FINANCIAL INFORMATION

For Fiscal Year Ended March 31, 2011
(Consolidated)

KYOKUTO SECURITIES CO., LTD.

April 28, 2011

BUSINESS RESULTS FOR FISCAL YEAR ENDED MARCH 31, 2011

Name of listed company: **Kyokuto Securities Co., Ltd.** (URL: http://www.kyokuto-sec.co.jp)
Listed stock exchange: First Section, Tokyo Stock Exchange Stock code number: 8706
Company's representative: Hiroyuki KIKUCHI, President and Chief Executive Officer
Contact person: Masao TAKAMORI, Senior Executive Officer
TEL: (03) 3666-5431
Scheduled date of annual meeting of shareholders: June 24, 2011
Scheduled date of commencement of payment of dividends: June 7, 2011
Scheduled date of filing of securities report: June 27, 2011

1. Consolidated Results for Fiscal Year Ended March 31, 2011 (Year from April 1, 2010 to March 31, 2011)

(1) Consolidated business results (Millions of yen with fractions less than a million yen discarded)

(The figures in the parenthesis are percentage increase/decrease from the previous fiscal year)

	FY ended Mar. 31, 2010		FY ended Mar. 31, 2011	
Operating income	15,297	(208.3)	7,952	(−48.0)
Net operating income	15,087	(218.7)	7,811	(−48.2)
Operating profit	7,212	(−)	2,679	(−62.8)
Ordinary profit	7,521	(−)	2,778	(−63.1)
Net profit	3,806	(−)	1,643	(−56.8)
Earnings per share	119.34 yen		51.51 yen	
Earnings per share (diluted)	−		−	
Return on equity	12.7%		5.2%	
Return on assets	14.4%		5.0%	
Gross profit margin	47.1%		33.7%	

(Notes) Investment profit or loss on equity method: FY ended March 2010: None.
FY ended March 2011: None.

(2) Consolidated financial condition

	FY ended March 31, 2010	FY ended March 31, 2011
Total assets (Millions of Yen)	54,153	56,903
Net assets (Millions of Yen)	31,473	31,369
Shareholders' equity ratio	58.1%	55.1%
Net assets per share	986.68 yen	983.11 yen

(Notes) Shareholders' equity: FY ended March 2010: 31,473 million yen
FY ended March 2011: 31,363 million yen

(3) Consolidated cash flows (Millions of yen)

	FY ended March 31, 2010	FY ended March 31, 2011
Cash flow from operating activities	8,441	−1,505
Cash flow from investing activities	−217	−2,598
Cash flow from financing activities	−1,674	5,072
Cash & Cash equivalents balance	11,634	12,628

2. Matters Concerning Dividends

Record date	Dividends per share					Total amount of annual dividends	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of Period	Annual Total			
FY 2009	—	¥17.00	—	¥43.00	¥60.00	¥1,913 million	50.3%	6.4%
FY 2010	—	¥10.00	—	¥20.00	¥30.00	¥ 957 million	58.2%	3.0%
FY 2011 (Forecast)	—	—	—	—	—	—	—	—

3. Forecast of Consolidated Business Results for Fiscal Year Ending March 31, 2012

(Year from April 1, 2011 to March 31, 2012)

The Kyokuto group's operating income consists mainly of commission revenue and gain/loss on principal trading, and substantial part of its income comes from business activities in the equity and fixed income securities markets. The amount of income we earned from our business in the equity market accounted for 19.0% (9.4% as commissions and 9.6% as gains on trading) and 21.4% (5.4% as commissions and 16.0% as gains on trading) of consolidated net operating income in the fiscal years ended March 2011 and 2010, respectively. Similarly, 59.1% and 67.0% of consolidated net operating income in the two fiscal years, respectively were derived from our business activity in the bond market. While we have endeavored to make our revenue structure resilient to market changes by diversifying revenue sources such as those from investment banking business, our operating income is still susceptible to trends of the securities markets, and thus may fluctuate unexpectedly, depending on the market situation. In addition, we have, while adhering to a business model of face-to-face consultation, offered varied financial products in response to the evolving needs of customers. In this course of business, we at times take relatively heavy positions of foreign currency-denominated fixed-income securities, exposing ourselves to risk of recording large amount of unrealized gains or loss that may be caused by unexpected, sudden changes in foreign exchange markets.

Movement of securities markets and foreign exchange markets is influenced by various factors, including, among others, overseas and/or domestic political or economic developments, corporate performance, interest rates, fiscal policy changes and so forth. Accordingly, in order to predict the group's future business results, we need to grasp future movements of the markets by properly foreseeing these factors—that can hardly be done. In addition, as for investment banking business, it is almost impossible for us to predict every future business opportunity. We believe that disclosing earnings forecast in such circumstance where there is a high probability that the forecast sharply deviates from the actual outcome due to many uncertain factors may well result in sending a wrong message to the market, thereby causing adverse influence on investment judgment of investors and shareholders to the ultimate detriment of fair price discovery.

For the reasons mentioned in the above, we refrain from disclosing earnings forecast and instead, we will endeavor to disclose actual business results as early as possible. We will disclose preliminary consolidated results by around tenth business day following the end of each fiscal year or quarter, by which business result figures are expected to be available.

4. Other

(1) Changes in important subsidiary companies (i.e., changes in scope of consolidation)

In the period, no company was added to or removed from the scope of full consolidation or partial consolidation under the equity method. (Please see page 8 "State of Kyokuto Securities Group".)

(2) Changes in accounting principles, procedures or itemization (i.e., those stated in "Changes in important policies for preparation of consolidated financial statements")

(a) Any change(s) caused by amendments to accounting standards: Yes.

(b)Any change(s) other than (a): None.

(3) Number of shares outstanding (common stock)

(a) Number of shares outstanding (including treasury shares)

March 31, 2010: 32,779,000 March 31, 2011: 32,779,000

(b) Number of treasury shares

March 31, 2010: 880,749 March 31, 2011: 876,693

(c) Average number of shares outstanding

April 1, 2009--March 31, 2010: 31,898,326 April 1, 2010--March 31, 2011: 31,902,234

[Please see page 27 "Per share data" for the number of shares used for computation of earnings per share (consolidated basis).]

(Referential Information)

1. Non-Consolidated Results for Fiscal Year Ended March 31, 2011 (Year from April 1, 2010 to March 31, 2011)

(1) Non-consolidated business results (Millions of yen with fractions less than a million yen discarded)

(The figures in the parenthesis are percentage increase/decrease from the previous fiscal year)

	FY ended March 31, 2010		FY ended March 31, 2011	
Operating income	15,227	(224.8)	7,892	(−48.2)
Net operating income	15,017	(236.6)	7,751	(−48.4)
Operating profit	6,997	(−)	2,609	(−62.7)
Ordinary profit	7,479	(−)	2,777	(−62.9)
Net profit	2,964	(−)	1,849	(−37.6)
Earnings per share	92.93 yen		57.97 yen	
Earnings per share (diluted)	−		−	

(2) Non-consolidated financial condition

	FY ended March 31, 2010	FY ended March 31, 2011
Total assets (Millions of Yen)	52,238 million yen	55,250 million yen
Net assets (Millions of Yen)	29,924 million yen	30,022 million yen
Shareholders' equity ratio	57.3%	54.3%
Net assets per share	938.13 yen	941.07 yen
Net capital regulation ratio	322.7%	367.9%

(Notes) Shareholders' equity: FY ended March 2010: 29,924 million yen
FY ended March 2011: 30,022 million yen

I. BUSINESS RESULTS

1. Business Results (Summary)

During the fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011. Hereinafter called the "period".), the Japanese economy showed a sluggish recovery almost throughout the period, reflecting the bottoming out of private investment and consumer spending, in addition to an increase in exports. Nonetheless, the devastating Great East Japan Earthquake on March 11 put the Japanese economy under strong downward pressure, including exports, industrial production and private consumption, after the disaster and subsequent nuclear safety crisis disrupted supply chains and triggered power shortages.

The stock market kept firm during the first month of the period against the background of growing expectations of economic recovery, but turned downward trend, reflecting a concern over a possible slowing in world's economic recovery triggered by Europe's debt crisis and rising yen against other currencies. While the equity market edged up in and after the fiscal third quarter, it sharply declined due to the devastating earthquake and tsunami, which was followed by corrective rallies, making the market quite volatile. In the currency market, the Japanese yen remained strong almost throughout the period amidst increasing risk averse attitudes reflecting the opaque global economy, and extremely easy monetary policy adopted in the United States and Europe. The Japanese yen rose to a record high right after the powerful earthquake, but sharply declined immediately after the Group of Seven's surprising agreement to jointly intervene to restrain yen.

In this environment, we kept endeavoring to offer "in-season financial products" based on our "Face to Face" business model, in response to customers' varied needs. Nonetheless, income from equity-related business decreased, due to the stagnant equity market. In addition, unlike the previous period, there was very limited opportunity of bond transactions relating to our investment banking business, which dwarfed gains on bond trading. As a result, the group's consolidated earnings for the period shrank from the corresponding previous period, with operating income decreasing 48.0% to 7,952 million yen, net operating income shrinking 48.2% to 7,811 million yen, ordinary profit falling 63.1% to 2,778 million yen, and net profit dropping 56.8 % to 1,643 million yen.

Details of the period's results are as follows:

(1) Commission Revenue

The total commission revenue for the period decreased 14.0% to 1,565 million yen, as shown in below:

(a) Brokerage commissions

We earned 707 million yen (down 12.3%) as brokerage commissions on equity securities. As a result, total amount of brokerage commissions including those on fixed-income securities reached 713 million yen (down 12.3%).

(b) Fees for underwriting, selling and sales solicitation to professional investors

Fees for underwriting, selling and sales solicitation to professional investors amounted to 12 million yen (up 456.7%), due to limited business opportunities.

(c) Fees for handling of offering, selling and sales solicitation to professional investors

Fee revenues from handling of offering, selling and sales solicitation to professional investors grew 34.7% to 562 million yen, thanks to an increase in sales volume of investment trusts.

(d) Other fees

Other fees consisting mainly of trailer fees and those derived from investment banking business shrank 52.9% to 276 million yen.

(2) Gains/Loss on Trading

Gains on trading in equity-related securities shrank to 748 million yen (down 68.9%), due to a sharp decline in sales of foreign convertible bonds. Gains on bond trading dropped 54.4% to 4,612 million yen, due to absence of gains on bond trading pertinent to investment banking business. Adding gains of 30 million yen (loss of 62 million yen for the corresponding previous period) on other trading, the total gains dropped 56.7% to 5,391 million yen.

(3) Gains/Loss on Private Equity and Other Securities

Our consolidated subsidiary company, the FE Invest, Co., Ltd. recorded a loss of 54 million yen (a loss of 184 million yen for the corresponding previous period) on private equity and other securities.

(4) Interest and Dividend Income

The period's net interest and dividend income amounted to 794 million yen (up 6.3%).

(5) Other Operating Income

Other operating income consisting mostly of rent on real estate and fees earned by our two consolidated subsidiaries totaled 115 million yen (down 54.3%).

(6) Operating Expenses

Operating expenses for the period decreased 34.8% to 5,131 million yen, as the previous period's one-time, large amount of transaction-related expense with respect to investment banking business did not occur during the period. Our cost-cutting effort also contributed to reducing operating expenses.

(7) Non-operating Income/Expenses

Non-operating income for the period consisting mainly of dividends on investment securities and gains on investments in TK (*Tokumei Kumiai*) totaled 149 million yen (down 54.3%), while non-operating expenses amounted to 51 million yen (up 190.1%). As a result, we recorded net non-operating gains of 98 million yen (down 68.2%).

(8) Extraordinary Profits/Loss

We realized extraordinary profit of 86 million yen (up 295.7%), of which 78 million yen were gains on sale of investment securities. The amount of extraordinary loss, on the other hand, amounted to 191 million yen (down 88.7%), of which 134 million yen was valuation loss on investment securities. Consequently, we recorded a net extraordinary loss of 104 million yen (net loss of 1,667 million yen for the corresponding previous period).

2. Financial Condition

(1) Assets

The total assets as of March 31, 2011 increased 2,750 million yen to 56,903 million yen from 54,153 million yen as of March 31, 2010. Current assets increased 497 million yen to 44,316 million yen from 43,819 million yen, reflecting an increase in cash and bank deposits which rose 994 million yen to 12,628 million yen from 11,634 million yen and in trading assets which climbed 3,241 million yen to 14,360 million yen from 11,119 million yen, and a decrease in private equity and other securities which dropped 3,620 million yen to 4,835 million yen from 8,456 million yen. Fixed assets rose 2,253 million yen to 12,587 million yen from 10,334 million yen, due mainly to an increase in land which swelled 2,693 million yen to 4,174 million yen from 1,481 million yen.

(2) Liabilities

The total liabilities as of March 31, 2011 increased 2,854 million yen to 25,534 million yen from 22,680 million yen as of March 31, 2010. Current liabilities increased 1,934 million yen to 23,729 million yen from 21,795 million yen, reflecting an increase in short-term borrowings which rose 5,765 million yen to 16,520 million yen from 10,754 million yen and a decrease in accrued income taxes which declined 2,374 million yen to 17million yen from 2,391 million yen. Fixed liabilities rose 924 million yen to 1,782 million yen from 858 million yen, due mainly to an increase in long-term borrowings which rose to 1 billion yen from zero.

(3) Net Assets

Net assets as of March 31, 2011 decreased 103 million yen to 31,369 million yen from 31,473 million yen as of March 31, 2010, due to a drop in unrealized gains on other securities which declined 65 million yen to 105 million yen from 171 million yen.

(4) Cash Flow

During the period, net cash used in operating activities amounted to 1,512 million yen, due mainly to an increase in trading assets. Net cash used in investing activities amounted to 2,592 million yen, reflecting acquisition of fixed assets. Net cash provided by financing activities amounted to 5,072 million yen, due mainly to an increase in short-term borrowings. As a result, the amount of cash and cash equivalents increased 994 million yen from the previous period to

12,628 million yen as of the end of the period.

3. Dividend Payout Policy and Amount of Dividends for the Period

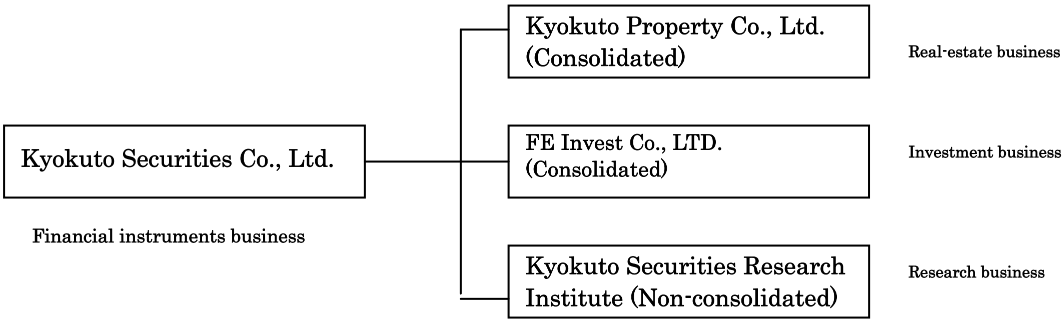
We have maintained as one of our important policies that we will achieve higher distribution of returns to shareholders in order to help attain higher shareholder value. Toward this end, we have adopted a performance-linked dividend policy with the consolidated dividend payout ratio being at 50% or more. At the same time, in response to expectations of shareholders who may well wish to enjoy stable dividends, we have maintained a target DOE (dividends on equity) ratio of 2% or more. It has been our policy to pay such amount of dividends computed by the two methods whichever is higher.

Pursuant to the payout policy, we have decided to pay to shareholders year-end dividends of 20 yen per share (or total annual dividends of 30 yen).

II. STATE OF KYOKUTO SECURITIES GROUP

The Kyokuto Securities Group ("Group") consists of the Kyokuto Securities Co., Ltd. ("Company") and its two consolidated and one non-consolidated subsidiaries. The Group's income comes mainly from securities business including, among other things, agency/principal trading in securities, underwriting, offering and selling of securities and provision of other securities-related services, through which the company offers a wide range of financial and other related services. Accordingly, the Group's business activities come under the single business segment — the "investment/financial services business".

Kyokuto Securities Group



III. BUSINESS POLICY

1. Basic Business Policy

Since its foundation, the Group has kept it as its basic business policy to attain stable growth by adhering to a sound financial base and restoring confidence of customers through face to face business model under its guiding principle—"Credibility forms the base of all business." We are certain that our business model best suits to the changing environment of "shift from saving to investment" that has been pushed forward under a concerted effort by the government and the private sector. Under our brand slogan--"Let us help you grow your important assets!"--we provide customers with unique products and information and services of high quality and solicits investments by taking due care with respect to suitability and compliance, by which to command higher customer satisfaction and credibility of customers. We will keep endeavoring to respond to the rapidly changing environments and seek better business opportunities toward a sounder business base and higher shareholder value.

2. Benchmark for Performance Assessment

The Group's basic business policy is to attain stable growth by diversifying revenue sources and expanding into new lines of business in response to the changing environments. We will endeavor to further improve business performance to achieve higher ROE (return on equity) on a consolidated basis.

3. Medium/Long Term Business Strategies

We believe that a "shift from saving to investment" will continue from a medium- and long-term perspective, encouraging people to shift their financial assets from the traditional bank or postal deposits to the securities markets. A regulatory environment has also changed: With the Financial Instruments and Exchange Act becoming effective, we have been required to strengthen our compliance system mainly for stronger protection of investors. In addition, we are expected to do business under higher ethical standards. All of these require us to pursue more investor-friendly business conducts. We believe that now is the time when we can make the most of our traditional business model— "face to face consultation" that enables us to build stronger ties with customers by providing them with useful information and full explanation that are easy to understand. By taking advantage of the environmental changes, we will strive to increase shareholder value through maintaining diversified revenue structure and reinforcing management/administrative structure under the following business strategies:

(1) Differentiation by offering varied, unique products

Diversified, unique product lines are one of the important factors of our strategy of differentiation from other firms. Our strength lies in our ability to provide diverse financial products including, among other things, various types of fixed income securities denominated in varied currencies. We have been able to be the quickest of all in offering financial products "in season", thanks to our strong know-how and effective liaison with overseas banks/firms. We will continue to enhance our ability to provide products and information by making the most of the strength.

(2) Enhancement of revenue structure of retail sector by pursuing face to face business model

We have differentiated ourselves from other firms by providing customers with investment advice and varied products in response to market changes, according to their individual needs, risk tolerance and size of assets.

We will offer high-quality services that meet varied needs of customers, by (a) enhancing our ability to provide diversified product lines being abreast of the market, that are directly connected with investment results, and (b) bettering our consulting/advisory services concerning market conditions, fiscal/financial matters, etc. This would lead to a wider customer base and expansion of customers' assets in our custody.

(3) Enhancement of solid, diversified revenue structure

We separated our investment banking division from the wholesale sector in April 2009 to promote it as an independent sector. While investment banking business currently seems to be placed in an opaque market environment, we believe that the business will be a strong revenue source from the medium- and long-term perspective. We will continue seeking wider profit opportunities under adequate risk control.

(4) Strengthening of principal trading sector

At the Equity Trading Division, we will endeavor to reinforce the team of dealers with varied dealing strategies, toward enhancement of our equity principal trading.

At the Debt Market Division, on the other hand, we will keep responding to the changing needs of customers by constantly reviewing our product lines to support the face to face consulting services offered to our customers by both retail and wholesale sectors. Also, we, by utilizing our own capital and also paying due attention to risk controls, will keep maintaining diversified portfolios of fixed-income securities to help assure stable sources of financial revenues and capital gains.

4. Challenges Ahead

With a concerted effort by the government and the private sector to facilitate a "shift from saving to investment", a base of securities business is expected to expand in the long run. We will catch this tide firmly toward further growth while contributing to enlarging the base of individual investors who are willing to participate in the securities markets. To this end, we will tackle the following challenges:

(1) Pursuit of "Face to Face" business model

To differentiate ourselves from online firms and other medium-sized firms, we need to contribute fully to higher returns on customers' investments by, based on diversified product lines being abreast of the markets, giving them timely and appropriate investment advice in accordance with market changes.

We will continue to make an effort to strengthen customers' credibility by improving our thorough, friendly consulting/advisory services and enhancing our ability to offer diverse financial products, which will lead to enlargement of a base of "Kyokuto fans". Also as a part of our effort to enhance our communication with customers, we intend to enrich the contents of our internet home pages for the convenience of our customers seeking investment information.

(2) Enhancement of revenue structure

To enlarge our customer base and to expand customers' assets in our custody—these are our retail sector's major challenging issues for maintaining our sound revenue structure and resiliency. We are certain that we can attain these challenges by offering customer-friendly services and "in-season financial products" to command customers' confidence, as evidenced by the fact that around 50% of our new customers have been acquired on referrals from our existing customers.

(3) Efficient use of capital to increase shareholder value under proper risk control

In view of efficient use of shareholders' equity, we have sought to attain effective financial management under proper risk control. We are certain that our positive financial management is essential for one of our important objectives—higher shareholder value. We will keep pursuing efficient use of our capital under more adequate risk control than before toward higher shareholder value, while responding quickly to changing environments and seeking new profit opportunities that will contribute to our resiliency.

(4) Improvement of employee capabilities and skills

To help assure higher revenue under the face to face business model and by expanding into new lines of business, it is critically important to improve varied capabilities and skills of employees and also to hire capable persons.

Toward this end we will continue bettering the employee performance evaluation system, supporting employees' acquisition of publicly-authorized qualification, and increasing the quality of our education and training programs for employees in such thought that deeper employee satisfaction leads to higher customer satisfaction. Also, we will flexibly employ/allocate capable persons for profit-generating sectors, by which to maintain the Company's vitality.

(5) Cost cuts

We have kept adhering to cost cuts to build further efficient operational base, with even more drastic cost cut efforts. We will continue seeking every cost-cutting measure toward higher return.

(6) Enhancement of compliance and internal controls

We will keep endeavoring to enhance the existing compliance program and internal control systems.

IV. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Assets		
Current assets:		
Cash and bank deposits	11,634	12,628
Segregated cash and statutory deposits	6,502	5,790
Trading assets	11,119	14,360
Securities inventory	11,116	14,360
Derivative contracts	3	—
Net receivables pertaining to contracts to be settled	227	420
Private equity and other securities	8,456	4,835
Assets pertaining to margin transactions	4,824	4,841
Loans to customers on margin transactions	4,054	4,289
Cash collateral to finance companies for securities borrowed	770	551
Receivables from other firms and customers	4	14
Short-term guarantee deposits	94	61
Accrued income	215	307
Deferred tax assets	392	126
Other current assets	349	984
Provision for doubtful debts	−2	−54
Total current assets	**43,819**	**44,316**
Fixed assets:		
Tangible fixed assets	2,417	5,064
Buildings	627	578
Fixtures and equipment	309	311
Land	1,481	4,174
. Intangible fixed assets	67	211
Goodwill	—	85
Computer software	36	101
Telephone line subscription rights	30	24
Investments and other assets	7,849	7,311
Investment securities	6,955	6,440
Long-term loans	33	31
Long-term guarantee deposits	660	652
Deferred tax assets	21	5
Other investments	255	258
Provision for doubtful debts	−76	−76
Total fixed assets	**10,334**	**12,587**
Total assets	**54,153**	**56,903**

(Kyokuto Securities)

(Millions of yen)

	FY ended Mar. 31 2010	FY ended Mar. 31, 2011
Liabilities		
Current liabilities:		
Trading liabilities	171	75
Short positions of securities	163	74
Derivative contracts	8	0
Liabilities pertaining to margin transactions	1,407	917
Borrowings for margin transactions	753	356
Cash collateral for borrowed securities sold short	653	560
Payables to customers and others	5,896	5,317
Customers' margin deposits	548	463
Short-term borrowings	10,754	16,520
Accrued income taxes	2,391	17
Accrued bonuses to employees	320	238
Other current liabilities	304	179
Total current liabilities	**21,795**	**23,729**
Fixed liabilities		
Long-term borrowings	—	1,000
Deferred tax liabilities	45	37
Provision for retirement/severance benefits to employees	258	246
Other fixed liabilities	554	498
Total fixed liabilities	**858**	**1,782**
Statutory reserve		
Financial instruments trading liability reserve	26	21
Total statutory reserve	**26**	**21**
Total liabilities	**22,680**	**25,534**
Net Assets		
Shareholders' equity		
Capital stock	5,251	5,251
Capital surplus	4,774	4,774
Retained earnings	22,142	22,094
Treasury stock	−866	−862
Total shareholders' equity	**31,302**	**31,258**
Unrealized gains on other securities	**171**	**105**
Minority interests	—	6
Total net assets	**31,473**	**31,369**
Total liabilities and net assets	**54,153**	**56,903**

2. Consolidated Income Statement

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Operating income		
Commissions and fees	1,820	1,565
Brokerage commissions	813	713
Fees for underwriting, selling and sales solicitation to professional investors	2	12
Fees for handling of offering, selling and sales solicitation to professional investors	417	562
Other fees	586	276
Net gains or loss on trading	12,449	5,391
Net gains or loss on private equity and other securities	−184	−54
Interest and dividend income	957	934
Other operating income	254	115
Total operating income	**15,297**	**7,952**
Financial expenses	210	140
Net operating income	**15,087**	**7,811**
Operating expenses		
Transaction-related expenses	3,101	597
Personnel expenses	3,318	3,084
Real estate-related expenses	548	532
Data processing and office supplies	527	528
Depreciation and amortization	90	95
Miscellaneous taxes and dues	143	104
Provision for doubtful debts	−	52
Other	146	135
Total operating expenses	**7,874**	**5,131**
Operating profit or loss	**7,212**	**2,679**
Non-operating income		
Dividends received	72	61
Foreign tax credit	57	−
Gains on investments in *Tokumei Kumiai* (TK)	−	51
Gains on investments in limited partnerships	72	−
Reversal of provision for retirement/severance benefits to employees	40	−
Other	84	36
Total non-operating income	**326**	**149**
Non-operating expenses		
Loss on investments in *Tokumei Kumiai* (TK)	7	−
Interest paid	5	4
Loss on investments in limited partnerships	−	34
Penalty fees on cancellation of lease contracts	3	0
Expense of issuance of new shares	−	5
Other	1	6
Total non-operating expenses	**17**	**51**
Ordinary profit or loss	**7,521**	**2,778**
Extraordinary profit		
Gains on sale of investment securities	−	78
Reversal of provision of doubtful debts	11	0
Liquidation of financial instruments trading liability reserve	10	4
Other	−	2
Total extraordinary profit	**21**	**86**
Extraordinary loss		
Loss on sales of investment securities	6	7
Loss on valuation of investment securities	808	134
Loss on valuation of private equity and other securities	850	−
Loss on sale of fixed assets	−	16
Loss on disposal of fixed assets	21	4
Loss resulting from application of accounting standard for asset retirement obligations	−	8
Provision for doubtful debts	1	0
Other	−	19
Total extraordinary loss	**1,688**	**191**
Net profit or loss before taxes	**5,854**	**2,673**
Corporate tax, residential tax and business tax	2,375	709
Adjustments for corporate tax, etc.	−14	320
Total corporate tax, etc.	**2,361**	**1,030**
Minority interests	−313	−0
Net profit	**3,806**	**1,643**

(Consolidated Comprehensive Income Statement)

	FY ended Mar. 31 2010	FY ended Mar. 31, 2011
Net profit before minority interests	－	1,643
Other comprehensive income		
Unrealized gains/loss on other securities	－	－65
Total other comprehensive income	－	－65
Comprehensive income	－	1,577
Consisting of:		
Comprehensive income pertaining to shareholders of parent company	－	1,577
Comprehensive income pertaining to minority shareholders	－	－0

3. Changes in Consolidated Shareholders' Equity

(Millions of yen)

	FY ended March 31, 2010	FY ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance as of the end of previous fiscal year	5,251	5,251
Balance as of the end of the fiscal year	**5,251**	**5,251**
Capital surplus		
Balance as of the end of previous fiscal year	4,774	4,774
Disposal of treasury shares	—	−0
Total increase/decrease during the fiscal year	—	−0
Balance as of the end of the fiscal year	**4,774**	**4,774**
Retained earnings		
Balance as of the end of previous fiscal year	19,196	22,142
Increase/decrease occurred during the fiscal year		
Dividends paid	−861	−1,690
Net profit/loss for the fiscal year	3,806	1,643
Disposal of treasury shares	—	−0
Total increase/decrease during the fiscal year	**2,945**	**−47**
Balance as of the end of the fiscal year	**22,142**	**22,094**
Treasury stock		
Balance as of the end of previous fiscal year	−866	−866
Increase/decrease occurred during the fiscal year		
Acquisition of treasury shares	−0	—
Disposal of treasury shares	—	3
Total increase/decrease during the fiscal year	**−0**	**3**
Balance as of the end of the fiscal year	**−866**	**−862**
Total shareholders' equity		
Balance as of the end of the previous fiscal year	28,356	31,302
Increase/decrease occurred during the fiscal year		
Dividends paid	−861	−1,690
Net profit/loss for the fiscal year	3,806	1,643
Acquisition of treasury shares	−0	—
Disposal of treasury shares	—	3
Total increase/decrease during the fiscal year	**2,945**	−43
Balance as of the end of the fiscal year	**31,302**	**31,258**
Accumulated other comprehensive income		
Unrealized gains/loss on other securities		
Balance as of the end of previous fiscal year	54	171
Increase/decrease occurred during the fiscal year		
Net change in the items other than shareholders' equity	116	−65
Total increase/decrease during the fiscal year	**116**	**−65**
Balance as of the end of the fiscal year	**171**	**105**
Total accumulated other comprehensive income		
Balance as of the end of the previous period	54	171
Increase/decrease occurred during the fiscal year		
Net change in the items other than shareholders' equity	116	−65
Total increase/decrease during the fiscal year	**116**	**−65**
Balance as of the end of the fiscal year	**171**	**105**
Minority interests		
Balance as of the end of previous fiscal year	313	—
Increase/decrease occurred during the fiscal year		
Net change in the items other than shareholders' equity	−313	6
Total increase/decrease occurred during the fiscal year	**−313**	**6**
Balance as of the end of the fiscal year	—	**6**
Total net assets		
Balance as of the end of previous fiscal year	28,725	31,473
Increase/decrease occurred during the fiscal year		
Dividends paid	−861	−1,690
Net profit/loss for the fiscal year	3,806	1,643
Acquisition of treasury shares	−0	—
Disposal of treasury shares	—	3
Net change in the items other than shareholders' equity	−197	−59
Total increase/decrease during the fiscal year	**2,747**	**−103**
Balance as of the end of the fiscal year	**31,473**	**31,369**

4. Consolidated Cash Flow Statement

(Millions of yen)

	FY ended March 31, 2010	FY ended March 31, 2011
Cash Flows from Operating Activities:		
Net profit or loss before taxes	5,854	2,673
Depreciation	90	95
Increase/decrease in provision for retirement/severance benefit to employees	−194	−11
Provision for/reversal of provision for doubtful debts	−10	52
Decrease in accrued bonuses to employees	218	−81
Interest received/receivable and dividends received	−688	−773
Interest paid/payable	216	145
Gains on sale of investment securities	−	−78
Loss on sale of investment securities	6	7
Gains/loss on valuation of investment securities	808	134
Loss on disposal of fixed assets	21	4
Increase/decrease in provision for financial instruments trading liability reserve	−10	−4
Increase/decrease of statutory deposits	−1,345	712
Increase/decrease of receivables from other firms and customers	3	−10
Increase/decrease of trading assets	3,257	−3,241
Net receivables/payables pertaining to contracts to be settled	−462	−192
Increase/decrease of private equity and other securities	1,105	3,620
Increase/decrease of assets/liabilities pertaining to margin transactions	−1,296	−507
Payables to customers and others	1,813	−578
Increase/decrease of trading liabilities	−473	−96
Borrowings through *Gensaki* transactions	−504	−
Customers' margin deposits	−839	−85
Other assets	53	−729
Other liabilities	126	208
Other	−62	24
Subtotal	**7,689**	**1,287**
Interest and dividends received	653	802
Interest paid	−221	−146
Payment of corporate tax, et c.	319	−3,454
Net Positive (Negative) Cash Flows from Operating Activities	**8,441**	**−1,512**
Cash Flows from Investing Activities		
Payment for acquisition of fixed assets	−79	−2,837
Proceeds from sale of fixed assets	0	13
Payment for acquisition of investment securities	−512	−130
Proceeds from sale of investment securities	19	274
Proceeds from redemption of investment securities	343	177
Acquisition of shares of subsidiary company	−	−83
Loans to customers and others	−8	−2
Income from collection of loans lent	4	4
Proceeds from withdrawal from golf course membership	0	−
Proceeds from sale of golf course membership	−	−1,000
Other	−	1,000
Net Positive (Negative) Cash Flows from Investing Activities	13	−8
	−217	**−2,592**
Cash Flows from Financing Activities		
Acquisition of long-term loan	−	1,500
Repayment of long-term borrowings	−1,557	−1,500
Increase/decrease in short-term borrowings	740	6,765
Acquisition of treasury shares	−0	−
Sale of treasury shares	−	3
Payment of dividends	−857	−1,696
Net Positive (Negative) Cash Flows from Financing Activities	**−1,674**	**5,072**
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**−13**	**25**
Increase/Decrease in Cash and Cash Equivalents	**6,535**	**994**
Balance of Cash and Cash Equivalents at Beginning of Fiscal Year	**5,098**	**11,634**
Balance of Cash and Cash Equivalents at End of Fiscal Year	**11,634**	**12,628**

5. Matters Related to Going Concern Assumption

Not applicable.

6. Important Policies for Preparation of Consolidated Financial Statements

Items	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
1. Matters Concerning Scope of Consolidation	(1) Consolidated subsidiaries: 2 companies Name of consolidated subsidiaries: Kyokuto Properties Co., Ltd.; and FE invest. Co., Ltd. (2) Name of major nonconsolidated subsidiaries: Kyokuto Securities Research Institute, Inc; *Godogaisha* ASAGK21; and others Reason for exclusion from consolidation These subsidiaries are small in size, and thus do not have significant influence on the consolidated financial statements in terms of total assets, amount of sales, net profit, retained earnings, etc. . (3) Name of 8 companies being excluded from scope of subsidiaries despite proprietary ownership of majority of voting rights: FEVC2 Investment Business, LLC; FEVC24 Investment Business, LLC; FEVC25 Investment Business, LLC; FEVC26 Investment Business, LLC; and others Reason for exclusion from scope of subsidiaries The Group is considered not having controlling power over these entities, as it is clear that the executives of these entities are in a position to simply execute daily operations and are not entitled to make decisions on their financial, business, and/or policies.. (4) Special Purpose Entities Subject to Disclosure The outline of special purpose entities subject to disclosure, outline of transactions effected by using special purpose entities subject to disclosure, and amount of transactions with special purpose entities subject to disclosure are omitted, as disclosure thereof in this report is not considered important.	(1) Consolidated subsidiaries: 2 companies Name of consolidated subsidiaries: Kyokuto Properties Co., Ltd.; and FE invest. Co., Ltd. (2) Name of major nonconsolidated subsidiaries: Kyokuto Securities Research Institute, Inc; *Godogaisha* ASAGK21; and others Reason for exclusion from consolidation The same as in the left. (3) Name of 4 companies being excluded from scope of subsidiaries despite proprietary ownership of majority of voting rights: FEVC2 Investment Business, LLC; FEVC24 Investment Business, LLC; FE Fund No. 2 Investment Business, LLC; and FE Fund No. 7 Investment Business, LLC Reason for exclusion from scope of subsidiaries The same as in the left (4) Special Purpose Entities Subject to Disclosure The same as in the left.
2. Matters Concerning Application of Equity Method	Non-consolidated subsidiaries being excluded from application of equity method are Kyokuto Securities Research Institute, Inc. and *Godogaisga* ASAGK21, and affiliates being excluded from application of equity method are FEVC1 Investment Business, LLC and FEVC9 Investment Business, LLC. These non-consolidated subsidiaries and affiliates have been out of the scope of application of equity method as their (pro rata) net profit and retained earnings for the year have little influence on the consolidated financial statements, and also as their importance are limited.	Non-consolidated subsidiaries being excluded from application of equity method are Kyokuto Securities Research Institute, Inc. and *Godogaisga* ASAGK21, and affiliates being excluded from application of equity method are FEVC1 Investment Business, LLC and FEVC11 Investment Business, LLC. These non-consolidated subsidiaries and affiliates have been out of the scope of application of equity method as their (pro rata) net profit and retained earnings for the year have little influence on the consolidated financial statements, and also as their importance are limited.

Items	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
3. Matters Concerning the Day of Close of Accounting Period of Consolidated Subsidiary	The day of close of accounting period of the consolidated subsidiaries is March 31, the same as that of the Company.	The same as in the left.
4. Significant Accounting Policies	(1) Valuation standards and methods for important assets (a) Valuation of securities for principal trading Securities and derivative contracts classified as those in the principal trading account are recorded at present market value. For securities sold, their acquisition costs are computed by the moving average method. (b) Valuation of securities other than those for principal trading (including private equity and other securities) (i) Securities for which market value is readily available The present market value is recorded on the consolidated balance sheet. The difference between the present market value and acquisition cost is recorded directly in a separate component of stockholders' equity. For securities sold, their acquisition costs are computed by the moving-average method. (ii) Securities for which market value is not readily available Valuation is effected by the moving-average cost method. (2) Methods of depreciation of major depreciable assets (a) Tangible fixed assets (except leased assets) Depreciation of tangible fixed assets acquired on and before March 31, 2007 is effected by the former declining-balance method. As of the end of the period, no building (except for equipment attached thereto) had been acquired on and after April 1, 1998. Depreciation of tangible fixed assets acquired on and after April 1, 2007 is effected by the current declining-balance method. Depreciation of buildings (except for equipment attached thereto) owned by the consolidated subsidiaries is effected by the straight-line method. Useful lives are as follows: Buildings: 8－47 years Fixtures/equipment: 3 －20 years (b) Intangible fixed assets (except leased assets) Intangible fixed assets are amortized by the straight-line method, provided that computer software for the Company's own use is amortized by the straight-line method over the estimated useful lives (5 years).	(1) Valuation standards and methods for important assets (a) Valuation of securities for principal trading The same as in the left. . (b) Valuation of securities other than those for principal trading (including private equity and other securities) (i) Securities for which market value is readily available The same as in the left. (ii) Securities for which market value is not readily available The same as in the left. (2) Methods of depreciation of major depreciable assets (a) Tangible fixed assets (except leased assets) The same as in the left. (b) Intangible fixed assets (except leased assets) The same as in the left.

Items	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
	(c) Leased assets Depreciation of leased assets are effected by the straight-line method with useful lives thereof being fixed at leasing period and final value being zero. For financial lease transactions other than those guaranteeing the transfer of ownership of the leased property to the lessee which commenced before March 31, 2008, the method for typical lease transactions is mainly used for accounting	(c) Leased assets The same as in the left.
	(3) Policies for recording major provisions (a) Provision for doubtful debts To provide for loss from debtors' failure to pay back loans, etc., a provision has been made based on: (i) in case of ordinary loans, experience that proportion of debtors will never pay; and (ii) in case of doubtful and failed loans, the Company's estimation of uncollectible amount derived from its analysis of collectibility of individual loans concerned.	(3) Policies for recording major provisions (a) Provision for doubtful debts
	(b) Accrued bonuses to employees To provide for payment of bonuses to employees, estimated amount of bonuses for the period has been computed and accrued in accordance with the Company's certain formula.	(b) Accrued bonuses to employees The same as in the left.
	(c) Accrued liability for retirement and severance benefits to employees To provide for payment of retirement and severance benefits to employees, such an amount has been accrued as needed at the end of the year for filling any deficiency in the estimated required amount of pension and retirement benefits to employees as at the end of the year. Also, to provide for payment of retirement and severance benefits to executive officers, such an amount has accrued as required under the internal rules on retirement and severance benefits to executive officers.	(c) Accrued liability for retirement and severance benefits to employees The same as in the left.
	(4)Conversion of major foreign-currency denominated assets and liabilities into Japanese yen Foreign-currency denominated claims and obligations are converted into Japanese yen at the spot rate prevailing on the day of close of the period. Any gains or loss resulting from conversion are reflected in the income statement.	(4)Conversion of major foreign-currency denominated assets and liabilities into Japanese yen The same as in the left.
	(5) Methods and schedule of goodwill amortization ―――――――	(5) Methods and schedule of goodwill amortization Goodwill amortization is effected by the straight line method over the period of 5 years.

Items	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
	(6) Scope of cash and cash equivalent included I in consolidated cash flow statement ――――― (7) Other important policies for preparation of consolidated financial statements National and local consumption taxes are recorded separately.	(6) Scope of cash and cash equivalent included I in consolidated cash flow statement Movements of funds (cash and cash equivalents) recorded in the consolidated cash flow statement consist of cash on hand, such deposits that can readily be drawn and such short-term investments that entail limited market risk with maturity of three months or less following the day of acquisition. (7) Other important policies for preparation of consolidated financial statements The same as in the left.
5. Matters Concerning Valuation of Assets and Liabilities of Consolidated Subsidiaries	Consolidated subsidiaries' assets and liabilities are all recorded at present market value.	The same as in the left.
6. Scope of Cash and Cash Equivalent Included in Consolidated Cash Flow Statement	Movements of funds (cash and cash equivalents) recorded in the consolidated cash flow statement consist of cash on hand and such deposits that offer a high degree of liquidity and safety of principal, including current and ordinary deposits.	The same as in the left.

7. Change in Important Policies for Preparation of Consolidated Financial Statements

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
―――――	(Application of accounting standard for asset retirement obligations) In and after this fiscal year, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 adopted on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 adopted on March 31, 2008) have been applicable. As a result of application of the new standard, operating profit and ordinary profit decreased less than a million yen, and net profit before tax decreased 8 million yen.

8. Changes in Itemization

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
(Consolidated Income Statement) 1. "Interest received" (less than a million yen for this fiscal year) which used to be listed separately is included in "Other" in non-operating income until the previous fiscal year, as the amount thereof has become 10% or less of the total non-operating income. 2. "Penalty fees on cancellation of lease contracts" which used to be included in "Other" in non-operating expense until the previous fiscal year is listed separately, as the amount thereof has become more than 10% of the total non-operating expense. The amount of penalty fees on cancellation of lease contract for the Fiscal year ended March 31, 2010 was less than a million yen.	―――――――

9. Additional Information

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
―――――――	In and after this fiscal year, the "Accounting Standards for Presentation of Comprehensive Income" (ASBJ Statement No. 25 adopted on June 30, 2010) has been applicable. Notwithstanding, the amount of "accumulated other comprehensive income" and the amount of "total accumulated other comprehensive income" for the previous fiscal year is presented with the amount of "unrealized gains on other securities" and "total unrealized gains on other securities", respectively.

10. Notes concerning consolidated financial statements
(Notes to consolidated balance sheets)

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
1. Cumulative amount of depreciation of tangible fixed assets Buildings 755 million yen Fixtures/equipment 120 Total 875	1. Cumulative amount of depreciation of tangible fixed assets Buildings 790 million yen Fixtures/equipment 134 Total 924
2. Liabilities for guarantee Those for employee's housing loans: 103 million yen	2. Liabilities for guarantee Those for employee's housing loans: 89 million yen
3. Contingent liability On March 25, 2009 the company entered into a trust beneficiary right transfer reservation agreement pertaining to real estate with a juridical person, in which the company and its consolidated subsidiaries have made *tokumei-kumiai* capital contribution. Under the agreement, the juridical person has the reservation exercise right that entitles the juridical person to demand that the Company purchase at 4 billion yen the trust beneficiary right that the juridical person holds, when the due date of March 30, 2012 comes; when any event(s) occurs that triggers acceleration prescribed in the loan agreement the juridical person has entered into with a bank with respect to its borrowing therefrom of 2 billion yen; or when any event(s) occurs that causes cancellation of the trust agreement in part or in its entirety.	3. Contingent liability The same as in the left.

(Notes to consolidated income statement)

From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Of personnel expenses, 638 million yen is provision for accrued bonuses to employees.	Of personnel expenses, 468 million yen is provision for accrued bonuses to employees.

(Notes to consolidated statements of comprehensive income)
For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

1. Comprehensive income for fiscal year immediately before this fiscal year:

Comprehensive income pertaining to shareholders of parent company	3,923 million yen
Comprehensive income pertaining to minority shareholders	−313 million yen
Total	3,609 million yen

2. Other comprehensive income for fiscal year immediately before this fiscal year:

Unrealized gains on other securities	116 million yen
Total	116 million yen

(Notes to statement of changes in consolidated shareholders' equity)

(For the year ended March 31, 2010)

(1) Matters concerning class and total number of shares outstanding and treasury shares

(Thousands of shares)

	Number of shares as of Mar. 31, 2009	Increase in number of shares	Decrease in number of shares	Number of shares as of Mar. 31, 2010
Shares outstanding: Common stock	32,779	—	—	32,779
Treasury stock: Common stock	880	0	—	880

Notes: An increase in number of shares was due mostly to an increase in treasury stock, with less than a thousand shares being due to purchase of less-than-unit shares in response to request from shareholders owning such shares.

(2) Matters concerning dividends
(a) Amount of dividends paid

Resolution	Class of stock	Total amount of dividends paid	Dividends per share	Record date	Effective date
Meeting of Board of Directors held on May 14, 2009	Common stock	318 million yen	10.00 yen	Mar. 31, 2009	June 5, 2009
Meeting of Board of Directors held on October 16, 2009	Common stock	542 million yen	17.00 yen	Sept. 30, 2009	Nov. 27, 2009

(b) Dividends with record date belonging to this fiscal year, for which effective date comes in the next fiscal year

Resolution	Class of Stock	Total amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Meeting of Board of Directors held on May 14, 2010	Common stock	1,371million yen	Retained earnings	43.00 yen	Mar. 31, 2010	June 8, 2010

(For the year ended March 31, 2011)

(1) Matters concerning class and total number of shares outstanding and treasury shares

(Thousands of shares)

	Number of shares as of Mar. 31, 2010	Increase in number of shares	Decrease in number of shares	Number of shares as of Mar. 31, 2011
Shares outstanding: Common stock	32,779	—	—	32,779
Treasury stock: Common stock	880	—	4	876

Notes: An increase in treasury stock (less than a thousand shares) was due to purchase of less-than-unit shares in response to request from shareholders owning such shares.

(2) Matters concerning dividends

(a) Amount of dividends paid

Resolution	Class of stock	Total amount of dividends paid	Dividends per share	Record date	Effective date
Meeting of Board of Directors held on May 14, 2010	Common stock	1,371 million yen	43.00 yen	Mar. 31, 2010	June 8, 2010
Meeting of Board of Directors held on Sept. 14, 2010	Common stock	319 million yen	10.00 yen	Sept. 30, 2010	Nov. 26, 2010

(b) Dividends with record date belonging to this fiscal year, for which effective date comes in the next fiscal year

Resolution	Class of Stock	Total amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Meeting of Board of Directors held on May 16, 2011	Common stock	638 million yen	Retained earnings	20.00 yen	Mar. 31, 2011	June 7, 2011

(Notes to consolidated cash flow statement)

Relationship between the balance of cash and cash equivalents and the amount of cash and bank deposits recorded on the consolidated balance sheets at the end of the latest two fiscal years:

(Millions of yen)

	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011
Cash and bank deposits	11,634	12,628
Term deposits for periods more than 3 months	—	—
Cash and cash equivalents	11,634	12,628

(Segment Information, etc)

1. Business Segment Information

For Fiscal Year ended March 31, 2010 (Year from April 1, 2009 to March 31, 2010)

The principal business activities of this corporate group are those related to financial instruments, including agency/principal trading in securities, underwriting and selling of securities, offering and selling of securities and handling of private placements of securities. These business activities involve provision of financial and other services. This corporate group earns income from the above-mentioned business activities combined with provision of such services. Accordingly, the segment information is not applicable to this corporate group, as its business activities come under the single business segment—the “investment/financial services business”.

2. Geographical Segment Information

This segment information is not applicable to this corporate group, as it has no consolidated subsidiary or branch office outside Japan for Fiscal Years ended March 31, 2010 and 2011.

3. Overseas Gross Sales (Operating income)

Not applicable, as there were no overseas sales for Fiscal Years ended March 31, 2010 and 2011.

(Segment Information)

For Fiscal Year ended March 31, 2011 (Year from April 1, 2010 to March 31, 2011)

In and after this fiscal year, the "Revised Accounting Standard for Disclosure about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 adopted on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information adopted March 21, 2008 have been applicable.

As this corporate group's business activities come under the single business segment—the "investment/financial services business", statement on this subject matter is omitted.

(Tax Assets and Liabilities)

1. Principal Sources of Deferred Tax Assets and Liabilities

	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011
(1) Current assets		(Millions of yen)
Deferred tax assets		
Accrued bonuses to employees	156	97
Accrued business tax	194	1
Provision for doubtful debts	—	22
Other	42	33
Total	392	154
Deferred tax liabilities		
Accrued business tax	—	−28
Other	—	− 0
(2) Fixed assets		
Deferred tax assets		
Provision for doubtful debts	31	0
Provision for retirement/severance benefits to employees	46	54
Long-term payables	217	195
Other	718	691
Amount of appraisal-related provisions	−919	−899
	95	41
Deferred tax liabilities		
Appraisal difference of other securities	−118	−74
Net deferred tax assets/liabilities	369	94

2. Main Causes of Difference between Statutory Effective Tax Rate and the Company's Effective Tax Rate after Applying Tax Effect Accounting

Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	
Notes omitted as the difference between the statutory effective tax rate and the Company's effective tax rate is 5% or less.	Statutory effective tax rate	41.0%
	(Adjustments)	
	Non-deductible expenses	1.3
	Non-creditable income	−0.8
	Parity residential tax	0.4
	Amount of appraisal-related provisions	−0.6
	Other	−2.8
	Company's effective tax rate after applying tax effect accounting	**38.5**

(Market/Fair Value of Securities)

1. Securities Pertaining to Principal Trading

Securities inventory (held for purchase and sale)

(Millions of yen)

Types of Securities	FY ended March 31, 2010		FY ended March 31, 2011	
	Assets	Liabilities	Assets	Liabilities
	Difference from market value	Difference from market value	Difference from market value	Difference from market value
Equities	−425	−18	2	−0
Bonds	2,420	−	406	−
Beneficiary	32	−	42	−
Other	1	−	24	−
Total	2,029	−18	474	−0

2. Securities Not Pertaining to Principal Trading

(1) Market value etc. of securities not pertaining to principal trading

(Millions of yen)

Types of Securities	FY ended March 31, 2010			FY ended March 31, 2011		
	Value on consolidated balance sheets	Acquisition cost	Difference from market value	Value on consolidated balance sheets	Acquisition cost	Difference from market value
Securities recorded as current assets:						
Those whose market value exceeded value on consolidated balance sheet:						
Equity securities	2	2	−0	−	−	−
Those whose market value did not exceed value on consolidated balance sheets:						
Equity securities	−	−	−	2	2	−0
Subtotal	2	2	−0	2	2	−0
Securities recorded as fixed assets:						
Those whose market value exceeded value on consolidated balance sheets:						
Equity securities	782	462	320	604	434	169
Those whose market value did not exceed value on consolidated balance sheets:						
Equity securities	366	495	−129	264	349	−85
Subtotal	1,148	957	191	868	784	84
Total	1,151	960	190	871	787	84

Notes (1) For the fiscal year ended March 31, 2010, unlisted stock (the amount recorded on the consolidated balance sheet is 1,130 million yen.) and other (the amount recorded on the consolidated balance sheet is 12,459 million yen) are not on the able table, as their market value is not readily available.

(2) For the fiscal year ended March 31, 2011, unlisted stock (the amount recorded on the consolidated balance sheet is 1,050 million yen.) and other (the amount recorded on the consolidated balance sheet is 8,643 million yen) are not on the able table, as their market value is not readily available.

(Kyokuto Securities)

(2) Securities not pertaining to principal trading sold in the fiscal year

(Millions of yen)

	FY ended March 31, 2010			FY ended March 31, 2011		
	Amount sold	Total gains	Total loss	Amount sold	Total gains	Total loss
Equity securities	1	−	2	170	59	7
Other	0	−	3	100	18	−
Total	1	−	6	270	78	7

(3) Securities impaired

For the fiscal year ended March 31, 2010, the corporate group recognized as impairment loss ¥1,006 million for its private equity and other securities (current assets; ¥13 million for equity securities and ¥993 million for other) and ¥808 million for investment securities (¥452 million for equity securities and ¥356 million for other).

For the fiscal year ended March 31, 2011, the corporate group recognized as impairment loss of less than ¥1 million for its private equity and other securities (current assets; less than¥1 million for equity securities) and ¥134 million for investment securities (all for equity securities).

The corporate group maintains such standards for recognition of impairment loss that loss shall be recognized for such securities (a) whose value is impaired by 50% or more, and (b) whose value is impaired by 30% or more but less than 50% with little chance of recovery.

(Per Share Data)

	FY ended March 31, 2010	FY ended March 31, 2011
Net assets per share	986.68 yen	983.11 yen
Earnings/loss per share	119.34 yen	51.51 yen

Note: Diluted earnings per share for FY ended March 31, 2010 are not applicable because of non-existence of potential shares outstanding having dilution effect. Diluted earnings per share for FY ended March 31, 2011 are not applicable because of non-existence of potential shares outstanding.

Data used for computation of the earnings per share and earnings per share (diluted) in the above table:

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
For earnings per share:		
Net profit (millions of yen)	3,806	1,643
Of which those not belong to shareholders	—	—
Net profit or loss pertaining to common stock	3,806	1,643
Average number of shares outstanding	31,898,326	31,902,234
For earnings per share (diluted)		
Amount adjusted (millions of yen)	—	—
No. of shares that may be issued in the future	—	—
(Of which stock options)	(—)	(—)
Explanation of potential shares not included in computation of diluted earnings per share as they are not considered to have dilution effect.	First stock options given in 2005 (285,400 shares) and second stock options given in 2005 (5,000 shares)	

(Material Subsequent Events)

Not applicable.

(Omission of Disclosure)

Notes on lease transactions, transactions with affiliated persons, matters related to financial instruments, derivative transactions, retirement/severance benefits, asset retirement obligations, real estate for rent and special purpose entity being subject to disclosure are omitted, as disclosure thereof in this report is not considered important.

[Referential Data]

Referential Data on Consolidated Business Results for FY Ended March 31, 2011

(1) Commissions and fees earned

(a) Commissions and fees by sources

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011	Change	%
Brokerage commissions	813	713	−100	−12.3
(Equities)	(806)	(707)	(−99)	(−12.3)
(Bonds)	(0)	(0)	(0)	(18.4)
Fees for underwriting, selling and sales solicitation to professional investors	2	12	10	456.7
(Equities)	(1)	(12)	(10)	(559.6)
(Bonds)	(0)	(−)	(−0)	(−)
Fees for handling of offering, selling and sales solicitation to professional investors	417	562	144	34.7
Other fees	586	276	−310	−52.9
Total	1,820	1,565	−255	−14.0

(b) Commissions and fees by instruments

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011	Change	%
Equities	818	735	−82	−10.1
Bonds	2	2	−0	−0.5
Beneficiary certificates	560	757	197	35.2
Other	439	69	−370	−84.2
Total	1,820	1,565	−255	−14.0

(2) Gains/loss on trading

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011	Change	%
Equities, etc.	2,406	748	−1,657	−68.9
Bonds, etc.	10,105	4,612	−5,493	−54.4
Other	−62	30	92	−
Total	12,449	5,391	−7,058	−56.7

(Referential Data)

Consolidated Income Statement for Latest Five Quarters

(Millions of yen)

	Qr. ended Mar. 31, 2010	Qr. ended June 30, 2010	Qr. ended Sept. 30, 2010	Qr. ended Dec. 31, 2010	Qr. ended Mar. 31, 2011
I. Operating income	2,325	2,006	2,145	1,772	2,027
1. Commissions and fees	576	389	311	343	521
2. Gains or loss on trading	1,457	1,238	1,638	1,340	1,173
3. Gains on private equity and other securities	−20	186	3	−240	−4
4. Interest and dividend income	244	166	175	276	316
5. Other operating income	67	25	17	52	20
II. Financial expenses	44	35	36	33	35
Net operating income	2,281	1,971	2,108	1,738	1,992
III. Operating Expenses	1,538	1,299	1,241	1,225	1,409
1. Transaction-related expenses	272	145	170	139	141
2. Personnel expenses	861	728	741	733	880
3. Real estate-related expenses	141	133	133	133	132
4. Data processing and office supplies	131	134	130	129	134
5. Depreciation and amortization	20	22	22	23	27
6. Miscellaneous taxes and dues	56	22	17	32	31
7. Provision for doubtful debts	−	83	−	−	13
8. Other	54	28	26	32	47
Operating Profit	742	671	866	513	582
IV. Non-operating income	78	50	17	66	63
V. Non-operating expenses	5	66	13	12	6
Ordinary profit	816	656	870	567	639
VI. Extraordinary profit	2	4	19	43	64
VII. Extraordinary loss	318	94	48	30	17
Net profit before taxes	500	565	841	580	685
Corporate tax, residential tax and business tax	427	64	244	164	235
Adjustments for corporate tax, etc.	−198	189	76	170	−116
Minority interests	−	−	−	−	0
Net profit	271	311	520	245	566

V. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Assets		
Current assets:		
Cash and bank deposits	11,047	12,466
Segregated cash and statutory deposits	6,502	5,790
Trading assets	11,119	14,360
Securities inventory	11,116	14,360
Derivative contracts	3	－
Net receivables pertaining to contracts to be settled	227	420
Assets pertaining to margin transactions	4,824	4,841
Loans to customers on margin transactions	4,054	4,289
Cash collateral to finance companies for securities borrowed	770	551
Receivables from other firms and customers	1	11
Receivables from customers	0	10
Receivables from others	0	1
Short-term guarantee deposits	94	61
Short-term loans	1,950	999
Advance payments	－	0
Prepaid expenses	17	16
Other receivables	140	551
Accrued income	220	309
Deferred tax assets	388	128
Other current assets	9	2
Provision for doubtful debts	－357	－157
Total current assets	**36,186**	**39,801**
Fixed assets:		
Tangible fixed assets	655	641
Buildings	204	189
Fixtures and equipment	292	293
Land	159	159
Intangible fixed assets	60	125
Computer software	35	101
Telephone line subscription rights	24	24
Investments and other assets	15,336	14,682
Investment securities	5,708	5,084
Stocks of affiliated companies	585	2,232
Capital contribution	1	1
Long-term loans	5	5
Long-term loans to affiliated companies	8,680	7,110
Long-term loans to employees	27	25
Long-term guarantee deposits	631	646
Long-term prepaid expenses	12	8
Deferred tax assets	14	－
Other investments	228	232
Provision for doubtful debts	－559	－664
Total fixed assets	**16,052**	**15,449**
Total assets	**52,238**	**55,250**

(Kyokuto Securities)

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Liabilities		
Current liabilities:		
Trading liabilities	171	75
Short positions of securities	163	74
Derivative contracts	8	0
Liabilities pertaining to margin transactions	1,407	917
Borrowings for margin transactions	753	356
Cash collateral for borrowed securities sold short	653	560
Payables to customers and others	5,894	5,315
Payables to customers	5,487	4,978
Payables to others	406	337
Customers' margin deposits	548	463
Short-term borrowings	10,500	16,300
Accrued payments	21	15
Accrued expenses	271	121
Accrued income taxes	2,367	－
Accrued bonuses to employees	316	234
Other current liabilities	7	41
Total current liabilities	**21,507**	**23,484**
Fixed liabilities		
Long-term borrowings	－	1,000
Provision for retirement/severance benefits to employees	240	238
Deferred tax liabilities	－	0
Other fixed liabilities	539	483
Total fixed liabilities	**779**	**1,722**
Statutory reserve		
Financial instruments trading liability reserve	26	21
Total statutory reserve	**26**	**21**
Total liabilities	**22,313**	**25,228**
Net assets		
Shareholders' equity		
Capital stock	5,251	5,251
Capital surplus	4,774	4,774
Retained earnings	20,593	20,751
Treasury stock	－866	－862
Total shareholders' equity	**29,753**	**29,915**
Unrealized gains on securities	171	106
Total net assets	**29,924**	**30,022**
Total liabilities and net assets	**52,238**	**55,250**

2. Non-consolidated Income Statement

(Millions of yen)

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Operating income		
Commissions and fees	1,820	1,566
Brokerage commissions	813	713
Fees for underwriting, selling and sales solicitation to professional investors	2	12
Fees for handling of offering selling and sales solicitation to professional investors	417	563
Other fees	586	276
Net gains or loss on trading	12,449	5,391
Interest and dividend income	957	934
Total operating income	**15,227**	**7,892**
Financial expenses	210	140
Net operating income	**15,017**	**7,751**
Operating expenses		
Transaction-related expenses	3,101	596
Personnel expenses	3,173	2,954
Real estate-related expenses	743	717
Data processing and office supplies	551	565
Depreciation and amortization	66	74
Miscellaneous taxes and dues	125	74
Provision for doubtful debts	143	52
Other	113	105
Total operating expenses	**8,019**	**5,141**
Operating profit or loss	**6,997**	**2,609**
Non-operating income		
Dividends received	72	61
Foreign tax credit	57	—
Gains on investments in limited partnerships	72	—
Interest received from affiliated companies	163	112
Other	127	41
Total non-operating income	**493**	**215**
Non-operating expenses		
Loss on investments in limited partnerships	—	34
Loss on investments in *Tokumei Kumiai* (TK)	7	6
Penalty fees on cancellation of lease contracts	3	0
Other	1	6
Total non-operating expenses	**11**	**47**
Ordinary profit or loss	**7,479**	**2,777**
Extraordinary profit		
Gains on sale of investment securities	—	78
Reversal of provision of doubtful debts	10	147
Liquidation of financial instruments trading liability reserve	10	4
Other	—	2
Total extraordinary profit	**21**	**233**
Extraordinary loss		
Loss on sale of investment securities	6	7
Loss on valuation of investment securities	775	127
Loss on valuation of securities of affiliated company	729	—
Loss on disposal of fixed assets	11	4
Loss resulting from application of accounting standard for asset retirement obligations	—	32
Provision for doubtful debts	694	0
Other	70	13
Total extraordinary loss	**2,287**	**186**
Net profit or loss before taxes	**5,212**	**2,824**
Corporate tax, residential tax and business tax	2,323	655
Adjustments for corporate tax, etc.	−75	319
Total corporate tax, etc.	**2,248**	**974**
Net profit	**2,964**	**1,849**

3. Changes in Non-consolidated Shareholders' Equity

(Millions of yen)

	FY ended March 31, 2010	FY ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance as of the end of previous fiscal year	5,251	5,251
Balance as of the end of the fiscal year	**5,251**	**5,251**
Capital surplus		
Balance as of the end of previous fiscal year	4,774	4,774
Balance as of the end of the fiscal year	**4,774**	**4,774**
Retained earnings		
Balance as of the end of previous fiscal year	18,490	20,593
Increase/decrease occurred during the fiscal year		
Dividends paid	−861	−1,690
Net profit/loss for the fiscal year	2,964	1,849
Disposal of treasury securities	−	−0
Total increase/decrease during the fiscal year	**2,103**	**158**
Balance as of the end of the fiscal year	**20,593**	**20,751**
Treasury shares		
Balance as of the end of previous fiscal year	−866	−866
Increase/decrease occurred during the fiscal year		
Acquisition of treasury shares	−0	−
Disposal of treasury shares	−	3
Total increase/decrease during the fiscal year	**−0**	**3**
Balance as of the end of the fiscal year	**−866**	**−862**
Total shareholders' equity		
Balance as of the end of the previous fiscal year	27,650	29,753
Increase/decrease occurred during the fiscal year		
Dividends paid	−861	−1,690
Net profit/loss for the fiscal year	2,964	1,849
Acquisition of treasury shares	−0	−
Disposal of treasury shares	−	3
Total increase/decrease during the fiscal year	**2,103**	**162**
Balance as of the end of the fiscal year	**29,753**	**29,915**
Valuation and translation adjustments.		
Unrealized gains/loss on other securities		
Balance as of the end of previous fiscal year	54	171
Increase/decrease occurred during the fiscal year		
Net change in the items other than shareholders' equity	116	−64
Total increase/decrease during the fiscal year	**116**	−64
Balance as of the end of the fiscal year	**171**	**106**
Total valuation and translation adjustments		
Balance as of the end of the previous period	54	171
Increase/decrease occurred during the fiscal year		
Net change in the items other than shareholders' equity	116	−64
Total increase/decrease during the fiscal year	**116**	**−64**
Balance as of the end of the fiscal year	**171**	**106**
Total net assets		
Balance as of the end of previous fiscal year	27,705	29,924
Increase/decrease occurred during the fiscal year		
Dividends paid	−861	−1,690
Net profit/loss for the fiscal year	2,964	1,849
Acquisition of treasury shares	−0	−
Disposal of treasury shares	−	3
Net change in the items other than shareholders' equity	116	−64
Total increase/decrease during the fiscal year	**2,219**	**97**
Balance as of the end of the fiscal year	**29,924**	**30,022**

[Referential Data]

1. Volume/Value of Equity Trading (except trading in derivatives)

(Million shares/Millions of yen)

	FY ended Mar. 31, 2010 (A)		FY ended Mar. 31, 2011 (B)		(B)/(A) %	
	Number of shares	Trade value	Number of shares	Trade value	No. of shares	Trade value
Total	3,317	1,365,424	2,915	898,430	−12.1	−34.2
(Agency)	(482)	(191,184)	(425)	(167,643)	(−11.9)	(−12.3)
(Principal)	(2,835)	(1,174,240)	(2,489)	(730,787)	(−12.2)	(−37.8)
(Agency)/Total (%)	14.5%	14.0%	14.6%	18.7%		
Total/TSE volume (%)	0.28%	0.18%	0.26%	0.12%		
Brokerage comm. per share	1.55 yen		1.59 yen			

2. Volume of Underwriting, Offering and Selling

(Million shares/Millions of yen)

		FY ended Mar. 31, 2010 (A)	FY ended Mar. 31, 2011 (B)	(B)/(A) %
Underwriti	Equities (Number of shares)	0	0	581.3
	Equities (Yen volume)	37	304	706.4
	Bonds (Face value)	—	—	—
	CPs, foreign instruments, etc.	—	—	—
Offering/selling	Equities (Number of shares)	0	0	331.5
	Equities (Yen volume)	3,711	6,509	75.4
	Bonds (Yen volume at face value)	233	13,214	—
	Beneficiary securities	52,402	57,723	10.2
	CPs, foreign instruments, etc.	1,617	2,850	76.2

3. Net Capital Regulation Ratio

(Millions of yen)

			FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Basic items	Total Capital	(A)	28,381	29,277
Complementary items	Appraisal difference (appraisal profit) of other securities, etc.		171	106
	Financial instruments trading liability reserve		26	21
	Provision for doubtful debts		357	157
	Total	(B)	555	285
Deductible assets		(C)	15,113	14,765
Unfixed net capital	(A) + (B)−(C)	(D)	13,823	14,798
Amount of risk correspondents	Market risk correspondence		1,511	1,899
	Trade party risk correspondence		824	784
	Basic risk correspondence		1,948	1,338
	Total	(E)	4,283	4,022
Net capital regulation ratio	(D)/(E) × 100%		322.7%	367.9%

4. Number of Board Members/Standing Statutory Auditors and Employees

	FY ended Mar. 31, 2010	FY ended Mar. 31, 2011
Number of Board members and statutory standing auditors	9	9
Number of employees	257	247