfer to allowances for doubtful accounts | — | 0 |
| Other | 598 | 750 |
| Operating income or loss | 233 | △ 3,183 |
| Non-operating income | 90 | 137 |
| Dividends on investment securities | 19 | 77 |
| Insurance premium refunded and dividend income | 28 | 24 |
| Reversal of expired dividends | 17 | — |
| Interest on refund of income taxes and other | 10 | — |
| Other | 14 | 35 |
| Non-operating expenses | 183 | 215 |
| Loss on investments in partnership | 174 | 191 |
| Other | 9 | 23 |
| Current income or loss | 140 | △ 3,261 |
| Extraordinary income | 109 | 331 |
| Gains on sales of fixed assets | 9 | — |
| Gains on sales of investment securities | 19 | 189 |
| Gain on reversal of subscription rights to shares | 45 | — |
| Reversal of allowances for doubtful accounts | — | 5 |
| Reversal of reserve for financial instrument transaction liabilities | 29 | 136 |
| Other | 4 | — |
| Extraordinary expenses | 160 | 1,212 |
| Loss on write-off of fixed assets | 20 | 11 |
| Loss on abandonment of fixed assets | 10 | 11 |
| Valuation loss on investment securities | 23 | 1,094 |
| Losses on redemption of investment securities | — | 37 |
| Loss on liquidation of golf memberships | 0 | 31 |
| Transfer to allowances for doubtful accounts | 71 | — |
| Other | 34 | 26 |
| Income or loss before taxes and minority interests | 89 | △ 4,142 |
| Income taxes, resident's taxes & enterprise taxes | 56 | 57 |
| Income tax adjustments | △ 5 | 602 |
| Net income tax | 51 | 659 |
| Minority interests | △ 2 | 1 |
| Net income or loss | 40 | △ 4,804 |

Consolidated Statements of Shareholders' Equity

(Years Ended March 31, 2010 and 2009)

2010

(Millions of yen)

| | Shareholders' equity | | | | | Difference on valuation and conversion | | | Stock acquisition rights | Minority interests | Total net worth |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|--|-----------------------------|---|--------------------------|--------------------|-----------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Other securities valuation difference | Land revaluation difference | Total of difference on valuation and conversion | | | |
| Balance at March 31, 2009 | 14,577 | 8,255 | 7,521 | △ 271 | 30,082 | 16 | △ 2,016 | △ 2,000 | 39 | 33 | 28,156 |
| Changes during the year: | | | | | | | | | | | |
| Cash dividends | | | △ 964 | | △ 964 | | | | | | △ 964 |
| Net income | | | 40 | | 40 | | | | | | 40 |
| Purchase of treasury stock | | | | △ 245 | △ 245 | | | | | | △ 245 |
| Disposal of treasury stock | | — | | — | — | | | | | | — |
| Retirement of treasury stock | | — | | — | — | | | | | | — |
| Difference | | | △ 155 | | △ 155 | | 155 | 155 | | | — |
| Changes in items other than those in shareholders' equity (net) | | | | | | △ 38 | | △ 38 | △ 28 | △ 2 | △ 69 |
| Total changes during the year | — | — | △ 1,079 | △ 245 | △ 1,324 | △ 38 | 155 | △ 117 | △ 28 | △ 2 | △ 1,238 |
| Balance at March 31, 2010 | 14,577 | 8,255 | 6,441 | △ 517 | 28,758 | △ 22 | △ 1,860 | △ 1,882 | 11 | 30 | 26,917 |

2009

(Millions of yen)

| | Shareholders' equity | | | | | Difference on valuation and conversion | | | Stock acquisition rights | Minority interests | Total net worth |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|--|-----------------------------|---|--------------------------|--------------------|-----------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Other securities valuation difference | Land revaluation difference | Total of difference on valuation and conversion | | | |
| Balance at March 31, 2008 | 14,577 | 9,573 | 13,791 | △ 268 | 37,673 | △ 136 | △ 2,016 | △ 2,152 | 17 | 32 | 35,570 |
| Changes during the year: | | | | | | | | | | | |
| Cash dividends | | | △ 1,465 | | △ 1,465 | | | | | | △ 1,465 |
| Net loss | | | △ 4,804 | | △ 4,804 | | | | | | △ 4,804 |
| Purchase of treasury stock | | | | △ 1,321 | △ 1,321 | | | | | | △ 1,321 |
| Disposal of treasury stock | | 0 | | 0 | 0 | | | | | | 0 |
| Retirement of treasury stock | | △ 1,317 | | 1,317 | — | | | | | | — |
| Changes in items other than those in shareholders' equity (net) | | | | | | 152 | | 152 | 22 | 1 | 176 |
| Total changes during the year | — | △ 1,317 | △ 6,270 | △ 3 | △ 7,590 | 152 | — | 152 | 22 | 1 | △ 7,414 |
| Balance at March 31, 2009 | 14,577 | 8,255 | 7,521 | △ 271 | 30,082 | 16 | △ 2,016 | △ 2,000 | 39 | 33 | 28,156 |

Consolidated Cash Flow Statements

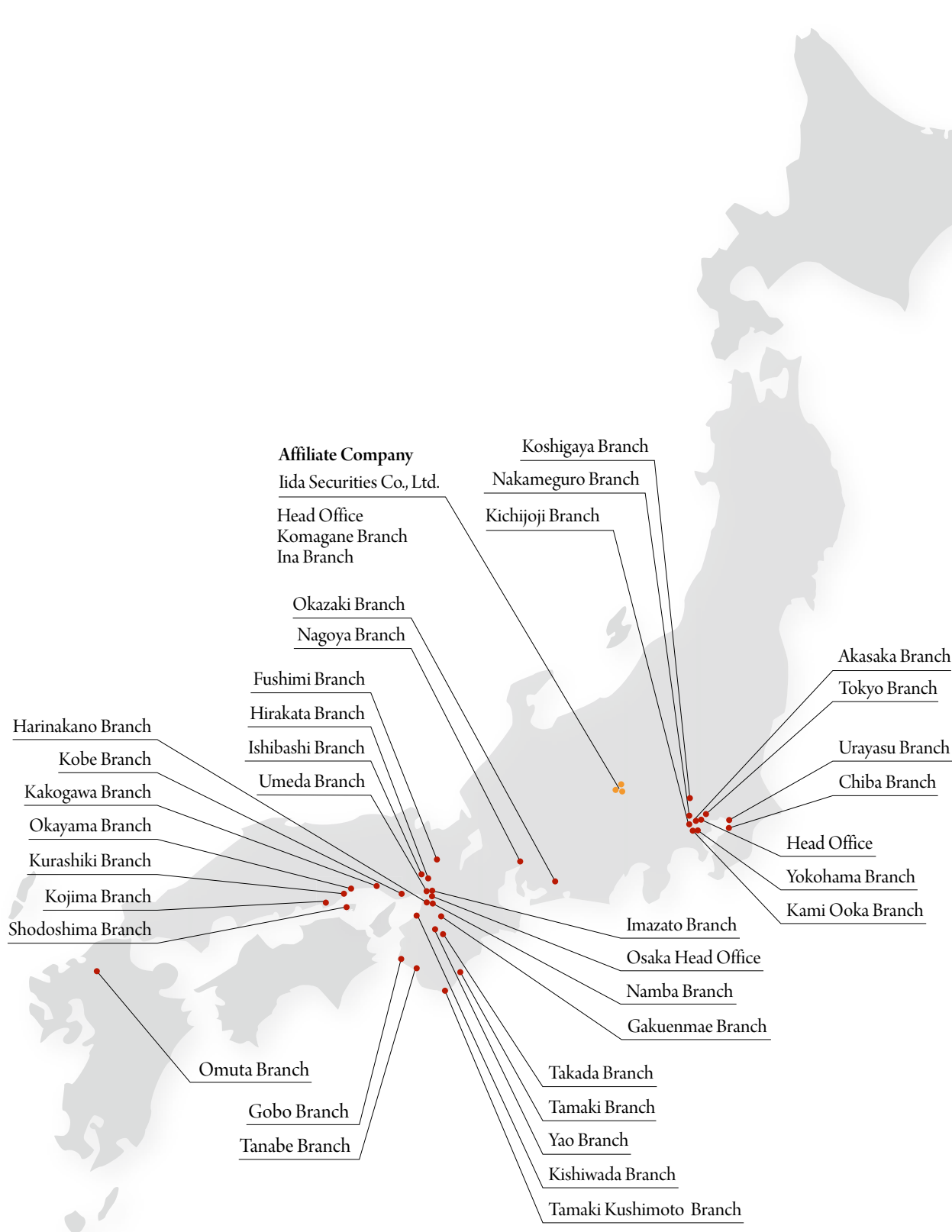
(Years Ended March 31, 2010 and 2009)

(Millions of yen)

| | 2010 | 2009 |
|--|----------------|----------------|
| I. Cash flow from operating activities | | |
| Net income or loss before taxes and minority interests | 89 | △ 4,142 |
| Depreciation | 711 | 844 |
| Losses or gains on trading account | △ 1 | △ 6 |
| Increase or decrease in accrued bonuses for employees | 56 | △ 303 |
| Increase or decrease in accrued retirement benefits for employees | 0 | △ 30 |
| Increase or decrease in allowances for doubtful accounts | 53 | △ 15 |
| Increase or decrease in reserve for point service program | △ 125 | △ 53 |
| Increase or decrease in accrued retirement benefits for officers | 8 | 16 |
| Interest and dividend income | △ 40 | △ 136 |
| Interest expenses | 11 | 5 |
| Gains on sales of investment securities | △ 19 | △ 189 |
| Losses on redemption of investment securities | — | 37 |
| Losses on valuation of investment securities | 23 | 1,094 |
| Gains on sales of fixed assets | △ 9 | — |
| Loss on write-off of fixed assets | 20 | 11 |
| Losses on valuation of golf membership | 0 | 31 |
| Gain on reversal of subscription rights to shares | △ 45 | — |
| Increase or decrease in reserve for securities transaction liabilities | — | △ 304 |
| Increase or decrease in reserve for financial instrument transaction liabilities | △ 29 | 168 |
| Decrease or increase in segregated cash in trust for customers | 180 | 2,210 |
| Increase or decrease in cash payable to customers and customers' deposits (for committed trades) | △ 104 | △ 1,382 |
| Decrease or increase in short-term loans | 4 | △ 4 |
| Increase or decrease in trading assets | △ 14 | 793 |
| Net decrease or increase in margin transaction assets and liabilities | △ 2,402 | 7,489 |
| Decrease or increase in subscription moneys | △ 4,495 | 148 |
| Others | 551 | 90 |
| Sub-total | △ 5,577 | 6,372 |
| Interest and dividend income | 41 | 135 |
| Interest expenses | △ 10 | △ 4 |
| Taxes paid or refunded | 330 | △ 24 |
| Cash flow from operating activities | △ 5,215 | 6,478 |
| II. Cash flow from investing activities | | |
| Deposit of funds into time deposits | — | △ 4,150 |
| Repayments of time deposits | — | 4,150 |
| Acquisition of tangible fixed assets | △ 141 | △ 261 |
| Sales of tangible fixed assets | 29 | — |
| Acquisition of intangible fixed assets | △ 121 | △ 89 |
| Acquisition of investment securities | △ 15 | △ 40 |
| Sales of investment securities | 106 | 345 |
| Redemption of investment securities | — | 78 |
| Purchase of stocks of subsidiaries and affiliates | △ 96 | — |
| Long-term loans | △ 48 | △ 16 |
| Collection of long-term loans | 25 | 11 |
| Others | 51 | 24 |
| Cash flow from investing activities | △ 210 | 51 |
| III. Cash flow from financing activities | | |
| Increase or decrease in short-term borrowings | — | △ 70 |
| Increase or decrease in Long-term borrowings | 454 | — |
| Repayment of long-term loans payable | △ 15 | — |
| Repayments of lease obligations | △ 0 | — |
| Sales of Company's Common shares held in treasury | — | 0 |
| Acquisition of Company's Common shares | △ 245 | △ 1,321 |
| Payment of dividends | △ 961 | △ 1,469 |
| Cash flow from financing activities | △ 768 | △ 2,859 |
| IV. Conversion differences related to cash and cash equivalents | 56 | △ 10 |
| V. Increase or decrease in cash and cash equivalents | △ 6,137 | 3,659 |
| VI. Balance of cash and cash equivalents at beginning of the term | 15,294 | 11,634 |
| VII. Balance of cash and cash equivalents at end of the term | 9,156 | 15,294 |

Company History

- ▶ **October 1948** Registered as a securities dealer under the Securities and Exchange Law
- ▶ **April 1949** Became a regular member of the Osaka Securities Exchange (now Osaka Securities Exchange Co., Ltd.)
- ▶ **August 1950** Changed company name to Ichiyoshi Securities Co., Ltd.
- ▶ **December 1962** Established Ichiyoshi Real Estate Co., Ltd. (name changed to Ichiyoshi Business Service Co., Ltd. in June 1999 (now a consolidated subsidiary))
- ▶ **April 1968** Received licensing as a securities dealer under the amended Securities and Exchange Law
- ▶ **October 1971** Became a regular member of the Tokyo Stock Exchange (now Tokyo Stock Exchange Group, Inc.)
- ▶ **October 1986** Established Ichiyoshi Investment Management Co., Ltd. which took over the research arm of Ichiyoshi Securities
- ▶ **November 1986** Changed overseas office in Hong Kong to a local affiliate, establishing Ichiyoshi International (H.K.) Ltd. (now a consolidated subsidiary)
- ▶ **May 1987** Established Ichiyoshi Research Center Inc. (name changed to Ichiyoshi Research Institute Inc. in April 1990) to take over the research functions of Ichiyoshi Investment Management
- ▶ **April 1989** Listed on the Second Sections of the Tokyo Stock Exchange and the Osaka Securities Exchange
- ▶ **December 1998** Registered as a securities firm under the amended Securities and Exchange Law
- ▶ **July 2000** Changed the expression of the official name of Ichiyoshi Securities Co., Ltd. in Japanese
Moved head office to Chuo-ku, Tokyo
Changed the expression of the official name of Ichiyoshi Investment Management Co., Ltd. in Japanese
Changed the expression of the official name of Ichiyoshi Research Institute Inc. in Japanese
- ▶ **December 2000** Ichiyoshi Investment Management Co., Ltd. became a consolidated subsidiary of the Company
Ichiyoshi Research Institute Inc. became a consolidated subsidiary of the Company
- ▶ **June 2003** Adopted a “committees-based company” governance framework
- ▶ **March 2006** On the First Sections of Tokyo Stock Exchange and the Osaka Securities Exchange
- ▶ **July 2006** Ichiyoshi IR Institute Inc. established as a consolidated subsidiary
- ▶ **September 2007** Registered as a financial instruments firm under the Financial Instruments and Exchange Law
- ▶ **February 2009** Introduction of Operating Officers system
- ▶ **August 2009** Liquidated Ichiyoshi IR Institute Inc.
- ▶ **February 2010** Liquidated Ichiyoshi International (H.K.) Ltd.
- ▶ **February 2010** Acquired a substantial stake in Iida Securities Co., Ltd. and made the company an equity-method-applied affiliate.
- ▶ **April 2010** Merged with Tamaki Securities Co., Ltd.



Stock Information

(As of March 31, 2010)

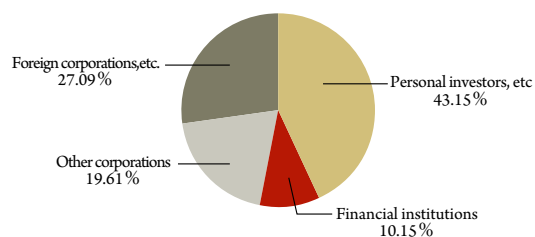
| | |
|------------------------------------|--|
| Shares Issued | 44,431 thousand |
| Shareholders | 14,517 |
| Shareholder Register Administrator | Mitsubishi UFJ Trust and Banking Corporation |
| Certified Accountants | Ernst & Young ShinNihon |

Principal Shareholders

| Shareholder | Holdings (Thousands of Shares) | Ownership* (%) |
|--|-----------------------------------|-------------------|
| Nomura Land and Building Co., Ltd. | 5,298 | 12.20 |
| State Street Bank and Trust Company | 2,068 | 4.76 |
| State Street Bank and Trust Company 505223 | 1,996 | 4.59 |
| Japan Trustee Services Bank, Ltd. (Trust Account4G) | 1,369 | 3.15 |
| JP Morgan Clearing Corp-Sec | 1,072 | 2.47 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 959 | 2.21 |
| Nomura Research Institute, Ltd. | 879 | 2.02 |
| Sanshin Co., Ltd. | 869 | 2.00 |
| Mellon Bank NA Treaty Client Omnibus | 694 | 1.59 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 691 | 1.59 |

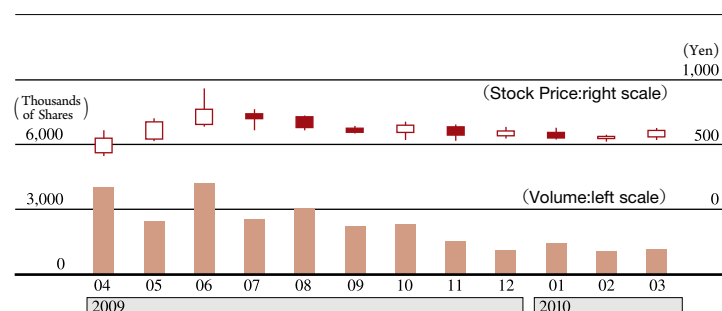
* Ichiyoshi Securities holds 580,640 treasury shares, which are not included in the above list.

Distribution of Shareholders



Remark: "Personal investors, etc." includes the government and municipalities, financial instruments firms and treasury stocks.

Stock Price (Tokyo Stock Exchange, Monthly Basis)



Corporate Data

(As of March 31, 2010)

| | |
|---------------|---|
| Company Name | Ichiyoshi Securities Co., Ltd. (Securities Code No. 8624) |
| Established | May 29, 1944 |
| Head Office | 2-14-1 Hatchobori, Chuo-ku, Tokyo, Japan |
| Capital Stock | ¥14,577 million |
| Personnel | 903 employees |
| Listed on | Tokyo Stock Exchange(1st Section) Osaka Securities Exchange(1st Section) |



<http://www.ichiyoshi.co.jp/english/>

- Statements in this report concerning the future do not constitute pledges of business performance.
- Information contained in this report is subject to change without prior notification.

July 2010

Ichiyoshi Securities Co., Ltd.
Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 24)
Member association: Japan Securities Dealers Association