

EARNINGS REPORT FOR FIRST TWO QUARTERS OF FISCAL 2010

(April 1 to September 30, 2010)

(consolidated basis)

Released on October 28, 2010

Name of Company: Ichiyoshi Securities Co., Ltd. (Stock code: 8624)

Listed on: Tokyo Stock Exchange (1st Section) & Osaka Securities Exchange (1st Section)

Corporate representative: Mr. Masashi Takehi, President & Chief Executive Officer

Inquiry to: Mr. Yasuaki Yamasaki, Managing Executive Officer in charge of Finance & Planning

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Date of filing First Two Quarters Report: November 12, 2010 (scheduled)

Dividend payment date: November 25, 2010 (scheduled) (for dividends payable to
shareholders of record as of September 30, 2010)

Business result-reporting meeting: To be held for institutional investors and analysts.

1. Outline of Consolidated Business Result for First Two Quarters of Fiscal 2010 (from April 1 to September 30, 2010)

(1) Highlights of consolidated business result (in millions of yen with fractions less than a million yen discarded, except for per-share figures)

--- First two quarters ended ---

Sept. 30, 2010

Sept. 30, 2009

(% year-to-year change in brackets)

| | | | | |
|--|-----------|----------|---------|---------|
| Operating revenue | 6,101 | (-25.2) | 8,156 | (-5.6) |
| Net operating revenue | 6,069 | (-25.2) | 8,110 | (-5.5) |
| Operating income | -1,178 | (--) | 171 | (--) |
| Current income | -1,211 | (--) | 139 | (--) |
| Net income | -1,199 | (--) | 121 | (--) |
| Earnings per share | -27.57yen | | 2.78yen | |
| Diluted earnings per share (adjusted for shares potentially issuable) | -- | | -- | |

(2) Consolidated financial condition

As of Sept. 30
2010

As of March 31
2010

| | | |
|-----------------------------------|-----------|-----------|
| Total assets (in millions of yen) | 32,753 | 37,254 |
| Net worth (in millions of yen) | 25,259 | 26,917 |
| Equity ratio | 77.0% | 72.1% |
| Net worth per share | 579.18yen | 619.13yen |

Note: Shareholders' equity as of September 30, 2010: 25,206 million yen.

Shareholders' equity as March 31, 2010: 26,875 million yen.

2. Dividend

--- Fiscal year ended ---
March 31, 2011 March 31, 2010

Per-share dividend: (See notes below)

| | | |
|-------------------------|----------|----------|
| 1 st quarter | --- | --- |
| 2 nd quarter | 12.00yen | 12.00yen |
| 3 rd quarter | --- | --- |
| Final | --- | 12.00yen |
| Annual total | --- | 24.00yen |

Notes: (i) Ichiyoshi declares dividends payable to shareholders of record as of September 30 (interim dividends) and March 31 (final dividends) of each fiscal year, but not to shareholders as of June 30 and December 31 of each fiscal year.
(ii) It is not Ichiyoshi's practice to give an earnings or dividend forecast well before a business term ends.

3. Outlook for Consolidated Business Result for Fiscal 2010 (from April 1, 2010 to March 31, 2011)

Since the forecast of earnings in financial-instruments trading, the main-line business of Ichiyoshi and its group companies, is hard to make due to volatile factors in the market, we do not provide such forecast prior to the end of each business quarter. Instead, we intend to release preliminary earnings figures after the end of each business quarter as and when such figures become available.

4. Other Matters

(1) Changes in material subsidiaries (including a change in scope of consolidation):

None. Please refer to “**II Other Information**” hereinafter.

(2) Application of a simplified form of accounting treatment and an accounting treatment unique to the preparation of quarterly financial statements: Yes.

Please refer to “**II Other Information**” hereinafter.

(3) Material changes in accounting treatment principles and procedures and presentation methods relating to the preparation of quarterly financial statements:

(i) Changes resulting from revisions to accounting standards: Yes.

(ii) Changes other than those in (i): None.

Please refer to “**II. Other Information**” hereinafter.

(4) Number of shares issued (common stock):

(i) Number of shares issued as of September 30, 2010: 44,431,386 shares (including treasury shares)

Number of shares issued as of March 31, 2010: 44,431,386 shares (including treasury shares)

(ii) Number of treasury shares as of September 30, 2010: 910,956 shares.

Number of treasury shares as of March 31, 2010: 1,023,061 shares.

(iii) Average number of shares issued during the first two quarters of fiscal 2010: 43,513,700 shares.

Average number of shares issued during the first two quarters of fiscal 2009: 43,850,436 shares.

Points of note:

1. This quarterly earnings report was prepared without being audited on a review basis as required by the Financial Instruments and Exchange Law. The quarterly earnings figures are being audited on a review basis at the time of this release.
2. For the same reason that we do not provide earnings forecast prior to the end of each business quarter as stated in “**3. Outlook for Consolidated Business Result for Fiscal 2010 (from April 1, 2010 to March 31, 2011)**” on page 2, we do not provide a dividend forecast.

I. Qualitative Information and Financial Statements for First Two Quarters of Fiscal 2010

1. Qualitative Information on Consolidated Business Result

In the first two quarters of fiscal 2010 (from April 1 to September 30, 2010), the downgrade of Greek government bonds led to credit uncertainty in the southern European nations, which in turn brought about corrections in the global stock markets. At the same time, foreign exchange markets saw the yen further strengthening against the US dollar and the euro. Such turn of events affected the Japanese stock market, with the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) recording a year high of 11,408yen on April 5 and thereafter declining to 9,378yen on June 9. In the ensuing course of events, including a slight easing of the European credit uncertainty, the Nikkei Stock Average went over the 10,000yen level temporarily, but resumed its downtrend amid the cloudier outlook of the global economy and the rising yen, registering a year-low of 8,796yen on September 1. Despite the Bank of Japan's announcement on August 30 in which it increased the ceiling of its new type-operation from 20 trillion yen to 30 trillion yen and the government's intervention in the foreign exchange market on September 15, the Nikkei Stock Average could not keep above the 10,000yen level, and ended the two quarters at 9,369yen. Likewise, emerging-stock markets showed similar patterns, registering a rising trend toward the end of April and weakening thereafter amid the mounting risk-averse attitude among investors. Major indices of the emerging-stock markets, marking a brief upturn towards the end of August, ended the two quarters on a weak tone.

The average daily turnover on the TSE for the first two quarters of fiscal 2010 was 1,458.8billion yen, down 9.9% from the comparable period of fiscal 2009, and that on the JASDAQ Stock Market was 15.6 billion yen, up 16.7%.

Against such background, we designated “Global Sovereign Open,” “Mellon World Emerging Sovereign Fund” and “Daiwa Japan Government Bond Fund” as basic assets of customers and placed them in the center of our promotional activities. In addition, we launched “Ichiyoshi-Invesco Small- and Mid-cap Growth Stock Open,” taking advantage of Ichiyoshi's strength in small- and mid-cap stocks. We also exerted our efforts on the distribution of equity funds, such as “HSBC Asia Quality Stock Open” and “Pictet Global Income Stock Fund.”

As a result of these activities, net operating revenue for the first two quarters of fiscal 2010 amounted to 6,069 million yen. Operating cost and expenses registered 7,248 million yen. Hence, current income recorded a loss of 1,211 million yen.

Customers' assets in our custody as at September 30, 2010 stood at 1,283.7 billion yen, down 6.3% from March 31, 2010.

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

(1) Commissions

Total commissions for the first two quarters of fiscal 2010 amounted to 5,323 million yen, down 26.5% from the year-earlier period.

(i) Brokerage commissions

Total brokerage commissions on stocks decreased 39.9% to 1,780 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Sections of Tokyo Stock Exchange and Osaka Securities Exchange, JASDAQ Stock Market, TSE Mothers and OSE Hercules) accounted for 16.5% of total brokerage commissions on stocks, up from 13.2% for the comparable period of fiscal 2009.

(ii) Commissions from underwriting and solicitation to specified investors

In the primary market, we managed 2 initial public offerings (“IPO”), as compared to 2 IPOs in the year-earlier period. In the secondary market, we participated in 2 deals on a management basis, as against 1 deal in the year-earlier period. As a result, total commissions from underwriting and solicitation to specified investors amounted to 21 million yen, down 4.4%.

The cumulative number of companies whose offerings were lead- or co-managed by Ichiyoshi stood at 830 (of which 27 were lead-managed) as of September 30, 2010.

(iii) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trusts, such as the ones which pay out income monthly, declined 34.0% to 1,143 million yen, total commissions from distribution and solicitation to specified investors recorded 1,146 million yen, down 34.0%.

(iv) Commissions from other sources

While the outstanding balance of investment trust funds as at the end of the period (September 30, 2010) declined 0.9% to 6,548 billion yen, the average of outstanding balance during the period (from April 1 to September 30, 2010) increased. As a result, the trailer fees rose 1.6% to 2,120 million yen. With the addition of commissions from variable-annuity insurance policy sales, wrap-account maintenance fees and fees from research-unbundling, total commissions from other sources amounted to 2,363 million yen, down 5.5%.

(2) Gains or loss on trading

Trading in stocks, etc. recorded net gains of 168 million yen, down 27.9% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 129 million yen, down 46.2%. As a result, total net gains on trading amounted to 297 million yen, down 37.2%.

(3) Interest and dividend income

Interest and dividend income declined 16.0% to 109 million yen chiefly due to a decrease in the average outstanding advances for margin transactions. Interest expenses slid 31.1% to 31 million yen. As a result, net interest and dividend income recorded 77 million yen, down 7.8%.

(4) Operating cost and expenses

As our efforts for cost reduction bore fruit, operating cost and expenses decreased 8.7% to 7,248 million yen.

As a result of these activities, current income for the first two quarters of fiscal 2010 recorded a loss of 1,211million yen.

(5) Extraordinary income and loss

We recorded an extraordinary income of 63 million yen, including a 40 million yen reversal from reserve for financial instruments transaction liabilities, and an extraordinary loss of 12 million yen, including a golf membership valuation loss of 7 million yen and a loss of 4 million yen on sales of investment securities. As a result, net extraordinary income amounted to 50 million yen.

After allowing for net extraordinary income, income before taxes and tax adjustments for the first two quarters of fiscal 2010 registered a loss of 1,160 million yen, and net income (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 27 million yen, and tax adjustments of 11 million yen) recorded a loss of 1,199 million yen.

2. Qualitative Information on Consolidated Financial Condition

i. Condition of Assets, Liabilities and Net Worth

(a) Assets

Current assets amounted to 25,002 million yen as of September 30, 2010, a decrease of 4,231 million yen (down 14.5%) from March 31, 2010, as advances for margin purchases and advance payments for subscription for investment trust funds declined by 2,194 million yen and 4,565 million yen, respectively, while cash and bank deposits increased by 4,481 million yen.

Fixed assets stood at 7,750 yen as of September 30, 2010, a decrease of 270 million yen (down 3.4%) from March 31, 2010. The decrease resulted mainly from depreciation of fixed assets and loss on sales of investment securities.

As a result, total assets stood at 32,753 million yen as of September 30, 2010, a decrease of 4,501 million yen (down 12.1%) from March 31, 2010.

(b) Liabilities

Current liabilities stood at 6,709 million yen as of September 30, 2010, a decline of 2,693 million yen (down 28.6%) from March 31, 2010. The decrease resulted chiefly from a decline of 996 million yen in borrowings for margin transactions from securities finance corporations and a reduction of 848 million yen in cash received for loaned securities.

Long-term liabilities recorded 685 million yen as of September 30, 2010, a decrease of 110 million yen (down 13.9%). The decrease resulted from a reduction of 47 million yen in accrued retirement benefits for employees and a decline of 23 million yen in accrued retirement benefits for officers (of consolidated subsidiaries).

Statutory reserves registered 98 million yen as of September 30, 2010, a decrease of 39 million yen (down 28.7%) from March 31, 2010. The decrease resulted from a reduction of reserve for financial instruments transaction liabilities.

(c) Net worth

Net worth amounted to 25,259 million yen as of September 30, 2010, a decrease of 1,658 million yen (down 6.2%) from March 31, 2010. The decrease mainly resulted from payment of final dividends in the amount of 520 million yen (paid out to shareholders of record as of March 31, 2010) and a net income loss of 1,199 million yen for the first two quarters of fiscal 2010.

As a result, equity ratio as of September 30, 2010 recorded 77.0%, and capital adequacy ratio as of the same date, as defined by the securities regulator, registered 484.2%.

ii. Condition of Cash Flow

Cash flow from operating activities for the first two quarters of fiscal 2010 amounted to a positive figure of 5,160 million yen, an increase of 6,311 million yen from the comparable year-earlier period, as income before taxes and tax adjustments registered a loss, and as advances for margin purchases and subscription payments for investment trust funds recorded their respective declines. Cash flow from investing activities registered a negative figure of 124 million yen, an increase of 25 million yen, due chiefly to the acquisition of tangible and intangible fixed assets, while sales of investment securities offset the decline somewhat. Cash flow from financing

activities recorded a negative figure of 534 million yen, an decrease of 551 million yen, mainly due to dividend payments.

After all these activities, the amount of cash and cash equivalents as of September 30, 2010, stood at 13,666 million yen, an increase of 4,509 million yen from the end of the previous fiscal year (March 31, 2010).

3. Qualitative Information Relating to Consolidated Business Forecast

Since the forecast of earnings in financial-instruments trading, the main-line business of Ichiyoshi and its group companies, is hard to make due to volatile factors in the market, we do not provide such forecast prior to the end of each business quarter. Instead, we intend to release preliminary earnings figures around the middle of the month following the end of each business quarter.

II Other Information

(1) Changes in material subsidiaries (including a change in scope of consolidation):

None.

(2) Application of a simplified form of accounting treatment and an accounting treatment unique to the preparation of quarterly financial statements:

+ Application of a simplified form of accounting treatment: calculation method of an uncollectible amount of ordinary credits:

As there is not recognized any significant difference between the actual default-experience rate calculated as at the end of the first two quarters of fiscal 2010 and that calculated as at the end of the previous fiscal year, an uncollectible amount continues to be estimated based on the same default-experience rate as applied for the previous fiscal year.

(3) Material changes in accounting treatment principles and procedures and presentation methods relating to the preparation of quarterly financial statements:

+ Application of accounting standards by an equity method:

Effective from the quarter ended June 30, 2010, "Accounting Standards Concerning Equity Method" (Corporate Accounting Standard No.16 of Corporate Accounting Standards Board) and "Temporary Handling Concerning Accounting Treatment of Equity-Method-Applied Associated Companies" (Practical Application Report No.24 of Corporate Accounting Standards Board), both published on March 10, 2008, are adopted.

+Application of accounting standards concerning liabilities arising from asset write-off:

Effective from the quarter ended June 30, 2010, "Accounting Standards Concerning Liabilities Arising from Asset Write-offs" (Corporate Accounting Standard No.18 of Corporate Accounting Standards Board) and "Application Guidelines on Accounting Standards Concerning Liabilities Arising from Asset Write-offs" (Corporate Accounting Standards Application Guideline No. 21 of Corporate Accounting Standards Board), both published on March 31, 2008, are adopted.

+ Application of accounting standards concerning corporate mergers and combinations:

Effective from the quarter ended June 30, 2010, "Accounting Standards Concerning Corporate Mergers and Combinations" (Corporate Accounting Standard No.21 of Corporate Accounting Standards Board), "Accounting Standards Concerning Business Spin-offs" (Corporate Accounting Standard No.7 of Corporate Accounting Standards Board), "Application Guidelines on Accounting Standards Concerning Corporate Mergers and

Combinations and Accounting Standards Concerning Business Split-offs” (Corporate Accounting Standards Guideline No.10), and “Accounting Standards Concerning Equity Methods”(Corporate Accounting Standard No.16 of Corporate Accounting Standards Board), all amended as of December 26, 2008), and “Accounting Standards Concerning Consolidated Financial Statements” (Corporate Accounting Standard No.22 of Corporate Accounting Standards Board), published on December 26, 2008, are adopted.

. Consolidated Financial Statements for First Two Quarters of Fiscal 2010

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

| | As of Sept. 30 2010 | As of Sept. 30 2009 | As of March 31 2010 |
|---|------------------------|------------------------|------------------------|
| Current assets | | | |
| Cash and bank deposits | 13,707 | 14,119 | 9,226 |
| Segregated cash and statutory deposits | 2,426 | 7,485 | 3,111 |
| Trading assets | 373 | 393 | 425 |
| Securities | 373 | 393 | 425 |
| Derivatives | 0 | - | - |
| Contracted trades | 2 | 26 | 33 |
| Margin transaction assets | 6,851 | 11,396 | 9,994 |
| Advances for margin purchases | 6,717 | 11,167 | 8,912 |
| Cash deposits as collateral for securities borrowed | 134 | 228 | 1,082 |
| Advance payments for customers on trades | 25 | 169 | 70 |
| Advance payments for subscription | 854 | 3,773 | 5,419 |
| Short-term loans | 13 | 62 | 8 |
| Corporate tax receivable | 2 | - | - |
| Accrued income | 626 | 771 | 841 |
| Deferred tax assets | 2 | 5 | 6 |
| Other current assets | 127 | 110 | 109 |
| Allowances for doubtful accounts | -11 | -33 | -12 |
| | 25,002 | 38,281 | 29,234 |
| Fixed assets | | | |
| Tangible fixed assets | 4,242 | 4,471 | 4,295 |
| Buildings | 1,708 | 1,878 | 1,772 |
| Fixtures and equipment | 841 | 893 | 836 |
| Land | 1,687 | 1,699 | 1,678 |
| Lease assets, net | 6 | - | 6 |
| Intangible fixed assets | 530 | 648 | 607 |
| Goodwill | 19 | - | - |
| Computer software | 508 | 645 | 604 |
| Telephone subscription rights, etc. | 2 | 3 | 2 |
| Investments, etc. | 2,977 | 3,682 | 3,118 |
| Investment securities | 1,618 | 1,868 | 1,762 |
| Long-term loans | 67 | 58 | 66 |
| Cash deposits as guarantee for long-term credits | 1,288 | 1,729 | 1,275 |
| Deferred tax assets | 4 | 11 | 12 |
| Other investments | 95 | 39 | 97 |
| Allowances for doubtful accounts | -97 | -25 | -97 |
| | 7,750 | 8,802 | 8,020 |
| Total assets | 32,753 | 47,083 | 37,254 |

| | As of Sept. 30 2010 | As of Sept. 30 2009 | As of March 31 2010 |
|---|------------------------|------------------------|------------------------|
| Current liabilities | | | |
| Trading liabilities | - | 1 | 4 |
| Derivatives | - | 1 | 4 |
| Margin transaction liabilities | 2,398 | 4,621 | 4,244 |
| Borrowings for margin transactions | 2,067 | 4,051 | 3,064 |
| Cash received for loaned securities | 331 | 569 | 1,179 |
| Borrowings against securities as collateral | 11 | 39 | 34 |
| Cash received for borrowed-securities transactions | 11 | 39 | 34 |
| Cash payable to customers | 2,603 | 10,795 | 2,534 |
| Deposits from customers (for committed trades) | 452 | 1,022 | 873 |
| Short-term borrowings | 210 | 210 | 210 |
| Lease obligations | 1 | - | 1 |
| Corporate taxes payable | 60 | 64 | 89 |
| Accrued bonuses to employees | 277 | 588 | 455 |
| Reserve for Point-Service Campaign | 290 | 365 | 272 |
| Other current liabilities | 403 | 620 | 682 |
| | 6,709 | 18,327 | 9,402 |
| Long-term liabilities | | | |
| Long-term borrowings | 423 | 454 | 438 |
| Lease obligations | 4 | - | 5 |
| Deferred tax liabilities | 1 | 10 | 19 |
| Revaluation-related deferred tax liabilities | 40 | 40 | 40 |
| Accrued retirement benefits for employees | 173 | 218 | 221 |
| Accrued retirement benefits for officers | 31 | 51 | 55 |
| Other long-term liabilities | 10 | 23 | 16 |
| | 685 | 798 | 796 |
| Statutory reserves | | | |
| Reserve for financial instruments transaction liabilities | 98 | 138 | 138 |
| | 98 | 138 | 138 |
| Total liabilities | 7,493 | 19,264 | 10,337 |
| Net worth | | | |
| Shareholders' equity | 27,111 | 29,610 | 28,758 |
| Common stock | 14,577 | 14,577 | 14,577 |
| Capital surplus | 8,273 | 8,255 | 8,255 |
| Retained earnings | 4,721 | 7,048 | 6,441 |
| Treasury stock | -460 | -272 | -517 |
| Difference on valuation and conversion | -1,905 | -1,834 | -1,882 |
| Other securities valuation difference | -45 | 26 | -22 |
| Land revaluation difference | -1,860 | -1,860 | -1,860 |
| Stock acquisition rights | 22 | 11 | 11 |
| Minority interests | 30 | 32 | 30 |
| Total net worth | 25,259 | 27,819 | 26,917 |
| Total of liabilities and net worth | 32,753 | 47,083 | 37,254 |

(2) Quarterly Consolidated Income Statement

(in millions of yen)

| | -- Six months ended-- | | Fiscal year ended |
|---|-----------------------|----------------|-------------------|
| | Sept. 30, 2010 | Sept. 30, 2009 | March 31, 2010 |
| Operating revenue | 6,101 | 8,156 | 15,744 |
| Commissions | 5,323 | 7,244 | 13,912 |
| Gains or loss on trading | 297 | 473 | 934 |
| Interest and dividend income | 109 | 130 | 252 |
| Other operating income | 370 | 308 | 645 |
| Interest expenses | 31 | 45 | 83 |
| Net operating revenue | 6,069 | 8,110 | 15,661 |
| Operating cost and expenses | 7,248 | 7,938 | 15,427 |
| Transaction-related expenses | 710 | 809 | 1,463 |
| Personnel expenses | 3,935 | 4,422 | 8,580 |
| Property-related expenses | 857 | 890 | 1,757 |
| Clerical expenses | 1,072 | 1,067 | 2,142 |
| Depreciation | 321 | 353 | 711 |
| Public charges | 70 | 86 | 172 |
| Transfer to allowances for doubtful accounts | 0 | 1 | - |
| Other | 280 | 306 | 598 |
| Operating income | -1,178 | 171 | 233 |
| Non-operating income | 33 | 67 | 90 |
| Dividends from investment securities | 12 | 17 | 19 |
| Insurance and dividends income | 0 | 18 | 28 |
| Reversal of expired dividends | 5 | 14 | 17 |
| Interest on refund of income taxes and other | - | - | 10 |
| Gain on allotment of shares | 7 | - | - |
| Other | 7 | 18 | 14 |
| Non-operating expenses | 66 | 100 | 183 |
| Loss on investments in partnership | 60 | 95 | 174 |
| Loss on other sales | 0 | 1 | - |
| Equity in losses of affiliates | 2 | - | - |
| Other | 2 | 3 | 9 |
| Current income | -1,211 | 139 | 140 |
| Extraordinary income | 63 | 83 | 109 |
| Gains on sales of fixed assets | - | - | 9 |
| Gains on sales of investment securities | 21 | 15 | 19 |
| Gain on reversal of subscription rights to shares | - | 34 | 45 |
| Reversal of allowances for doubtful accounts | 1 | - | - |
| Reversal of reserve for financial instruments transaction liabilities | 40 | 29 | 29 |
| Other | - | 4 | 4 |
| Extraordinary expenses | 12 | 78 | 160 |
| Loss on write-off of fixed assets | 0 | 17 | 20 |
| Loss on abandonment of fixed assets | - | 10 | 10 |
| Loss on sales of investment securities | 4 | - | - |
| Valuation loss on investment securities | 0 | 16 | 23 |
| Loss on liquidation of golf memberships | 7 | - | 0 |
| Transfer to allowances for doubtful accounts | - | - | 71 |
| Other | - | 34 | 34 |
| Income before taxes and minority interests | -1,160 | 143 | 89 |
| Income taxes, resident's taxes & enterprise taxes | 27 | 27 | 56 |
| Income tax adjustments | 11 | -3 | -5 |
| Income before minority interests | -1,199 | - | - |
| Minority interests | -0 | -1 | -2 |
| Net income | -1,199 | 121 | 40 |

(3) Quarterly Consolidated Cash Flow Statement

(in millions of yen)

| | -- Six months ended-- | | Fiscal year ended |
|---|-----------------------|----------------|-------------------|
| | Sept. 30, 2010 | Sept. 30, 2009 | March 31, 2010 |
| I. Cash flow from operating activities | | | |
| Net income before taxes and minority interests | -1,160 | 143 | 89 |
| Depreciation | 321 | 353 | 711 |
| Gains or loss on trading account | 0 | -2 | -1 |
| Increase or decrease in accrued bonuses for employees | -178 | 188 | 56 |
| Increase or decrease in accrued retirement benefits for employees | -47 | -1 | 0 |
| Increase or decrease in allowances for doubtful accounts | -1 | 1 | 53 |
| Increase or decrease in reserve for Point-Service Campaign | 18 | -32 | -125 |
| Increase or decrease in accrued retirement benefits for officers | -23 | 5 | 8 |
| Interest and dividend income | -19 | -26 | -40 |
| Interest expenses | 7 | 2 | 11 |
| Equity in (earnings) losses of affiliates | 2 | - | - |
| Gains on sales of investment securities | -17 | -15 | -19 |
| Valuation loss on investment securities | 0 | 16 | 23 |
| Gains on sales of fixed assets | - | - | -9 |
| Loss on write-off of fixed assets | 0 | 17 | 20 |
| Loss on liquidation of golf memberships | 7 | - | 0 |
| Gain on reversal of subscription rights to shares | - | -34 | -45 |
| Increase or decrease in reserve for financial instruments transaction liabilities | -40 | -29 | -29 |
| Increase or decrease in segregated cash in trust for customers | 713 | -4,190 | 180 |
| Increase or decrease in deposits and guarantee deposits received | -398 | 8,305 | -104 |
| Increase or decrease in short-term loans | -5 | -49 | 4 |
| Increase or decrease in trading assets | 47 | 15 | -14 |
| Net increase or decrease in margin transaction assets and liabilities | 1,297 | -3,427 | -2,402 |
| Increase or decrease in subscription moneys | 4,565 | -2,849 | -4,495 |
| Others | 104 | 63 | 551 |
| Sub-total | 5,191 | -1,545 | -5,577 |
| Interest and dividend income | 19 | 27 | 41 |
| Interest expenses | -8 | -2 | -10 |
| Taxes paid or refunded | -42 | 369 | 330 |
| Cash flow from operating activities | 5,160 | -1,150 | -5,215 |
| II. Cash flow from investing activities | | | |
| Acquisition of tangible fixed assets | -130 | -93 | -141 |
| Sales of tangible fixed assets | - | - | 29 |
| Acquisition of intangible fixed assets | -56 | -50 | -121 |
| Acquisition of investment securities | - | -15 | -15 |
| Sales of investment securities | 62 | 22 | 106 |
| Purchase of stocks of subsidiaries and affiliates | - | - | -96 |
| Long-term loans | -10 | -24 | -48 |
| Collection of long-term loans | 9 | 8 | 25 |
| Others | 0 | 1 | 51 |
| Cash flow from investing activities | -124 | -150 | -210 |
| III. Cash flow from financing activities | | | |
| Increase or decrease in Long-term borrowings | - | 454 | 454 |
| Repayment of long-term loans payable | -15 | - | -15 |
| Repayments of lease obligations | -0 | - | -0 |
| Acquisition of Company's Common shares | -0 | -0 | -245 |
| Payment of dividends | -518 | -436 | -961 |
| Cash flow from financing activities | -534 | 17 | -768 |
| IV. Conversion differences related to cash and cash equivalents | -25 | 39 | 56 |
| V. Increase or decrease in cash and cash equivalents | 4,475 | -1,244 | -6,137 |
| VI. Balance of cash and cash equivalents at beginning of the term | 9,156 | 15,294 | 15,294 |
| Increase in cash and cash equivalents resulting from merger | 34 | - | - |
| Balance of cash and cash equivalents at end of the term | 13,666 | 14,049 | 9,156 |

(4) Notes Concerning Premises for Continuing Business Enterprise

None for the first two quarters of fiscal 2010.

(5) Notes in the Event of Material Changes in Stockholders' Capital

None for the first two quarters of fiscal 2010.

IV. Supplementary Information**Breakdown of Consolidated Business Result for First Two Quarters of Fiscal 2010****1. Commissions****(1) Commissions by sources: (in millions of yen)**

| | ---First two quarters ended--- | | (A) over (B) | Fiscal 2009 ended |
|-----------------------------|--------------------------------|---------------|--------------|-------------------|
| | Sep. 30, 2010 | Sep. 30, 2009 | | March 31, 2010 |
| | (A) | (B) | (%) | |
| ----- | | | | |
| Brokerage commissions | 1,791 | 2,984 | -40.0 | 5,128 |
| (Stocks) | (1,780) | (2,961) | (-39.9) | (5,068) |
| (Bonds) | (1) | (4) | (-69.2) | (5) |
| Commissions from | | | | |
| underwriting & solicitation | | | | |
| to specified investors | 21 | 22 | -4.4 | 143 |
| (Stocks) | (21) | (22) | (-4.4) | (143) |
| (Bonds) | (--) | (--) | (--) | (--) |
| Commissions from | | | | |
| distribution & solicitation | | | | |
| to specified investors | 1,146 | 1,736 | -34.0 | 3,736 |
| (Beneficiary certificates) | (1,143) | (1,733) | (-34.0) | (3,731) |
| Commissions from | | | | |
| Other sources | 2,363 | 2,501 | -5.5 | 4,903 |
| (Beneficiary certificates) | (2,120) | (2,086) | (+1.6) | (4,251) |
| ----- | | | | |
| Total | 5,323 | 7,244 | -26.5 | 13,912 |
| ----- | | | | |

(2) Commissions by instruments: (in millions of yen)

| | ---First two quarters ended--- | | (A) over (B) | Fiscal 2009 ended |
|--------------------------|--------------------------------|---------------|--------------|-------------------|
| | Sep. 30, 2010 | Sep. 30, 2009 | | March 31, 2010 |
| | (A) | (B) | (%) | |
| ----- | | | | |
| Stocks | 1,813 | 2,998 | -39.5 | 5,238 |
| Bonds | 5 | 9 | -47.7 | 15 |
| Beneficiary certificates | 3,273 | 3,838 | -14.7 | 8,037 |
| Others | 231 | 397 | -41.7 | 620 |
| ----- | | | | |
| Total | 5,323 | 7,244 | -26.5 | 13,912 |
| ----- | | | | |

2. Gains or loss on trading: (in millions of yen)

| | ---First two quarters ended--- | | (A) over (B) | Fiscal 2009 ended |
|-------------------------------|--------------------------------|---------------|--------------|-------------------|
| | Sep. 30, 2010 | Sep. 30, 2009 | | March 31, 2010 |
| | (A) | (B) | (%) | |
| ----- | | | | |
| Stocks, etc. | 168 | 233 | -27.9 | 455 |
| Bonds, foreign exchange, etc. | 129 | 239 | -46.2 | 478 |
| (Bonds, etc.) | (109) | (263) | (-58.5) | (505) |
| (Foreign exchange, etc.) | (19) | (-24) | (--) | (-26) |
| ----- | | | | |
| Total | 297 | 473 | -37.2 | 934 |
| ----- | | | | |

3 . Quarterly Consolidated Income Statements for Recent Six Quarters (in millions of yen)

| | 1st Q (4-6/'09) | 2nd Q (7-9/'09) | 3rd Q (10-12/'09) | 4th Q (1-3/'10) | 1st Q (4-6/'10) | 2nd Q (7-9/'10) |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| Operating revenue | 4,150 | 4,005 | 3,760 | 3,827 | 3,510 | 2,590 |
| Commissions | 3,671 | 3,572 | 3,303 | 3,363 | 3,042 | 2,281 |
| Gains or loss on trading | 258 | 214 | 235 | 226 | 217 | 80 |
| Interest and dividend income | 61 | 68 | 64 | 57 | 62 | 46 |
| Other operating revenue | 158 | 149 | 157 | 180 | 188 | 181 |
| Interest expenses | 24 | 21 | 20 | 17 | 20 | 11 |
| Net operating revenue | 4,126 | 3,984 | 3,740 | 3,810 | 3,490 | 2,579 |
| Operating cost and expenses | 4,036 | 3,902 | 3,793 | 3,695 | 3,758 | 3,490 |
| Transaction-related expenses | 408 | 401 | 378 | 275 | 354 | 356 |
| Personnel expenses | 2,248 | 2,174 | 2,083 | 2,073 | 2,066 | 1,869 |
| Property-related expenses | 444 | 446 | 429 | 437 | 432 | 424 |
| Clerical expenses | 551 | 516 | 529 | 545 | 563 | 508 |
| Depreciation | 176 | 177 | 175 | 182 | 158 | 162 |
| Public charges | 41 | 44 | 43 | 42 | 36 | 33 |
| Reversal of allowances for doubtful accounts | 1 | - 0 | -1 | - 0 | - | 0 |
| Other | 164 | 141 | 155 | 137 | 146 | 133 |
| Operating income | 89 | 81 | -53 | 115 | -267 | -910 |
| Non-operating income | 38 | 29 | 12 | 10 | 23 | 9 |
| Non-operating expenses | 0 | 99 | 1 | 81 | 2 | 63 |
| Current income | 127 | 12 | -42 | 43 | -246 | -964 |
| Extraordinary income | 31 | 51 | 21 | 4 | 62 | 1 |
| Extraordinary expenses | 50 | 27 | 75 | 6 | 3 | 9 |
| Income before taxes and minority interests | 107 | 36 | -96 | 42 | -187 | -973 |
| Income taxes, resident's taxes & enterprise taxes | 10 | 16 | 10 | 18 | 10 | 16 |
| Income tax adjustments | 0 | -3 | 1 | -3 | 13 | -1 |
| Income before minority interests | - | - | - | - | -211 | -988 |
| Minority interests | -1 | - 0 | - 0 | - 0 | - 1 | 1 |
| Net income | 98 | 23 | -108 | 27 | -209 | -989 |

(END)