

2012 | Investors' Guide  
For the Year Ended March 31, 2012



・ 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 2012

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

# 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

## Message from the President

### To “remain a firm of customers' trust and choice”

There is a catchphrase that we hold very dear. It is “Let’s build a securities house like no other.”

Based on the philosophy of “remaining a firm of customers’ trust and choice,” we aim to be a company that grows along with local communities on a firm foundation of trust. Specifically, we are dedicated to continuing to provide advisory activities based on the customer’s point of view.

The first part of this is the “Ichiyoshi standard” of paying the highest consideration to customers’ assets, which we have continued to observe for more than a decade. “We will not sell products simply because they are popular.” This is the marketing philosophy that we believe best serves customers’ expectations.

The second part involves our goal to be a company that grows along with the local communities by putting down deep roots in each region, in order to build even closer relationships and gain the even stronger trust of regional customers. This, naturally, involves not only opening branches in regions we previously did not service, but also the enlargement of the ring of trust through tie-ups and mergers with regional securities brokerages.

Being confident that customers and Ichiyoshi will be able to enjoy considerable growth together, the officers and employees of Ichiyoshi pledge to follow this philosophy. Your ongoing guidance and encouragement would be greatly appreciated.



July 2012

Yasuaki Yamasaki

President, Representative Executive Officer

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### Forward-Looking Statements

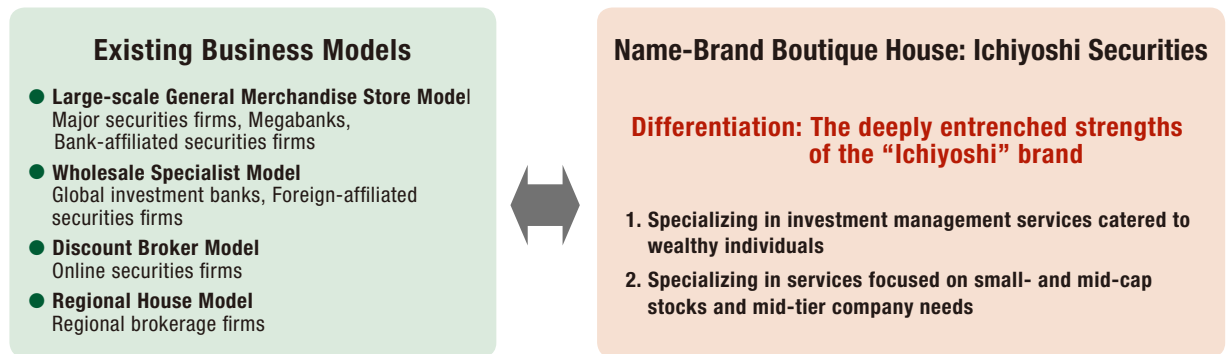
This investors’ guide contains forward-looking statements about the future plans, strategies, beliefs and performance of Ichiyoshi Securities and its consolidated subsidiaries. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based 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.

## 1 Growth Strategy

### 1. Strategy of Ichiyoshi Securities

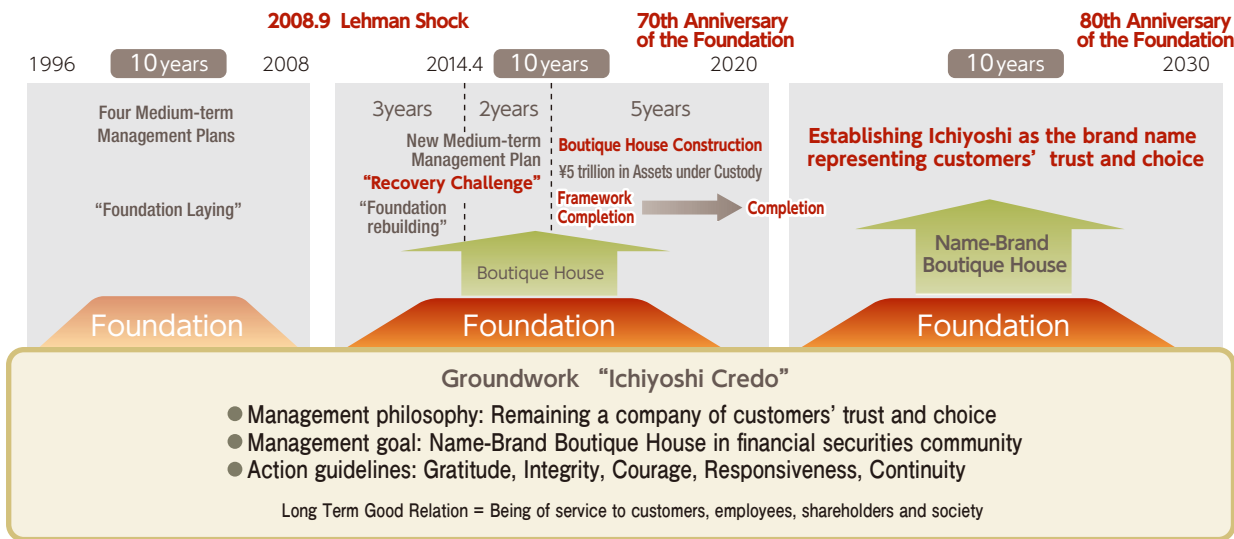
We aim to clearly distinguish Ichiyoshi Securities from conventional brokerage firms that compete using economies of scale and discount marketing methods and to establish ourselves as a “boutique securities house” providing financial asset management services catered to each individual customer.

#### Differentiation — The key to success in the age of highly competitive financial services



### 2. Establishment of Name-Brand Boutique House

Just as the innovative boutique securities company, Edward Jones achieved dramatic growth in the United States beginning in the mid 1980s, Ichiyoshi has aimed to establish itself as a pioneering “Name-Brand Boutique House” in the last 10 years by providing specialized asset management services to individual investors and medium-sized corporate customers.



## 2 New Medium-term Management Plan

To further reinforce the foundations of the financial “name-brand boutique house” that we have been aiming to build, we began implementing a medium-term business plan that was to end in March 2012. However, numerous issues shook economies and financial markets both in Japan and overseas, including global economic slowdown, the European debt crisis, and delays to reconstruction following the East Japan Earthquake, and such issues prevented us from completing the medium term plan to a satisfactory standard.

In this operating environment, the officers and employees of Ichiyoshi are striving to meet the numerical targets contained in the previous medium-term plan under the new management structure subtitled as “Recovery challenge” that started in April 2012.

#### Recovery Challenge (Period of the plan: from April 2012 through the end of March 2014)

- Customer assets under custody: JPY 2 trillion
- Lead manager: in 35 companies
- ROE: Around 10%

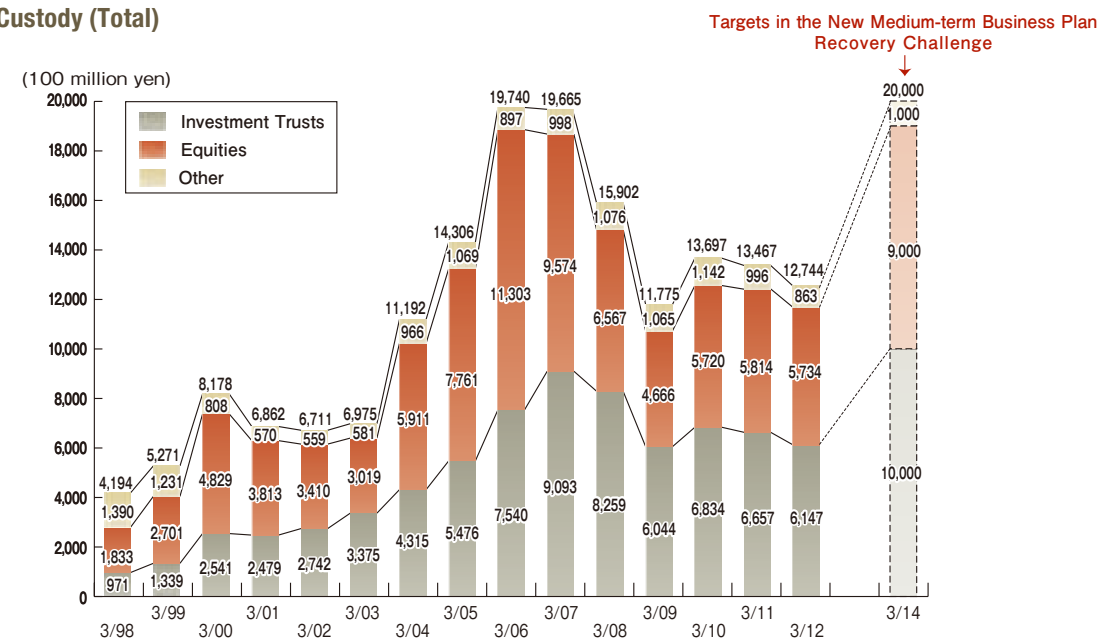
#### Eight Basic Strategies for New Medium-term Management Plan

- |   |  |   |   |
|---|--|---|---|
| 1 | Thorough realization of our Credo<br>» » “To continue to be a firm loved and chosen by customers.”                             | 5 | All-Ichiyoshi resource integration<br>» » Triangular Pyramid Management (Leveraging synergies across entire group)  |
| 2 | Expansion of business base<br>» » Assets under custody a barometer for customers' trust and Ichiyoshi's underlying strength    | 6 | Practical observance of legal compliance<br>» » Compliance is a source of competitiveness   |
| 3 | Continuing improvement on revenue-cost structure<br>» » Revenue structure less susceptible to market volatilities              | 7 | Diversification of business channels<br>» » Growth opportunities in services tailored more closely to regions   |
| 4 | Enhancing profitability in existing businesses<br>» » Enhanced profitability thanks to specialization in small and medium caps | 8 | Nurturing and training of human resources<br>» » Respecting individuality of employees, and encouraging personal growth (Corporate culture the key to human resource quality) |

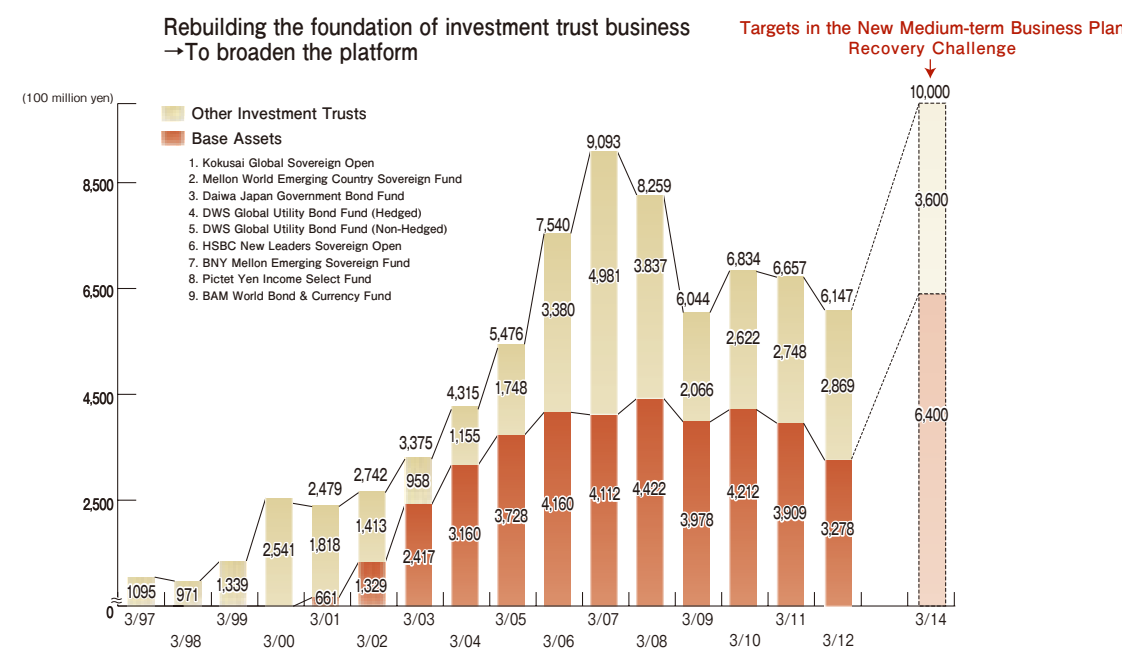
### 3 Business Platform Expansion

The volume of assets under custody is a barometer of both customers' trust in Ichiyoshi and of our fundamental strength. As such, expanding assets under custody is the primary target in realizing our management philosophy.

Assets under Custody (Total)



Assets under Custody (Investment Trusts)



### 4 Product Strategy

Our objective is to achieve continual growth in customers' financial assets, and to realize this goal, we have designated low-risk, monthly-dividend-paying investment trusts that invest in sovereign bonds as “base assets.” With these stable base assets at the core, we endeavor to formulate investment proposals encompassing a complete range of financial assets and designed to match each customer's individual investment goals and risk tolerance.

In addition, for 10 years we have steadfastly implemented our Basic Principle regarding Products for Individual Customers, which we believe, is essential to building a relationship of trust with our customers.

1. Diversified investment built on platform of base assets(stability-oriented managed investment trusts)

Portfolios designed to meet the needs of each customer

2. Basic principle regarding products for individual customers

“We will not sell products merely because they are popular”  
The Seven “Ichiyoshi Standards” in effect for 10 years

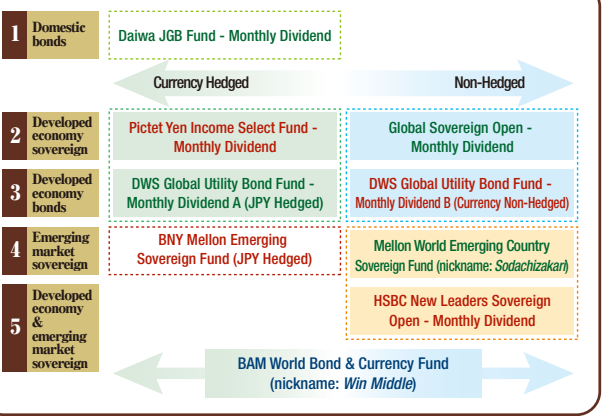
- We do not handle publicly offered structured bonds
- We handle only highly rated bonds; we do not handle non-investment-grade bonds
- We do not handle a private placement fund
- We do not solicit individual foreign equities. We recommend foreign equities be held in investment trusts
- Asset management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



3.Our view on investment trust funds



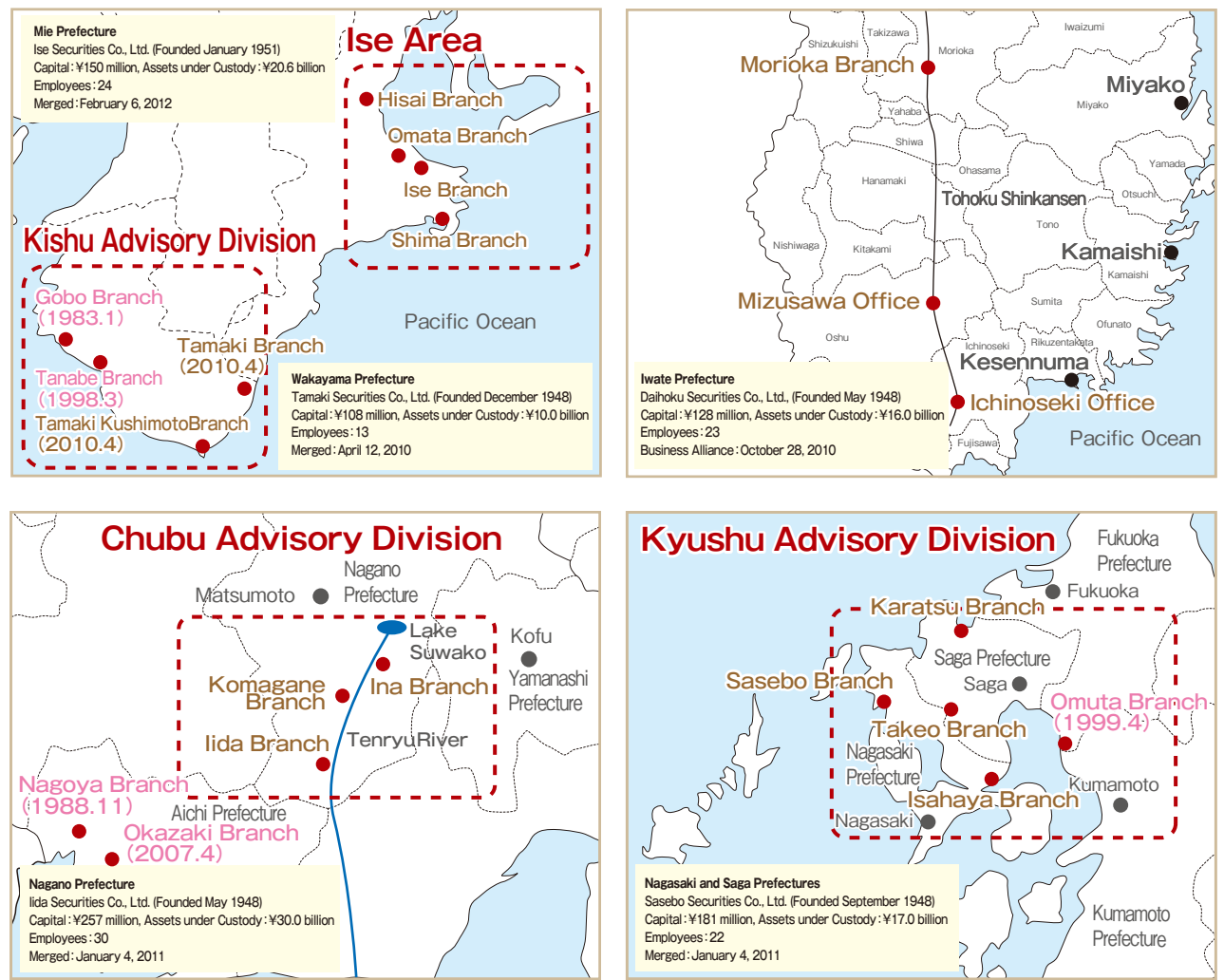
“Base asset” product line-up (nine products in total)





5 Business Channel Diversification

One part of our new medium-term business plan is “channel diversification,” which is also one element of our growth strategy. This involves the construction of a network with regional brokerages that share our management philosophy and sales strategy. To date, we have implemented a merger with Tamaki Securities (Shingu, Wakayama Prefecture) on April 12, 2010, and a capital participation in Daihoku Securities (Morioka, Iwate Prefecture) on October 28 2010. We have further developed our business with close relationships to local communities via mergers with Iida Securities (Iida, Nagano Prefecture) and Sasebo Securities (Sasebo, Nagasaki Prefecture) on January 4, 2011, and with Ise Securities (Ise, Mie Prefecture) on February 6, 2012.



Director/Executive Officer/Operating Officer

(As of June 23, 2012)



Board of Directors  
From left to right in the back row: Takashi Ishikawa, Akira Gokita, Kenro Kakeya and Kota Sakurai  
From left to right in the front row: Yasuaki Yamasaki, Masashi Takehi and Nobutaka Tanaami

Directors		Executive Officers		Operating Officers	
Masashi Takehi	Chairman of the Board Member of the Nominating Committee (Committee Chairman) the Remuneration Committee (Committee Chairman)	Executive Chairman	Masashi Takehi	Senior Operating Officers	Masaki Yano
Yasuaki Yamasaki	Member of the Nominating Committee the Remuneration Committee the Audit Committee	President, Representative Executive Officer	Yasuaki Yamasaki	Operating Officers	Toshiyuki Mizunoue
Nobutaka Tanaami		Deputy President, Representative Executive Officer	Nobutaka Tanaami		Tsutomu Nakao
Akira Gokita*		Managing Executive Officers	Toshihiko Takaishi Hisato Hatanaka Shiro Tateishi		Mikio Nio Hiroshi Ryugen Kiyotaka Mochida Koichi Tanaka Masao Sugiura Hirohumi Tamada
Kenro Kakeya*	Member of the Nominating Committee the Remuneration Committee	Executive Officer	Shigeru Akiba		
Takashi Ishikawa*	Member of the Audit Committee (Committee Chairman)				
Kota Sakurai*	Member of the Audit Committee				

\*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.

Japan Corporate Governance Research Institute (“JCGR”) conducted its 10th survey on the 2011 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 2011, in which Ichiyoshi obtained 74 points and was ranked 9th among 119 companies which made replies for the poll, so we ranked in the best 10 in two consecutive years.

The 10th Corporate Governance Survey			
Top 20 companies in “JCG Index of Corporate Governance 2011”			
Rank	Previous Rank	JCGIndex	Company Name
1	1	78	SONY CORPORATION
2	6	77	TOSHIBA CORPORATION
2	19	77	TDK Corporation
2	3	77	Nissen Holdings Co., Ltd.
2	3	77	Daiwa Securities Group Inc.
6	2	76	Sumida Corporation
7	—	75	UBE INDUSTRIES, LTD.
7	8	75	Nomura Holdings, Inc.
9	8	74	Ichiyoshi Securities Co., Ltd.
10	—	72	Mitsubishi Electric Corporation
10	—	72	* (1 Company)
12	8	71	Eisai Co., Ltd.
12	8	71	RICOH COMPANY, LTD.
14	15	70	Konica Minolta Holdings, Inc.
14	—	70	* (1 Company)
16	—	69	Shiseido Co., Ltd.
16	15	69	NIDEC CORPORATION
18	19	67	COSMO OIL COMPANY, LIMITED
18	15	67	AUTOBACS SEVEN CO.,LTD.
20	22	66	Kao Corporation.
20	27	66	TERUMO CORPORATION, JAPAN
20	—	66	Hitachi, Ltd.
20	26	66	Tokio Marine Holdings, Inc.

Source: Japan Corporate Governance Research Institute, Inc. (JCGR)  
(Ranking data as of December 26, 2011) \*Company name omitted at the company's request

◆ The Japan Corporate Governance Research Institute

Japan Corporate Governance Research Institute, Inc. (JCGR) is a non-profit organization (NPO) established on April 1, 2003, with the mission of promoting deeper common understanding of corporate governance practices in a global economy. The institute publishes the annual “JCGIndex,” which provides an outline of corporate governance in Japan through surveys tracking the status of corporate governance at individual Japanese companies.

◆ The JCGIndex

Since 2002, JCGR has conducted an annual corporate governance survey consisting of approximately 50 questions which are delivered to all the listed companies on the First Section of the Tokyo Stock Exchange. The survey responses provide quantifiable data on the status of corporate governance in Japan.

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

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

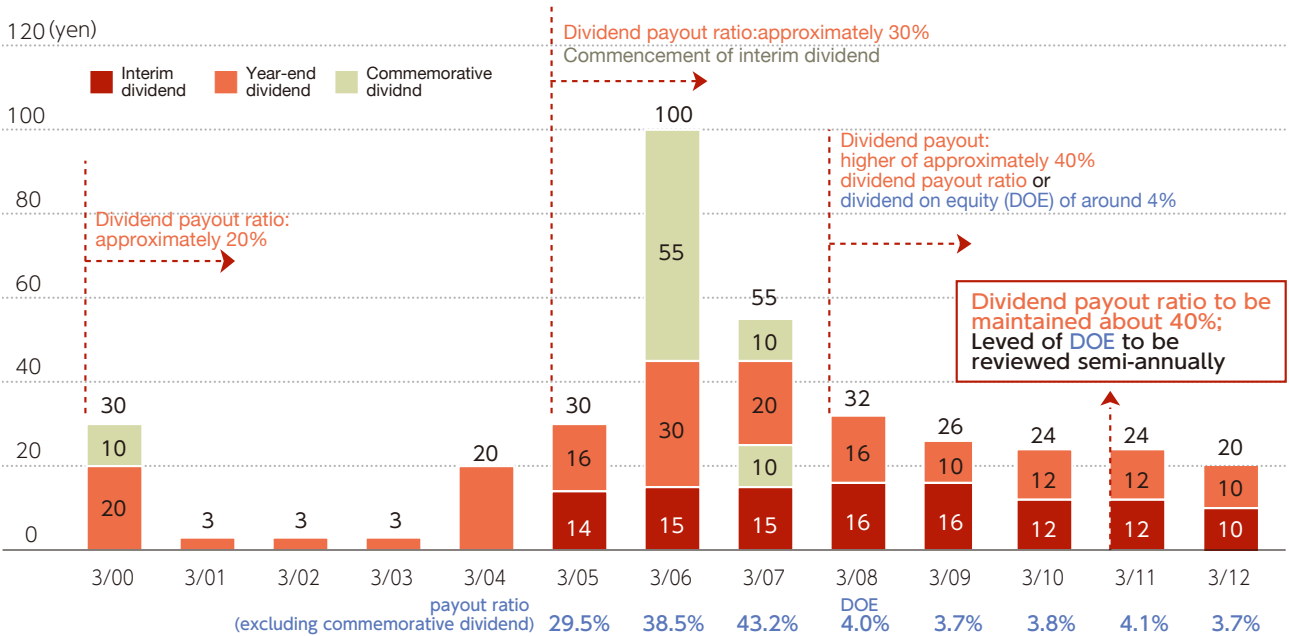
The research center then groups and summarizes the data in four categories: I Corporate objectives and CEO responsibility, II Structure and function of board of directors, III Management system and IV Transparency and communication with shareholders. The sum of the point totals in the four categories are then added to create the JCGIndex, with 100 as the highest possible number of points.

Shareholder Return Policy

The appropriate distribution of profits to shareholders and the corporate governance have been deeply ingrained elements of our management policies from our inception.

In addition to our annual year-end dividend, we commenced interim dividend payments in fiscal year 2005. In fiscal year 2008, we adopted a policy of paying dividends approximately equal to the higher of a 40% payout ratio or 4% of dividend on equity (DOE).As part of our ongoing efforts to enhance shareholder equity, we also implement a stock retirement policy and between September 1998 and January 2009 reacquired and retired 15.49 million shares, representing approximately 27.9% of the total number of shares outstanding.

Dividend Conditions



Retirement of shares

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

Reference Total number of shares issued as of March 31, 2011; 44,431,386 shares (of which, 562,144 shares of treasury stock)



Information on Consolidated Subsidiaries

Ichiyoshi Research Institute Inc.

Ichiyoshi Research Institute (IRI) specializes in research of small- and mid-cap growth stocks, which is the competitive edge of the Ichiyoshi Securities Group.

IRI has 15 analysts (as of June 2012), all of whom have considerable experience and knowledge – on average they have spent 14 years working as analysts. The research subsidiary aims to lead the industry in terms of both the quality and quantity of its research on small and medium sized companies, and on fast-growing industries.

Its research capabilities are highly recognized both in Japan and overseas. In the fiscal 2011 Best Research House Ranking, Ichiyoshi ranked number one for the eighth consecutive year in the access ranking for fast-growing industry segment by all the brokers/ markets.

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

Best Research House Rankings by J-MONEY  
Fast Growing Industry Market Access Ranking

Ranking	Company	Index
1	ICHIYOSHI RESEARCH INSTITUTE INC.	21.77%
2	Nomura Securities Co.,Ltd.	14.44%
3	Merrill Lynch Japan Securities Co., Ltd.	8.60%
4	UBS Securities Japan Co., Ltd.	6.27%
5	Mizuho Securities Co., Ltd.	6.15%
6	Daiwa Securities Group Inc.	5.54%
7	Tokai Tokyo Research Center CO., LTD.	5.07%
8	Morgan Stanley MUFG Securities.	4.70%
9	Barclays Capital Japan Ltd.	3.64%
10	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3.19%

Source: J-MONEY, Spring 2012

Ichiyoshi Asset Management Co., Ltd.

Ichiyoshi Asset Management Co., Ltd. (IAM) develops asset management business incorporating the Ichiyoshi Group’s expertise, identifying growth companies and managing investment portfolios. IAM focuses on long-term investment centered on emerging growth companies poised for dramatic growth. IAM provides investment advice to the Ichiyoshi Public Venture Fund, Ichiyoshi Growth I and Invesco Small/Mid Cap Growth Fund Open, and also plays an active role in the management of the East Japan Restoration Assistance Fund (nickname: *Nippon no Kizuna*) and the Ichiyoshi Small/Mid Cap Recovery Fund (nickname: *Little Heroes*).

▶ <http://www.ichiyoshiam.jp/>

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 management.

▶ <http://www.ichiyoshi-bs.co.jp/>

Ichiyoshi CSR (Corporate Social Responsibility)

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



公益財団法人 森林文化協会

Encouraging a sense of caring



あしなが育英会

Supporting the training of guide dogs



公益財団法人 日本盲導犬協会

Offering children in developing countries a more promising future



公益財団法人 ブラン・ジャパン

Medical support for those suffering in miserable conditions



OV Dupont 世界の医療団

Protecting lifestyles and the global environment

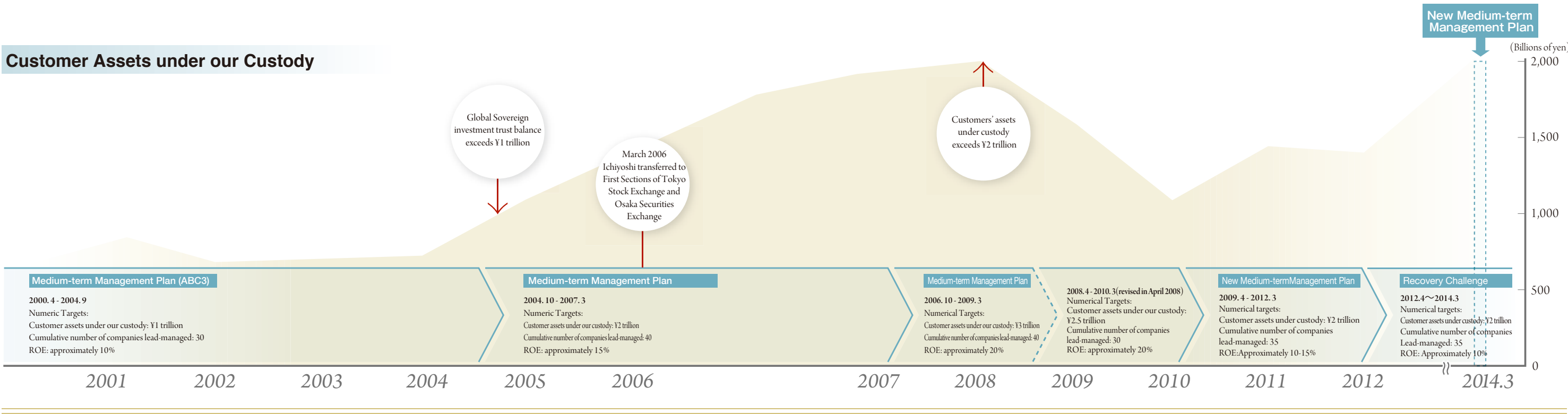


FoE Japan

Region and Society		Environment		Education for Next Generation	
Japan Guide Dog Association	Medical NGO Médecins Du Monde Japon (Doctors of the World)	Shinrin Bunka Kyokai	FoE Japan	Plan Japan (formerly Japan Foster Plan Association)	NPO Ashinaga
<p>[Outline of assistance] To promote the participation in society of people with visual impairment based on the training of guide dogs and the visual impairment rehabilitation program. Provide support via activities that contribute to the welfare of people with visual impairment.</p> <p>[Ichiyoshi projects] • First Ichiyoshi guide dog <i>Ortega</i> debuted in March 2010 • Second Ichiyoshi guide dog <i>Qualite</i> selected for training in April 2010 • <i>Qualite</i> debuted as guide dog in March 2012</p>	<p>[Outline of assistance] Support via activities that contribute to provision of very basic medical care such as polio vaccine and drugs to treat malaria, the reconstruction of healthcare facilities and the training of local staff.</p> <p>[Ichiyoshi projects] • Improvement of the healthcare service of obstetrics provider and of treatment and prevention of HIV/AIDS in Huila, Angola (October 2009 to January 2010) • Project aimed at improving access to basic medical care for mothers of children aged under five (January 2010 to present) • Contributing funding for treatment of around 1,040 cases of malaria (about ¥2,000 per treatment) in each of 2011 and 2012</p>	<p>[Outline of assistance] Assistance via comprehensive research into forestry resources and forest environment, and dissemination of the results of that research, through symposiums in cities nationwide and field seminars around the country, the training of forest volunteers, re-afforestation programs, forestry research activities, and the publication of the green information magazine <i>Green Power</i> and the <i>Shinrin Kankyo Nenpo</i> (Forest Environment Yearbook).</p>	<p>[Outline of assistance] Assistance via planting and protection activities for mangroves, which serve as a natural protective barrier to damage resulting from global warming in developing countries.</p> <p>[Ichiyoshi projects] • "Ichiyoshi Mangrove Afforestation Project" • Project started in June 2009 in Java, Indonesia • Cumulative total of 75,000 mangrove trees planted using funds contributed by Ichiyoshi (as of end-2011) • Coastline protection work extending 300m in 2011</p>	<p>[Outline of assistance] Assistance via funding of construction of school buildings to provide children with a place for schooling, mainly in developing countries</p> <p>[Ichiyoshi projects] • Ichiyoshi Zhongdian Friendship Elementary School in China (August 1977) • Neang Teut Elementary School in Cambodia (December 2005) • Beatrice Jimenez Vaquero Elementary School northern Ecuador (July 2007) • Panubigan Elementary School in Philippines (February 2008) • Altavista Elementary School in Philippines (November 2008) • A. Hermosa Memorial Elementary School in Philippines (August 2010)</p>	<p>[Outline of assistance] Assistance via donations for lending of scholarship funding to promote education of orphans, <i>Tsудоi</i> education via scholarships and psychological care, and psychological care activities for orphans mainly of middle school age or lower.</p>

Consolidated Financial Highlights: A Decade of Growth

(Millions of yen)												
For the years ended March 31 or as of March 31	2002	2003	2004	2005		2006	2007	2008	2009	2010	2011	2012
For the Year												
Operating revenue	10,689	9,565	19,561	21,734		27,569	25,482	21,489	14,256	15,744	13,101	14,407
Current income (loss)	△2,947	△3,476	4,671	5,477		9,855	6,498	1,872	△3,261	140	△1,499	△136
Net income (loss)	△3,577	△4,112	4,596	4,967		5,757	3,848	1,087	△4,804	40	△1,575	△222
At Year-End												
Total assets	47,358	39,096	61,406	62,669		88,736	65,577	50,078	36,596	37,254	35,607	34,091
Net worth	33,309	28,268	32,520	35,591		40,571	39,318	35,570	28,156	26,917	24,672	23,486
Per Share Data												
Net income (loss)(Yen)	△69.91	△85.62	101.07	107.14		122.64	81.09	22.90	△106.03	0.93	△36.12	△5.08
Net worth (Yen)	688.03	597.04	708.83	759.64		858.11	826.71	775.38	640.42	619.13	560.19	533.78
Cash dividends (Non-consolidated)(Yen)	3	3	20	30		100	55	32	26	24	24	20
Key Indicators												
Net return on equity (%)	△9.9	△13.4	15.1	14.6		15.1	9.6	2.9	△15.1	0.1	△6.1	△0.9
Equity ratio (%)	70.3	72.3	53.0	56.8		45.7	59.9	70.9	76.7	72.1	69.1	68.7
Other Performance Indicators												
Customer assets under our custody (billions of yen)	6,711	6,975	11,192	14,306		19,740	19,665	15,902	11,775	13,697	13,467	12,744
Of which, customers' investment trust assets (billions of yen)	2,742	3,375	4,315	5,476		7,540	9,093	8,259	6,044	6,834	6,657	6,147
Number of customer accounts	93,791	99,701	112,089	128,206		135,726	144,021	150,457	155,490	153,675	163,191	164,728
Cumulative number of companies lead- and co-managed	580	620	663	710		743	783	812	821	828	832	846
Of which, number of companies lead-managed	8	10	15	20		23	25	26	27	27	27	29





# Consolidated Balance Sheets

(As of March31, 2012 and 2011)

	2012	2011
<b>(Assets)</b>		
<b>Current assets</b>	<b>26,469</b>	<b>27,541</b>
Cash and bank deposits	10,060	13,199
Segregated cash and statutory deposits	3,344	2,845
Trading assets	377	373
Securities	376	373
Contracted trades	12	8
Margin transaction assets	7,749	8,254
Advances for margin transactions	7,163	8,125
Cash deposits as collateral for securities borrowed	586	129
Advance payments for customers on trades	8	24
Advance payments for subscription	4,027	2,051
Short-term loans	8	11
Accrued income	727	613
Deferred tax assets	19	5
Other current assets	136	165
Allowances for doubtful accounts	△ 3	△ 11
<b>Fixed assets</b>	<b>7,622</b>	<b>8,066</b>
Tangible fixed assets	4,224	4,401
Buildings	1,543	1,675
Fixtures and equipment	728	824
Land	1,941	1,895
Lease assets, net	11	5
Intangible fixed assets	409	580
Goodwill	112	139
Computer software	295	439
Telephone subscription rights	1	2
Investments, etc.	2,987	3,084
Investment securities	1,653	1,733
Long-term loans	54	66
Cash deposits as guarantee for long-term credits	1,266	1,277
Deferred tax assets	6	6
Other investments	12	15
Allowances for doubtful accounts	△ 6	△ 16
<b>Total assets</b>	<b>34,091</b>	<b>35,607</b>

# Consolidated Balance Sheets

(As of March31, 2012 and 2011)

	2012	2011
<b>(Liabilities)</b>		
<b>Current liabilities</b>	<b>9,731</b>	<b>10,031</b>
Trading liabilities	—	2
Derivatives	—	2
Margin transaction liabilities	4,384	3,992
Borrowings for margin transactions	3,420	3,602
Cash received for loaned securities	963	390
Cash payable to customers	3,432	3,955
Deposits from customers (for committed trades)	503	676
Short-term borrowings	210	210
Lease obligations	3	1
Corporate taxes payable	81	93
Accrued bonuses to employees	332	399
Reserve for point service program	172	203
Other current liabilities	611	496
<b>Long-term liabilities</b>	<b>770</b>	<b>799</b>
Long-term borrowings	459	498
Lease obligations	8	3
Deferred tax liabilities	1	8
Revaluation-related deferred tax liabilities	35	40
Accrued retirement benefits for employees	232	198
Accrued retirement benefits for officers	—	39
Other long-term liabilities	33	10
<b>Statutory reserves</b>	<b>103</b>	<b>102</b>
Reserve for financial instrument transaction liabilities	103	102
<b>Total liabilities</b>	<b>10,605</b>	<b>10,934</b>
<b>(Net worth)</b>		
<b>Shareholders' equity</b>	<b>25,250</b>	<b>26,467</b>
Common stock	14,577	14,577
Capital surplus	8,319	8,322
Retained earnings	2,634	3,822
Treasury stock	△ 280	△ 256
<b>Accumulated other comprehensive income</b>	<b>△ 1,841</b>	<b>△ 1,859</b>
Other securities valuation difference	14	1
Land revaluation difference	△ 1,855	△ 1,860
<b>Subscription rights to shares</b>	<b>43</b>	<b>33</b>
<b>Minority interests</b>	<b>32</b>	<b>31</b>
<b>Total net worth</b>	<b>23,486</b>	<b>24,672</b>
<b>Total of liabilities and net worth</b>	<b>34,091</b>	<b>35,607</b>

Consolidated Income Statements

(Year ended March31, 2012 and 2011)

	2012	2011
Operating revenue	14,407	13,101
Commissions	12,948	11,567
Brokerage commissions	3,917	4,245
Commissions from underwriting, secondary-market sales, and the sale of investment products to specific risk-taking investors	414	44
Commissions on the handling of financial products, including sales commissions on transactions with specific risk-taking investors	4,372	2,660
Commissions from other sources	4,243	4,616
Gains or loss on trading	417	583
Interest and dividend income	146	177
Other operating income	895	773
Interest expenses	66	57
Net operating revenue	14,340	13,043
Operating costs and expenses	14,457	14,656
Transaction-related expenses	1,399	1,412
Personnel expenses	7,780	7,936
Property-related expenses	1,672	1,750
Clerical expenses	2,252	2,183
Depreciation	594	656
Public charges	149	147
Transfer to allowances for doubtful accounts	0	—
Other	606	569
Operating income (loss)	△116	△1,612
Non-operating income	81	215
Gain on investments in partnership	11	4
Dividends on investment securities	30	17
Insurance premium refunded and dividend income	10	14
Equity in Earnings of Affiliated Companies	—	158
Reversal of expired dividends	4	6
Reversal of allowances for doubtful accounts	8	—
Other	16	12
Non-operating expenses	101	101
Loss on investments in partnership	50	88
Equity in losses of affiliates	34	—
Other	12	13
Current income (loss)	△136	△1,499
Extraordinary income	42	106
Gains on sales of golf membership	0	—
Gains on sales of investment securities	31	21
Gain on revision of retirement benefit plan	—	6
Gain on reversal of subscription rights to shares	0	—
Reversal of allowances for doubtful accounts	1	5
Reversal of reserve for financial instrument transaction liabilities	8	48
Gain on step acquisitions	—	5
Gain from prior period adjustment	—	19
Extraordinary expenses	87	99
Loss on write-off of fixed assets	5	1
Loss on sales of investment securities	1	4
Valuation loss on investment securities	1	1
Loss on liquidation of golf memberships	—	7
Impairment loss	40	64
Loss from prior period adjustment	—	21
Loss on cancellation of system contracts	25	—
Settlement expenses	12	—
Income (loss) before income taxes	△181	△1,492
Income taxes, resident's taxes & enterprise taxes	54	75
Income tax adjustments	△14	6
Net income tax	40	82
Net income(loss) before minority interests	△222	△1,574
Minority interests	0	1
Net income (loss)	△222	△1,575

Consolidated Comprehensive Income Statements

(Year ended March31, 2012 and 2011)

	2012	2011
Income before minority interests	△222	△1,574
Other comprehensive income		
Other securities valuation difference	8	26
Land revaluation difference	4	—
Share of other comprehensive income of associates accounted for using equity method	4	△3
Total other comprehensive income	18	23
Comprehensive income	△203	△1,550
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent company	△204	△1,552
Comprehensive income attributable to minority interests	0	1

Consolidated Statements of Shareholders' Equity

(As of March31, 2012 and 2011)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net worth
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other securities valuation difference	Land revaluation difference	Total accumulated other comprehensive income			
Balance at March 31, 2011	14,577	8,322	3,822	△256	26,467	1	△1,860	△1,859	33	31	24,672
Changes during the year:											
Cash dividends			△965		△965						△965
Net income (loss)			△222		△222						△222
Purchase of treasury stock				△62	△62						△62
Disposal of treasury stock		△3		38	35						35
Changes in items other than those in shareholders' equity (net)						13	4	18	10	0	29
Total changes during the year	—	△3	△1,188	△24	△1,216	13	4	18	10	0	△1,186
Balance at March 31, 2012	14,577	8,319	2,634	△280	25,250	14	△1,855	△1,841	43	32	23,486

2011

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net worth
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other securities valuation difference	Land revaluation difference	Total accumulated other comprehensive income			
Balance at March 31, 2010	14,577	8,255	6,441	△517	28,758	△22	△1,860	△1,882	11	30	26,917
Changes during the year:											
Cash dividends			△1,043		△1,043						△1,043
Net income (loss)			△1,575		△1,575						△1,575
Purchase of treasury stock				△8	△8						△8
Disposal of treasury stock		66		268	335						335
Changes in items other than those in shareholders' equity (net)						23		23	21	1	46
Total changes during the year	—	66	△2,618	260	△2,291	23	—	23	21	1	△2,244
Balance at March 31, 2011	14,577	8,322	3,822	△256	26,467	1	△1,860	△1,859	33	31	24,672

Consolidated Cash Flow Statements

(Year ended March31, 2012 and 2011)

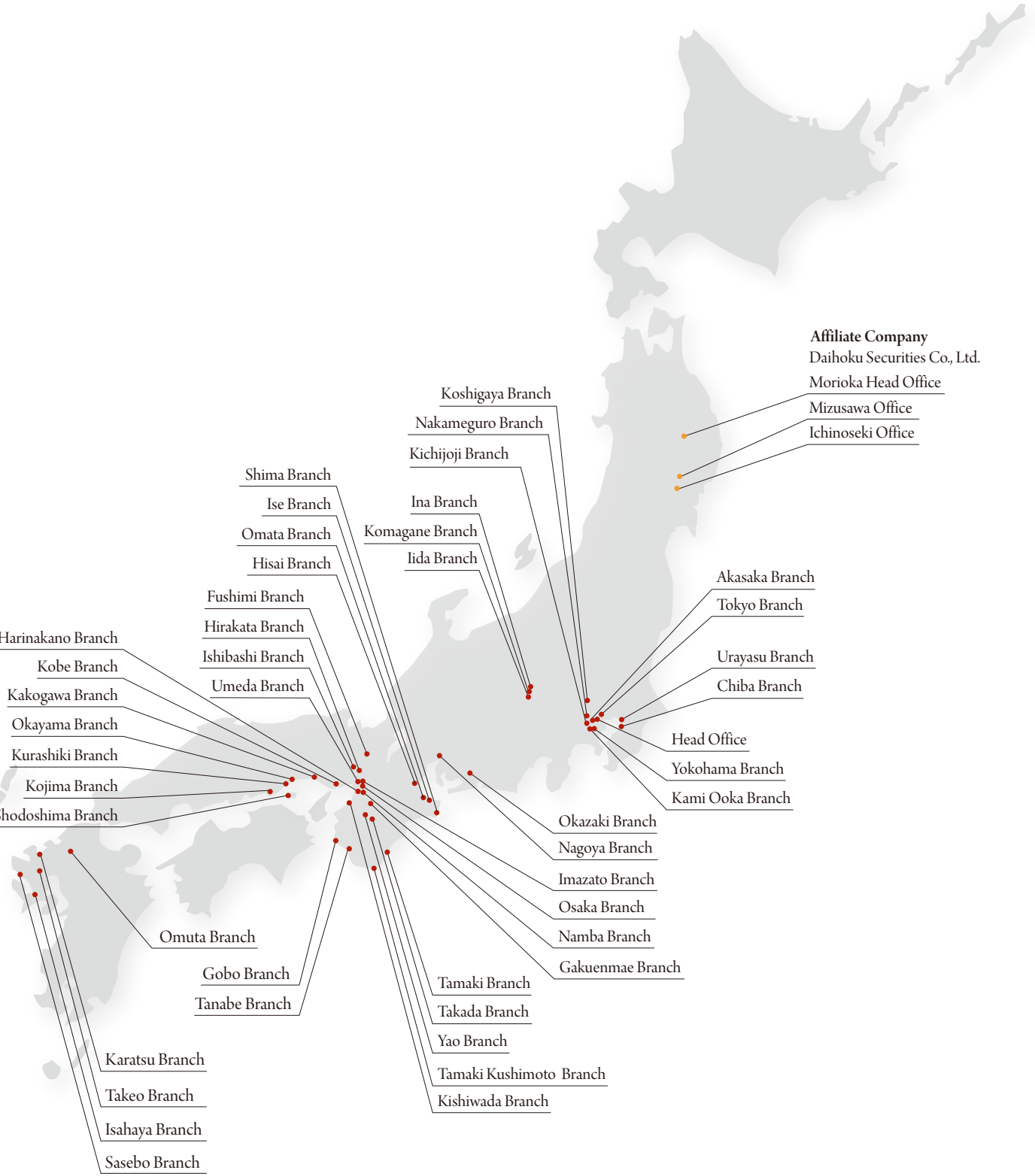
		(Millions of yen)
	2012	2011
I . Cash flow from operating activities		
Income (loss) before income taxes	△181	△1,492
Depreciation	594	656
Amotization of goodwill	30	10
Increase or decrease in accrued bonuses for employees	△66	△56
Increase or decrease in accrued retirement benefits for employees	△21	△22
Increase or decrease in allowances for doubtful accounts	△17	△82
Increase or decrease in reserve for point service program	△31	△69
Increase or decrease in accrued retirement benefits for officers	△39	△15
Interest and dividend income	△52	△44
Interest expenses	22	15
Equity in losses (earnings) of affiliated companies	34	△158
Impairment loss	40	64
Gains on sales of investment securities	△30	△17
Losses on valuation of investment securities	1	1
Loss on write-off of fixed assets	5	1
Losses on valuation of golf membership	—	7
Loss on cancellation of system contracts	25	—
Settlement expenses	12	—
Gain on reversal of subscription rights to shares	△0	—
Increase or decrease in reserve for financial instrument transaction liabilities	△8	△48
Decrease or increase in segregated cash in trust for customers	△20	1,533
Increase or decrease in cash payable to customers and customers’ deposits (for committed trades)	△1,062	△74
Decrease or increase in short-term loans	2	△2
Increase or decrease in trading assets	△6	58
Net decrease or increase in margin transaction assets and liabilities	1,026	1,489
Decrease or increase in subscription moneys	△1,971	3,382
Others	205	249
Sub-total	△1,507	5,388
Interest and dividend income	53	44
Interest expenses	△22	△16
Taxes paid	△87	△57
Cash flow from operating activities	△1,563	5,358
II . Cash flow from investing activities		
Payments into time deposits	△6	—
Proceeds from withdrawal of time deposits	30	—
Acquisition of tangible fixed assets	△165	△357
Acquisition of intangible fixed assets	△91	△112
Acquisition of investment securities	△53	—
Sales of investment securities	106	93
Purchase of stocks of subsidiaries and affiliates	—	△55
Long-term loans	△8	△21
Collection of long-term loans	24	20
Proceeds from purchase of investments in subsidiaries	165	—
Others	8	1
Cash flow from investing activities	10	△430
III. Cash flow from financing activities		
Increase or decrease in short-term borrowings	△400	△172
Increase or decrease in Long-term borrowings	—	90
Repayment of long-term loans payable	△109	△30
Repayments of lease obligations	△2	△1
Sales of Company’s common shares held in treasury	0	—
Acquisition of Company’s Common shares	△62	△0
Payment of dividends	△962	△1,039
Cash flow from financing activities	△1,536	△1,152
IV. Conversion differences related to cash and cash equivalents	△10	△12
V . Increase or decrease in cash and cash equivalents	△3,100	3,762
VI. Balance of cash and cash equivalents at beginning of the term	13,146	9,156
VII. Increase in cash and cash equivalents resulting from the merger	—	227
VIII. Balance of cash and cash equivalents at end of the term	10,046	13,146

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	Listed 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.
▶ October 2010	Acquired a substantial stake in Daihoku Securities Co.,Ltd.,and made the company an equity-method-applied affiliate
▶ January 2011	Mergered with Iida Securities Co., Ltd.
▶ January 2011	Mergered with Sasebo Securities Co., Ltd.
▶ February 2012	Mergered with Ise Securities Co., Ltd.
▶ May 2012	Company name of Ichiyoshi Investment Management Co., Ltd. changed to Ichiyoshi Asset Management Co., Ltd.



Directory



Stock Information

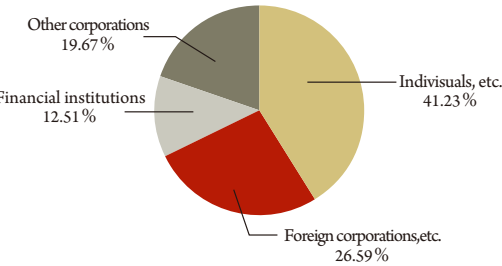
(As of March 31, 2012)	
Shares Issued	44,431 thousand(of which, 562,144 shares of treasury stock)
Shareholders	13,801
Shareholder Register Administrator	Mitsubishi UFJ Trust and Banking Corporation
Certified Accountants	Ernst & Young ShinNihon

Top 10 shareholders and stakes owned

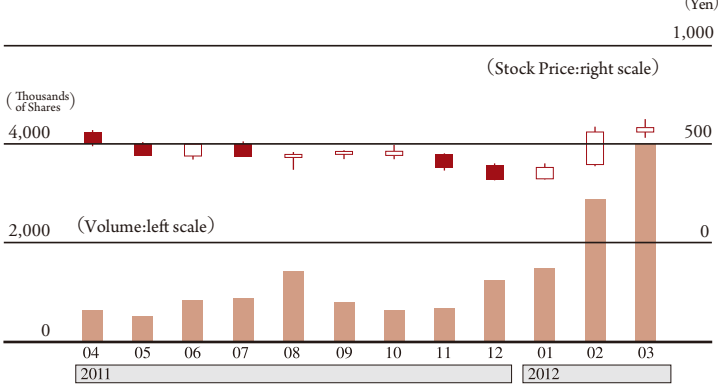
Shareholder	Holdings (Thousands of Shares)	Ownership* (%)
Nomura Land and Building Co., Ltd.	5,298	12.07
State Street Bank and Trust Company (Standing Proxy:Tokyo Branch of Hongkong Shanghai Banking Co., Ltd.)	2,280	5.19
State Street Bank and Trust Company 505223	2,065	4.70
Japan Trustee Services Bank, Ltd. (Trust Account)	1,474	3.36
JP Morgan Clearing Corp-Sec	1,235	2.81
State Street Bank and Trust Company(Standing Proxy:Corporate Financial Sales Division, Mizuho Corporate Bank,Ltd. )	954	2.17
Nomura Research Institute, Ltd.	879	2.00
Sanshin Co., Ltd.	869	1.98
The Master Trust Bank of Japan, Ltd. (Trust Account)	849	1.93
State Street Bank and Trust Company 505225	679	1.54

\* Ichiyoshi Securities holds 562,144 treasury shares, which are not included in the above list.

Distribution of Shareholders



Stock Price (Tokyo Stock Exchange, Monthly Basis)



Corporate Data

(As of March 31, 2012)	
Company Name	Ichiyoshi Securities Co., Ltd. (Ticker: 8624)
Foundation	August 18, 1950
Head Office	2-14-1 Hatchobori, Chuo-ku, Tokyo, Japan
Capital Stock	¥14,577 million
Personnel (Consolidated)	957 employees
Listed on	Tokyo Stock Exchange(1st Section) Osaka Securities Exchange(1st Section)

This guide is intended to provide information on Ichiyoshi Securities Co., Ltd., and is not intended as a solicitation for investment. Please make the final decision on any investment in marketable securities based on information in this guide on your own judgment. Investment in any product etc. mentioned in this guide may require you to pay prescribed commissions for the product (in the case of transactions in equities, up to 1.365% including tax, of the value of the transaction (minimum commission of ¥3,150 including tax), and in the case of an investment trust, the expenses such as purchase commissions and trust fees set for each trust. Products can incur losses due to change in prices. As commissions etc. and risks may vary according to products, please thoroughly read documents provided before contract conclusion, prospectuses and information for customers for the relevant product.