

# **EARNINGS REPORT FOR FIRST THREE QUARTERS OF** **FISCAL 2010 ( April 1 to December 31, 2010 )**

(consolidated basis)

Released on January 28, 2011

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

Listed on: Tokyo Stock Exchange (1<sup>st</sup> Section) & Osaka Securities Exchange (1<sup>st</sup> Section)

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

Inquiry to: Mr. Kiyotaka Mochida, Operating Officer in charge of Finance & Planning

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Date of filing First Three Quarters Report: February 10, 2011 (scheduled)

Materials for supplementary explanation of quarterly business result: Not prepared.

Business result-reporting meeting: Not planned.

## **1. Outline of Consolidated Business Result for First Three Quarters of Fiscal 2010 (from April 1 to December 31, 2010)**

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

--- Nine months ended ---

Dec. 31, 2010

Dec. 31, 2009

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	(% year-to-year change in brackets)	
Operating revenue	9,199 ( -22.8)	11,917 ( +3.7)
Net operating revenue	9,156 ( -22.7)	11,850 ( +3.8)
Operating income	-1,661 ( --)	118 ( --)
Current income	-1,517 ( --)	96 ( --)
Net income	-1,512 ( --)	13 ( --)
Earnings per share	-34.77yen	0.30yen
Diluted earnings per share (adjusted for shares potentially issuable)	--	--

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## (2) Consolidated financial condition

	As of Dec. 31 2010	As of March 31 2010
Total assets (in millions of yen)	33,501	37,254
Net worth (in millions of yen)	24,494	26,917
Equity ratio	72.9%	72.1%
Net worth per share	561.47yen	619.13yen

Note: Shareholders' equity as of December 31, 2010: 24,435 million yen.

Shareholders' equity as of 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 <sup>st</sup> quarter	---	---
2 <sup>nd</sup> quarter	12.00 yen	12.00 yen
3 <sup>rd</sup> quarter	---	---
Final	---	12.00 yen
Annual total	---	24.00 yen

Notes: (i) Ichiyoshi declares dividends payable to shareholders of record as of September 30 (semiannual 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 a dividend (and earnings) forecast.

## 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** (For further details, please refer to “II Other Information” elsewhere herein.)

(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: Yes.

(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.

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

(i) Number of shares issued as of December 31, 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 December 31, 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 three quarters of fiscal 2010: 43,515,951 shares.

Average number of shares issued during the first three quarters of fiscal 2009: 43,850,398 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 reported herein are being audited on a review basis at the time 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 Three quarters of Fiscal 2010**

### **1. Qualitative Information on Consolidated Business Result**

Global stock markets underwent correctional periods against the backdrop of fiscal uncertainties in some European nations which intensified from May, and the yen concurrently strengthened against the dollar and the euro. From the latter half of 2010, however, stock prices in advanced countries turned around upwards in the wake of the quantitative easing measures of the U.S., and the yen started to show signs of softening trend.

In the Japanese stock market, the Nikkei Stock Average of the Tokyo Stock Exchange (the “TSE”) recorded 11,408yen, a post-April 2009 high, in May and thereafter fell about 20% to 8,796yen, a year low, on September 1, 2010. While the yen remained strong and the Nikkei Stock Average stayed in a narrow range despite a 2 trillion yen-scale intervention in the currency market by the Japanese authorities (the government and the Bank of Japan (the “BoJ”)) on September 15 and the BoJ’s monetary easing policy announced on October 5, the yen started to change its trend and the Nikkei Stock Average began its upward movement in response to the US’s quantitative easing package announced in November. Hence, the Nikkei Stock Average registered 10,228yen, above the much-focused 10,000yen level, on December 30 (the last trading day of the year). The year-end rising trend of stock prices in the First Section of the TSE made investors more risk-tolerant, which contributed to the strong firming of the Japanese emerging-stock markets, which hit bottom in November.

The average daily turnover on the TSE for the first three quarters of fiscal 2010 was 1,452.4 billion yen, down 7.4% from the comparable period of fiscal 2009, and that on the OSE JASDAQ Market was 18.5 billion yen, up 4.3%. (The OSE JASDAQ Market was formed as of October 12, 2010, through the tripartite merger among the former OSE Hercules Market, the former JASDAQ Stock Market and the former NEO Market. The daily turnover of the OSE JASDAQ Market for the first three quarters of fiscal 2009 is the sum of the daily turnover of the former OSE Hercules Market, that of the former JASDAQ Stock Market and that of the former NEO Market for the same period.)

Against such background, we continued to stress the distribution of “Global Sovereign Fund,” “Mellon World Emerging Sovereign Fund” and “Daiwa Japan Government Bond Fund” and began to market in December 2010 “DWS Global Public Utility Bond Fund - A Course (currency-hedged)” (which pays out income monthly) whose assets are invested in single-A or above-rated bonds issued by public utilities and

entities globally. We designate those funds as core assets of customers and place them in the center of our promotional activities. We also exerted our efforts on the distribution of other investment trust funds, such as “Sumitomo Mitsui Global REIT Open,” “Pictet Global Income Stock Fund” and “Ichiyoshi-Invesco Small- and Mid-cap Growth Stock Open.”

Consequently net operating revenue for the first three quarters of fiscal 2010 registered 9,156 million yen, and operating cost and expenses recorded 10,817 million yen. Resultantly, current income recorded a loss of 1,517 million yen.

Customers' assets in our custody as at December 31, 2010 stood at 1,284.3 billion yen, down 6.2% 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 three quarters of fiscal 2010 amounted to 8,019 million yen, down 24.0% from the year-earlier period.

### **(1) Brokerage commissions**

Total brokerage commissions on stocks decreased 31.3% to 2,677 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Sections of Tokyo Stock Exchange and Osaka Securities Exchange, OSE JASDAQ Market and TSE Mothers) accounted for 15.5% of total brokerage commissions on stocks, up from 13.7% for the comparable period of fiscal 2009.

### **(2) Commissions from underwriting and solicitation to specified investors**

In the primary market, we managed 3 initial public offerings (“IPO”), as compared to 3 IPOs in the year-earlier period. In the secondary market, we participated in 3 deals on a management and underwriting basis, as against 4 deal participations (one of which was lead-managed by Ichiyoshi) in the year-earlier period. As a result, commissions from underwriting and solicitation to specified investors recorded 24 million yen, down 79.8%.

The cumulative number of companies whose offerings were lead- or co-managed by Ichiyoshi stood at 831 (of which 27 were lead-managed) as of December 31, 2010.

### **(3) Commissions from distribution and solicitation to specified investors**

Commissions from distribution and solicitation to specified investors amounted to 1,808 million yen, down 35.0%, of which commissions from distribution of investment trust funds which pay out income monthly accounted for 1,803

million yen, down 35.1%.

#### **(4) Commissions from other sources**

As the outstanding balance of investment trust funds at the end of the term in question decreased 6.0% to 638 billion yen, Ichiyoshi's receipt of trailer fees declined 0.5% to 3,170 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 3,495 million yen, down 5.4%.

### **2. Gains or loss on trading**

Trading in stocks, etc. recorded net gains of 286 million yen, down 11.0% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 194 million yen, down 49.7%. As a result, total net gains on trading amounted to 480 million yen, down 32.1%.

### **3. Interest and dividend income**

Interest and dividend income declined 27.2% to 141 million yen chiefly due to a decrease in average outstanding balances of advances for margin transactions. Interest expenses slid 35.3% to 43 million yen. As a result, net interest and dividend income recorded 98 million yen, down 23.0%.

### **4. Operating cost and expenses**

As a result of cost reduction measures, operating cost and expenses decreased 7.8% to 10,817 million yen.

As a result of these activities, current income for the first three quarters of fiscal 2010 recorded a loss of 1,517 million yen.

### **5. Extraordinary income and loss**

We recorded an extraordinary income of 71 million yen, including a 40 million yen reversal from reserve for financial instruments transaction liabilities and gains of 21 million yen on sales of investment securities, and an extraordinary loss of 12 million yen, including a valuation loss of 7 million yen on golf memberships and a loss of 4 million yen on sales of investment securities. As a result, net extraordinary income amounted to 59 million yen.

After allowing for net extraordinary income, income before income taxes for the first three quarters of fiscal 2010 registered a loss of 1,458 million yen, and net income (after deduction of income, inhabitant and enterprise taxes, totaling 42 million yen, and after allowing for 11 million yen income taxes adjustments) recorded a loss of 1,512 million yen.

## **2. Qualitative Information on Consolidated Financial Condition**

### **i. Conditions of Assets, Liabilities and Net Worth**

#### **(a) Assets**

Current assets amounted to 25,581 million yen as of December 31, 2010, a decrease of 3,653 million yen (down 12.5%) from March 31, 2010, as advances for margin purchases and advance payments for investment trust funds fell by 3,873 million yen and by 3,901 million yen, respectively, while cash and bank deposits increased by 4,528 million yen.

Fixed assets stood at 7,920 million yen as of December 31, 2010, a decrease of 100 million yen (down 1.2%) from March 31, 2010. The decrease resulted mainly from depreciation of fixed assets.

As a result, total assets stood at 33,501 million yen as of December 31, 2010, a decrease of 3,753 million yen (down 10.1%) from March 31, 2010.

#### **(b) Liabilities**

Current liabilities stood at 8,198 million yen as of December 31, 2010, a decrease of 1,203 million yen (down 12.8%) from March 31, 2010. The decrease resulted chiefly from a reduction of 599 million yen in borrowings for margin transactions from securities finance corporations and from a decline of 806 million yen in cash received for loaned securities.

Long-term liabilities recorded 709 million yen as of December 31, 2010, a decrease of 87 million yen (down 10.9%) from March 31, 2010. The decrease mainly resulted from a reduction of 32 million yen in accrued retirement benefits and a drop of 22 million yen in long-term borrowings of consolidated subsidiaries.

Statutory reserves registered 98 million yen as of December 31, 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 24,494 million yen as of December 31, 2010, a decrease of 2,422 million yen (down 9.0%) from March 31, 2010. The decrease mainly resulted from the fall of 2,555 million yen in retained earnings due to the payment of dividends in the amount of 1,043 million yen and due to the net loss of 1,512 million yen for the first three quarters.

As a result, equity ratio as of December 31, 2010 recorded 72.9%, and capital adequacy ratio as of the same date, as defined by the securities regulator, registered 465.9%.

**ii. Conditions of Cash Flow**

Cash flow from operating activities for the first three quarters of fiscal 2010 amounted to a positive figure of 5,823 million yen, while income before income taxes registered a loss, an increase of 9,664 million yen from the comparable year-earlier period, 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 219 million yen, a decline of 121 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 1,056 million yen, a decline of 548 million yen, mainly due to dividend payments.

After all these activities, the amount of cash and cash equivalents as of December 31, 2010, stood at 13,713 million yen, an increase of 4,557 million yen from the end of the previous fiscal year (March 31, 2010).

**iii. 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 after the end of each business quarter (around the middle of the month following the end of the applicable quarter as and when such figures become available).

**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 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 three 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 Three Quarters of Fiscal 2010

## (1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of Dec. 31 2010	As of Dec. 31 2009	As of March 31 2010
Current assets			
Cash and bank deposits	13,755	10,965	9,226
Segregated cash and statutory deposits	3,785	5,471	3,111
Trading assets	392	420	425
Securities	392	420	425
Contracted trades	107	10	33
Margin transaction assets	5,230	9,753	9,994
Advances for margin purchases	5,038	9,442	8,912
Cash deposits as collateral for securities borrowed	192	311	1,082
Advance payments for customers on trades	25	45	70
Advance payments for subscription	1,518	1,219	5,419
Short-term loans	6	3	8
Income taxes receivable	3	-	-
Accrued income	569	671	841
Deferred tax assets	1	2	6
Other current assets	195	100	109
Allowances for doubtful accounts	-10	-32	-12
	25,581	28,633	29,234
Fixed assets			
Tangible fixed assets	4,184	4,356	4,295
Buildings	1,662	1,823	1,772
Fixtures and equipment	828	847	836
Land	1,687	1,678	1,678
Lease assets, net	5	7	6
Intangible fixed assets	474	594	607
Goodwill	18	-	-
Computer software	454	591	604
Telephone subscription rights, etc.	2	2	2
Investments, etc.	3,261	3,599	3,118
Investment securities	1,907	1,807	1,762
Long-term loans	62	67	66
Cash deposits as guarantee for long-term credits	1,282	1,699	1,275
Deferred tax assets	5	12	12
Other investments	95	108	97
Allowances for doubtful accounts	-91	-97	-97
	7,920	8,550	8,020
Total assets	33,501	37,183	37,254

	As of Dec. 31 2010	As of Dec. 31 2009	As of March 31 2010
Current liabilities			
Trading liabilities	0	0	4
Derivatives	0	0	4
Margin transaction liabilities	2,838	3,763	4,244
Borrowings for margin transactions	2,465	3,217	3,064
Cash received for loaned securities	373	545	1,179
Borrowings against securities as collateral	-	10	34
Cash received for borrowed-securities transactions	-	10	34
Cash payable to customers	3,791	2,643	2,534
Deposits from customers (for committed trades)	339	993	873
Short-term borrowings	210	210	210
Lease obligations	1	1	1
Income taxes payable	42	51	89
Accrued bonuses to employees	151	230	455
Reserve for Point-Service Campaign	223	288	272
Other current liabilities	599	926	682
	8,198	9,118	9,402
Long-term liabilities			
Long-term borrowings	416	446	438
Lease obligations	4	5	5
Deferred tax liabilities	14	8	19
Revaluation-related deferred tax liabilities	40	40	40
Accrued retirement benefits for employees	188	210	221
Accrued retirement benefits for officers	35	51	55
Other long-term liabilities	9	19	16
	709	782	796
Statutory reserves			
Reserve for financial instruments transaction liabilities	98	138	138
	98	138	138
Total liabilities	9,006	10,039	10,337
Net worth			
Shareholders' equity	26,276	28,975	28,758
Common stock	14,577	14,577	14,577
Capital surplus	8,273	8,255	8,255
Retained earnings	3,885	6,413	6,441
Treasury stock	-460	-272	-517
Difference on valuation and conversion	-1,841	-1,868	-1,882
Other securities valuation difference	19	-7	-22
Land revaluation difference	-1,860	-1,860	-1,860
Subscription rights to shares	27	5	11
Minority interests	31	31	30
Total net worth	24,494	27,143	26,917
Total of liabilities and net worth	33,501	37,183	37,254

## (2) Quarterly Consolidated Income Statements

(in millions of yen)

	-- Nine months ended--		Fiscal year ended
	Dec. 31,2010	Dec. 31,2009	March 31,2010
Operating revenue	9,199	11,917	15,744
Commissions	8,019	10,548	13,912
Gains or loss on trading	480	708	934
Interest and dividend income	141	195	252
Other operating income	557	465	645
Interest expenses	43	66	83
Net operating revenue	9,156	11,850	15,661
Operating cost and expenses	10,817	11,732	15,427
Transaction-related expenses	1,051	1,187	1,463
Personnel expenses	5,879	6,506	8,580
Property-related expenses	1,278	1,320	1,757
Clerical expenses	1,595	1,596	2,142
Depreciation	487	529	711
Public charges	105	129	172
Transfer to allowances for doubtful accounts	-	0	-
Others	418	461	598
Operating income	-1,661	118	233
Non-operating income	216	80	90
Dividends from investment securities	17	19	19
Insurance and dividends income	14	23	28
Equity in earnings of affiliates	161	-	-
Reversal of expired dividends	6	17	17
Gain on allotment of shares	7	-	-
Others	9	20	14
Non-operating expenses	73	101	183
Loss on investments in partnership	60	96	174
Loss on other sales	0	1	-
Others	11	3	9
Current income	-1,517	96	140
Extraordinary income	71	104	109
Gains on sales of fixed assets	-	9	9
Gains on sales of investment securities	21	15	19
Gain on revision of retirement benefit plan	6	-	-
Gain on reversal of subscription rights to shares	-	45	45
Reversal of allowances for doubtful accounts	2	-	-
Reversal of reserve for financial instruments transaction liabilities	40	29	29
Others	-	4	4
Extraordinary expenses	12	154	160
Loss on write-off of fixed assets	0	19	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	0
Transfer to allowances for doubtful accounts	-	72	71
Others	-	34	34
Income before income taxes	-1,458	47	89
Income, inhabitant and enterprise taxes	42	37	56
Income taxes adjustments	11	-1	-5
Income before minority interests	-1,511	-	-
Minority interests	0	-2	-2
Net income	-1,512	13	40

### (3) Quarterly Consolidated Cash Flow Statements

(in millions of yen)

	-- Nine months ended--		Fiscal year ended
	Dec. 31, 2010	Dec. 31, 2009	March 31, 2010
<b>I. Cash flow from operating activities</b>			
Income before income taxes	-1,458	47	89
Depreciation	487	529	711
Gains or loss on trading account	-1	-2	-1
Increase or decrease in accrued bonuses for employees	-304	-169	56
Increase or decrease in accrued retirement benefits for employees	-32	-9	0
Increase or decrease in allowances for doubtful accounts	-7	72	53
Increase or decrease in reserve for Point-Service Campaign	-49	-109	-125
Increase or decrease in accrued retirement benefits for officers	-19	4	8
Interest and dividend income	-39	-35	-40
Interest expenses	11	6	11
Equity in earnings or losses of affiliates	-161	-	-
Gains or loss on sales of investment securities	-17	-15	-19
Valuation loss on investment securities	0	16	23
Gains or loss on sales of fixed assets	-	-9	-9
Loss on write-off of fixed assets	0	19	20
Loss on liquidation of golf memberships	7	0	0
Gains on reversal of subscription rights to shares	-	-45	-45
Increase or decrease in reserve for financial instruments transaction liabilities	-40	-29	-29
Increase or decrease in segregated cash in trust for customers	-647	-2,180	180
Increase or decrease in deposits and guarantee deposits received	676	124	-104
Increase or decrease in short-term loans	1	8	4
Increase or decrease in trading assets	30	-13	-14
Net increase or decrease in margin transaction assets and liabilities	3,358	-2,642	-2,402
Increase or decrease in subscription moneys	3,901	-296	-4,495
Others	155	511	551
Sub-total	5,851	-4,215	-5,577
Interest and dividend income	39	36	41
Interest expenses	-12	-7	-10
Taxes paid or refunded	-55	343	330
Cash flow from operating activities	5,823	-3,841	-5,215
<b>II. Cash flow from investing activities</b>			
Acquisition of tangible fixed assets	-175	-102	-141
Sales of tangible fixed assets	-	29	29
Acquisition of intangible fixed assets	-63	-62	-121
Acquisition of investment securities	-	-15	-15
Sales of investment securities	69	46	106
Purchase of stocks of subsidiaries and affiliates	-55	-	-96
Long-term loans	-11	-39	-48
Collection of long-term loans	15	14	25
Others	0	29	51
Cash flow from investing activities	-219	-98	-210
<b>III. Cash flow from financing activities</b>			
Increase or decrease in Long-term borrowings	-	454	454
Repayment of long-term loans payable	-22	-7	-15
Repayments of lease obligations	-1	-0	-0
Acquisition of Company's Common shares	-0	-0	-245
Payment of dividends	-1,032	-953	-961
Cash flow from financing activities	-1,056	-508	-768
IV. Conversion differences related to cash and cash equivalents	-23	49	56
V. Increase or decrease in cash and cash equivalents	4,523	-4,399	-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	13,713	10,895	9,156

**(4) Notes Concerning Premises for Continuing Business Enterprise**

None for the first three quarters of fiscal 2010.

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

None for the first three quarters of fiscal 2010.

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

	--- Nine months ended---		(A) over (B)	Fiscal 2009 ended
	Dec. 31, 2010	Dec. 31, 2009		March 31, 2010
	(A)	(B)	%	
-----				
Brokerage commissions	2,691	3,947	- 31.8	5,128
(Stocks)	(2,677)	(3,898)	( - 31.3)	(5,068)
(Bonds)	( 1)	( 5)	( - 65.8)	( 5)
Commissions from				
underwriting & solicitation				
to specified investors	24	123	- 79.8	143
(Stocks)	( 24)	( 123)	( - 79.8)	( 143)
(Bonds)	( --)	( --)	( --)	( --)
Commissions from				
distribution & solicitation				
to specified investors	1,808	2,781	- 35.0	3,736
(Beneficiary certificates)	(1,803)	(2,777)	( - 35.1)	(3,731)
Commissions from				
Other sources	3,495	3,695	- 5.4	4,903
(Beneficiary certificates)	(3,170)	(3,186)	( - 0.5)	(4,251)
-----				
Total	8,019	10,548	- 24.0	13,912
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(2) Commissions by instruments: (in millions of yen)

	---Nine months ended---		(A) over (B)	Fiscal 2009 ended
	Dec. 31, 2010	Dec. 31, 2009		March 31, 2010
	(A)	(B)	(%)	
Stocks	2,717	4,042	- 32.8	5,238
Bonds	9	13	- 34.7	15
Beneficiary certificates	4,986	6,007	- 17.0	8,037
Others	307	484	- 36.5	620
Total	8,019	10,548	- 24.0	13,912

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

	---Nine months ended---		(A) over (B)	Fiscal 2009 ended
	Dec. 31, 2010	Dec. 31, 2009		March 31, 2010
	(A)	(B)	(%)	
Stocks, etc.	286	322	- 11.0	455
Bonds, foreign exchange, etc.	194	386	- 49.7	478
(Bonds, etc.)	(168)	(411)	( - 59.0)	(505)
(Foreign exchange, etc.)	( 25)	( - 24)	( --)	( - 26)
Total	480	708	- 32.1	934

### 3 . Quarterly Consolidated Income Statements for Recent Seven 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)	3rd Q (10-12/'10)
Operating revenue	4,150	4,005	3,760	3,827	3,510	2,590	3,098
Commissions	3,671	3,572	3,303	3,363	3,042	2,281	2,696
Gains or loss on trading	258	214	235	226	217	80	183
Interest and dividend income	61	68	64	57	62	46	32
Other operating revenue	158	149	157	180	188	181	186
Interest expenses	24	21	20	17	20	11	11
Net operating revenue	4,126	3,984	3,740	3,810	3,490	2,579	3,087
Operating cost and expenses	4,036	3,902	3,793	3,695	3,758	3,490	3,569
Transaction-related expenses	408	401	378	275	354	356	341
Personnel expenses	2,248	2,174	2,083	2,073	2,066	1,869	1,943
Property-related expenses	444	446	429	437	432	424	420
Clerical expenses	551	516	529	545	563	508	523
Depreciation	176	177	175	182	158	162	166
Public charges	41	44	43	42	36	33	35
Reversal of allowances for doubtful accounts	1	- 0	-1	- 0	-	0	-0
Others	164	141	155	137	146	133	138
Operating income	89	81	-53	115	-267	-910	-482
Non-operating income	38	29	12	10	23	9	183
Non-operating expenses	0	99	1	81	2	63	6
Current income	127	12	-42	43	-246	-964	-305
Extraordinary income	31	51	21	4	62	1	8
Extraordinary expenses	50	27	75	6	3	9	0
Income before income taxes	107	36	-96	42	-187	-973	-297
Income, inhabitant and enterprise taxes	10	16	10	18	10	16	14
Income taxes adjustments	0	-3	1	-3	13	-1	0
Income before minority interests	-	-	-	-	-211	-988	-312
Minority interests	-1	- 0	- 0	- 0	- 1	1	1
Net income	98	23	-108	27	-209	-989	-313

( END )