

July 25, 2007

## Consolidated Financial Summary

(for the three months ended June 30, 2007)

Company's name: **Mizuho Securities Co., Ltd. ("the Company")**

(URL <http://www.mizuho-sc.com>)

Representative: Keisuke Yokoo, President

For inquiry: Yoshiaki Ohashi, Managing Director,

Head of Risk Management and Finance Group

Phone: (Country Code81) 3- 5208-2030

### 1. Business performance for the three months ended June 30, 2007 (April 1, 2007 through June 30, 2007)

(note) a. All amounts have been rounded down to the nearest one million yen

b. The percentage in the column of operating revenues, net operating revenues, operating profit, ordinary profit and net profit indicate percentage of change compared to the same period in the previous year.

#### (1) Consolidated operating results

	Operating revenues		Net operating revenues		Operating profit		Ordinary profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
3 months ended June 30, 2007	207,687	( 66.1 )	50,058	( 29.1 )	14,721	( 28.6 )	14,430	( 24.1 )
3 months ended June 30, 2006	125,027	( 45.2 )	38,789	( 18.4 )	11,445	( 44.8 )	11,631	( 41.4 )
Year ended March 31, 2007	647,292		165,494		45,845		46,315	

	Net profit		Net profit per share	Diluted net profit per share
	mil. yen	%	yen	yen
3 months ended June 30, 2007	6,125	( 0.7 )	1,662 . 21	- . -
3 months ended June 30, 2006	6,083	( -0.1 )	1,650 . 79	- . -
Year ended March 31, 2007	26,951		7,313 . 79	- . -

(note) Average number of shares issued and outstanding:

3 months ended June 30, 2007 3,685,000 Shares

3 months ended June 30, 2006 3,685,000 Shares

Year ended March 31, 2007 : 3,685,000 Shares

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
As of June 30, 2007	23,716,549	438,834	1.9	119,086 . 62
As of June 30, 2006	18,841,987	399,664	2.1	108,455 . 22
As of March 31, 2007	21,035,385	439,257	2.1	119,201 . 53

(note) Number of shares issued and outstanding:

As of June 30, 2007: 3,685,000 Shares

As of June 30, 2006: 3,685,000 Shares

As of March 31, 2007 : 3,685,000 Shares

### 2. Others

(1) Change in number of material subsidiaries during the fiscal year: None

(2) Change in accounting principle, procedure and presentation preparing the consolidation financial statements : Yes

(Note) Refer to page 11 "Change in the basis of consolidated financial statements" for details.

## (Reference) Summary of nonconsolidated business performance

## 1. Business performance for the three months ended June 30, 2007 (April 1, 2007 through June 30, 2007)

## (1) Nonconsolidated operating results

	Operating revenues		Net operating revenues		Operating profit	
	mil. yen	%	mil. yen	%	mil. yen	%
3 months ended June 30, 2007	42,446	( 48.7 )	33,693	( 30.0 )	12,888	( 25.1 )
3 months ended June 30, 2006	28,546	( 13.4 )	25,927	( 12.3 )	10,304	( 10.1 )
Year ended March 31, 2007	135,932		115,300		43,529	

	Ordinary profit		Net profit		Net profit per share
	mil. yen	%	mil. yen	%	yen
3 months ended June 30, 2007	21,223	( 60.9 )	13,280	( 59.1 )	3,604 . 02
3 months ended June 30, 2006	13,192	( 18.2 )	8,347	( -4.8 )	2,265 . 28
Year ended March 31, 2007	45,267		27,835		7,553 . 61

(note) Average number of shares issued and outstanding :

3 months ended June 30, 2007 : 3,685,000 Shares

3 months ended June 30, 2006 : 3,685,000 Shares

Year ended March 31, 2007 : 3,685,000 Shares

## (2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share	Capital adequacy ratio
	mil. yen	mil. yen	%	yen	%
3 months ended June 30, 2007	10,122,525	400,568	4.0	108,702 . 34	253.8
3 months ended June 30, 2006	9,935,185	377,269	3.8	102,379 . 68	271.9
Year ended March 31, 2007	10,536,114	403,626	3.8	109,532 . 18	263.1

(note) Number of shares issued and outstanding :

As of June 30, 2007: 3,685,000 Shares

As of June 30, 2006: 3,685,000 Shares

As of March 31, 2007 : 3,685,000 Shares

## [Overview of group structure]

The core business areas of the Company and its group are securities and investment banking business, such as debt and equity securities, M&A, structured finance. The Company serves its customer base which includes corporate clients, financial institutions and public sector organizations, by offering high-quality, value-added financial products and services which meet wide variety of customers' needs.

The Company has presence in major financial centers in the UK, Switzerland, the United States and Hong Kong through its subsidiaries, which enables the Company to provide globally its services and products such as equities and underwriting.

The major companies in the Company's group are as follows:

Name of Companies	Location	Capital	Major Operations	Ownership Percentage
<b>(Parent Companies)</b>				
Mizuho Financial Group, Inc.	Chiyoda-ku, Tokyo	mil. Yen 1,540,965	Financial holding company	-
Mizuho Corporate Bank, Ltd.	Chiyoda-ku, Tokyo	mil. Yen 1,070,965	Commercial banking	-
<b>(Consolidated Subsidiaries)</b>				
Mizuho Securities Asia Limited	Hong Kong, People's Republic of China	mil. HK\$ 330	Securities	100.00%
Japan Investor Relations and Investor Support, Inc.	Chiyoda-ku, Tokyo	mil. Yen 100	Consulting services and information providing services	97.00%
The Bridgeford Group, Inc.	New York, USA	US\$ 1,000,000	M&A business	100.00%
Mizuho Bank (Switzerland) Ltd	Zurich, Switzerland	mil. SFR 53	Commercial banking and fiduciary services	100.00%
Mizuho International plc	London, UK	mil. £ 257	Securities and commercial banking	100.00%
Mizuho Securities USA Inc.	New York, USA	US\$ 231,300	Securities	100.00%
Basic Capital Management, Limited	Chiyoda-ku, Tokyo	mil. Yen 100	Financial services	100.00%
Mizuho Investment Consulting (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	mil. CNY 10	Consulting services	100.00%
<b>(Affiliates)</b>				
Mobile Internet Capital Inc.	Minato-ku, Tokyo	mil. Yen 100	Venture capital	30.00%
Japan Industrial Partners Inc.	Chiyoda-ku, Tokyo	mil. Yen 100	Financial services	33.75%
Industrial Decisions, Inc.	Shinagawa-ku, Tokyo	mil. Yen 40	Consulting services	50.00%
Max Investment Advisory Co., Ltd.	Chuo-ku, Tokyo	mil. Yen 80	Consulting services	25.00%
Japan Energy Investment, Inc.	Shinagawa-ku, Tokyo	mil. Yen 100	Financial services	35.00%

(Note) Mizuho Investment Consulting (Shanghai) Co., Ltd. was founded in April 2007 as a 100% subsidiary of the Company.

**Consolidated Balance Sheets**  
(As of June 30, 2007)

(Unit: Millions of Yen)

Descriptions	As of June 30, 2006	As of June 30, 2007	Change	As of March 31, 2007
<b>Assets</b>				
Current assets	18,711,543	23,590,431	4,878,887	20,909,417
Cash and deposits	104,526	67,301	(37,225)	90,872
Cash segregated as deposits	21,167	13,719	(7,447)	18,198
Securities	8,456	59,361	50,904	16,323
Trading assets	6,108,097	6,617,244	509,147	6,846,573
Trading securities and others	5,880,482	6,337,033	456,551	6,631,179
Loan assets	4,552	45,493	40,941	8,421
Derivative transactions	223,062	234,717	11,655	206,971
Operating investment securities	29,721	55,229	25,508	50,317
Operating loan receivables	-	500	500	500
Margin transaction assets	16,223	2,163	(14,059)	2,699
Loans secured by securities	12,244,147	16,579,962	4,335,815	13,721,584
Payments for subscription	6,374	11	(6,362)	329
Guarantee deposits	69,651	62,322	(7,328)	65,823
Securities : fail to deliver	30,577	23,278	(7,299)	2,053
Variation margin paid	5,226	7,072	1,846	11,574
Short-term loans receivable	2,521	17,959	15,438	2,421
Accrued income	46,845	67,164	20,319	58,262
Short-term deferred tax assets	4,097	2,893	(1,203)	4,001
Others	13,927	14,305	378	17,898
Allowance for doubtful accounts	(16)	(60)	(43)	(17)
Fixed assets	130,443	126,118	(4,325)	125,968
Tangible fixed assets	10,267	11,844	1,576	11,050
Buildings	5,674	6,301	627	5,302
Furniture and fixtures	4,593	5,542	949	5,747
Intangible fixed assets	8,345	10,517	2,171	10,118
Goodwill	105	45	(60)	60
Software	8,184	10,405	2,220	9,997
Others	56	67	11	60
Investments and other assets	111,829	103,756	(8,073)	104,799
Investment securities	99,187	92,694	(6,493)	94,459
Other equity investments	858	713	(144)	781
Long-term guarantee deposits	3,480	3,951	471	3,795
Long-term prepaid expenses	8	4	(3)	5
Long-term deferred tax assets	7,043	5,114	(1,929)	4,496
Others	1,251	1,279	27	1,261
Allowance for doubtful accounts	-	(2)	(2)	-
<b>Total assets</b>	<b>18,841,987</b>	<b>23,716,549</b>	<b>4,874,562</b>	<b>21,035,385</b>

(Unit: Millions of Yen)

Descriptions	As of June 30, 2006	As of June 30, 2007	Change	As of March 31, 2007
<b>Liabilities</b>				
Current liabilities	17,799,840	22,417,932	4,618,091	19,743,475
Trading liabilities	5,653,275	6,243,850	590,574	5,799,324
Trading securities and others	5,419,035	5,985,585	566,550	5,568,115
Derivative transactions	234,240	258,264	24,024	231,208
Payable - unsettled trades	435,515	182,327	(253,188)	245,731
Margin transaction liabilities	9,358	7,783	(1,575)	8,563
Borrowings secured by securities	9,428,658	13,856,506	4,427,848	11,144,962
Deposits received	38,346	30,678	(7,667)	27,416
Cash collateral received from customers	66,079	104,236	38,156	76,200
Securities : fail to receive	40,437	30,690	(9,746)	2,518
Short-term borrowings	1,665,603	1,505,179	(160,424)	1,926,542
Commercial paper	380,400	326,900	(53,500)	390,200
Short-term bonds and notes	11,362	32,025	20,663	24,893
Accrued expenses	51,243	78,848	27,604	65,168
Income taxes payable	2,497	5,532	3,035	693
Reserve for bonuses	7,320	6,102	(1,218)	21,655
Short-term deferred tax liabilities	19	29	9	24
Others	9,723	7,242	(2,481)	9,579
Fixed liabilities	640,668	857,755	217,086	850,624
Bonds and notes	400,026	528,634	128,608	522,005
Long-term borrowings	228,039	320,912	92,872	320,194
Long-term deferred tax liabilities	5,010	371	(4,638)	475
Reserve for retirement benefits	7,542	7,402	(140)	7,473
Reserve for retirement benefits for directors and operating officers	-	409	409	451
Others	48	24	(24)	23
Statutory reserves	1,814	2,027	213	2,027
Securities transaction liability reserve	1,730	1,922	192	1,922
Futures transaction liability reserve	83	104	21	104
<b>Total liabilities</b>	<b>18,442,323</b>	<b>23,277,715</b>	<b>4,835,392</b>	<b>20,596,128</b>
<b>Net assets</b>				
Shareholders' equity	371,965	385,590	13,625	392,833
Common Stock	195,146	195,146	-	195,146
Capital Surplus	125,288	125,288	-	125,288
Retained earnings	51,531	65,156	13,625	72,399
Revaluation / translation difference	27,691	53,234	25,542	46,416
Unrealized gains (or losses) on other securities, net of taxes	20,069	28,893	8,824	29,579
Foreign currency translation adjustments	7,622	24,340	16,718	16,837
Minority interests	6	9	2	7
<b>Total net assets</b>	<b>399,664</b>	<b>438,834</b>	<b>39,170</b>	<b>439,257</b>
<b>Total liabilities and net assets</b>	<b>18,841,987</b>	<b>23,716,549</b>	<b>4,874,562</b>	<b>21,035,385</b>

Consolidated Statements of Operations

(for the three months ended June 30, 2007)

(Unit: Millions of Yen)

Descriptions	Three months ended June 30, 2006	Three months ended June 30, 2007	Period to period comparison (%)	Year ended March 31, 2007
Operating revenues	125,027	207,687	166.1%	647,292
Commission	17,218	17,200	99.9%	77,905
Trading profit	18,011	27,434	152.3%	63,245
Net gains on operating investment securities	(110)	776	-	(414)
Interest and dividend income	89,908	162,276	180.5%	506,555
Interest expense	86,238	157,629	182.8%	481,798
Net operating revenues	38,789	50,058	129.1%	165,494
Selling, general and administrative expenses	27,343	35,336	129.2%	119,649
Commissions and other transaction-related expenses	5,494	7,279	132.5%	26,786
Compensation and benefits	14,466	17,602	121.7%	61,103
Occupancy	2,763	4,412	159.6%	13,298
Data processing and office supplies	1,281	2,484	193.8%	6,673
Depreciation	1,439	1,714	119.1%	6,301
Taxes and dues other than income taxes	416	495	118.9%	1,619
Amortization of goodwill	679	15	2.2%	739
Others	800	1,332	166.5%	3,126
Operating profit	11,445	14,721	128.6%	45,845
Non-operating revenues	760	825	108.5%	3,937
Equity in profit of affiliated companies	11	28	242.9%	113
Others	748	797	106.5%	3,824
Non-operating expenses	574	1,116	194.3%	3,467
Ordinary income	11,631	14,430	124.1%	46,315
Non-ordinary profits	484	777	160.5%	769
Non-ordinary losses	230	305	132.5%	831
Profit before income taxes and minority interests in net profit	11,885	14,902	125.4%	46,253
Income taxes - current	1,173	7,946	677.2%	14,108
Income taxes - deferred	4,628	828	17.9%	5,193
Minority interests in net profit	0	1	551.4%	1
Net profit	6,083	6,125	100.7%	26,951

**Consolidated Statements of Changes in Net Assets**  
(for the three months ended June 30, 2006)

(Unit: Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance as of March 31, 2006	195,146	125,288	52,081	372,515
Change in this period				
Dividend paid	-	-	(6,633)	(6,633)
Net profit of the period	-	-	6,083	6,083
Net change in items other than shareholders' equity	-	-	-	-
Total change in the period	-	-	(549)	(549)
Ending balance as of June 30, 2006	195,146	125,288	51,531	371,965

	Revaluation / translation difference			Minority interests	Total net assets
	Net unrealized gains (or losses) on other securities, net of taxes	Translation difference	Total revaluation / translation difference		
Beginning balance as of March 31, 2006	35,471	5,677	41,148	6	413,670
Change in this period					
Dividend paid	-	-	-	-	(6,633)
Net profit of the period	-	-	-	-	6,083
Net change in items other than shareholders' equity	(15,401)	1,944	(13,457)	0	(13,456)
Total change in the period	(15,401)	1,944	(13,457)	0	(14,006)
Ending balance as of June 30, 2006	20,069	7,622	27,691	6	399,664

**Consolidated Statements of Changes in Net Assets**  
(for the three months ended June 30, 2007)

(Unit: Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance as of March 31, 2007	195,146	125,288	72,399	392,833
Increase due to change in accounting policies in foreign subsidiary	-	-	634	634
Change in this period				
Dividend paid	-	-	(14,003)	(14,003)
Net profit of the period	-	-	6,125	6,125
Net change in items other than shareholders' equity	-	-	-	-
Total change in the period	-	-	(7,877)	(7,877)
Ending balance as of June 30, 2007	195,146	125,288	65,156	385,590

	Revaluation / translation difference			Minority interests	Total net assets
	Net unrealized gains (or losses) on other securities, net of taxes	Translation difference	Total revaluation / translation difference		
Beginning balance as of March 31, 2007	29,579	16,837	46,416	7	439,257
Increase due to change in accounting policies in foreign subsidiary	-	-	-	-	634
Change in this period					
Dividend paid	-	-	-	-	(14,003)
Net profit of the period	-	-	-	-	6,125
Net change in items other than shareholders' equity	(685)	7,503	6,817	1	6,819
Total change in the period	(685)	7,503	6,817	1	(1,058)
Ending balance as of June 30, 2007	28,893	24,340	53,234	9	438,834



**Consolidated Statements of Changes in Net Assets**  
(for the year ended March 31, 2007)

(Unit: Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance as of March 31, 2006	195,146	125,288	52,081	372,515
Change in this period				
Dividend paid	-	-	(6,633)	(6,633)
Net profit of the period	-	-	26,951	26,951
Net change in items other than shareholders' equity	-	-	-	-
Total change in the period	-	-	20,318	20,318
Ending balance as of March 31, 2007	195,146	125,288	72,399	392,833

	Revaluation / translation difference			Minority interests	Total net assets
	Net unrealized gains (or losses) on other securities, net of taxes	Translation difference	Total revaluation / translation difference		
Beginning balance as of March 31, 2006	35,471	5,677	41,148	6	413,670
Change in this period					
Dividend paid	-	-	-	-	(6,633)
Net profit of the period	-	-	-	-	26,951
Net change in items other than shareholders' equity	(5,891)	11,159	5,267	1	5,268
Total change in the period	(5,891)	11,159	5,267	1	25,586
Ending balance as of March 31, 2007	29,579	16,837	46,416	7	439,257

**Notes to consolidated financial statements**

The Company's quarterly consolidated financial statements are prepared in accordance with the "Regulations of Interim Consolidated Financial Statements" (Ministry of Finance (MoF) Ordinance No.24, 1999) (the "Regulations"), as well as with the "Cabinet Office Ordinance Concerning Securities Companies" (Prime Minister's Office and MoF Ordinance No.32, 1998), "Uniform Accounting Standards of Securities Companies" (approved by the board of directors of Japan Securities Dealers Association, September 28, 2001), and the "Cabinet Office Ordinance Concerning Financial Accounting and Reporting for Special Finance Company" (Prime Minister's Office and MoF Ordinance No. 32, 1999), subject to the provisions of Article 48 and Article 69 of the Regulations.

**Basis of consolidated financial statements**

## 1. Scope of consolidation

Consolidated subsidiaries : 15 companies

## Name of major subsidiaries:

Mizuho Securities Asia Limited  
 Japan Investor Relations and Investor Support, Inc.  
 The Bridgeford Group, Inc.  
 Mizuho Bank (Switzerland) Ltd  
 Mizuho International plc  
 Mizuho Securities USA Inc.  
 Basic Capital Management, Limited  
 Mizuho Investment Consulting (Shanghai) Co., Ltd.

(note) Mizuho Investment Consulting (Shanghai) Co., Ltd. was founded in April 2007 as a 100% subsidiary of the Company.

Due to application of Practical Issue Task Force No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, May 17, 2006), 4 special purpose companies owned by Mizuho International plc became consolidated subsidiaries from this period.

## 2. Application of equity method

Affiliates accounted for under equity method : 9 companies

## Name of major affiliates

Mobile Internet Capital Inc.  
 Japan Industrial Partners Inc.  
 Industrial Decisions, Inc.  
 Max Investment Advisory Co., Ltd.  
 Japan Energy Investment, Inc.

(note) Mizuho Alternative Investments, LLC, which was founded in this period, have been newly accounted for under equity method.

Holdings in Polaris Principal Finance Co., Ltd. which was previously accounted for under equity method, was divested and excluded from consolidation from this period. As a result, the fund whose general partner was Polaris Principal Finance Co., Ltd. was also excluded from consolidation from this period.

## 3. Year ends of subsidiaries

Our subsidiaries have coterminous March 31 year end with the Company, except for Mizuho Investment Consulting (Shanghai) Co., Ltd. and another subsidiary, who have December 31 year end.

Financial statements of these two, which are used for this consolidation, have March 31 quarter end, with necessary adjustments made for the effect of significant transactions or events, if any, that occurred between the reporting date of the subsidiaries and that of the Company.

## 4. Accounting policies

## (1) Valuation of trading account securities and derivatives

The Company and its subsidiaries, through its trading activities, intend to contribute to the market for their liquidity and price discovery process.

The Company holds trading positions for the purpose of: 1) responding to counterparties' needs to invest or hedge risk, and 2) gaining profit or mitigating loss due to fluctuations of market prices and differences of prices in various markets.

Securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value.

## (2) Valuation of non-trading securities

Non-trading securities are valued as follows:

## A) Other securities with market value

Recorded at market value. Difference between the cost, using the moving average method, and market value is recorded as net unrealized gains (or losses) on other securities, net of taxes in net assets on the balance sheet.

## B) Other securities without market value

Recorded at cost using moving average method.

## C) Investment in Investment Association (Treated as securities by Article 2(2) of Securities and Exchange Law)

Initially recorded at cost and subsequently adjusted to reflect the Company's share of the net profit or loss of the partnership based on the latest financial reports available.

- (3) Depreciation method of significant assets
- A) Tangible fixed assets  
The Company and its domestic subsidiaries apply the declining-balance method except for buildings (excluding leasehold improvement) acquired after March 31, 1998, for which the straight-line method is used. Overseas subsidiaries mainly apply the straight-line method.
- B) Intangible fixed assets  
The straight-line method is primarily applied. The amortization period of software for internal use (5-10 years) is determined based on estimated internal useful lives.
- (4) Deferred assets  
Bond issuance cost is charged to income when incurred.
- (5) Accounting policies for reserves
- A) Allowance for doubtful accounts  
The Company provides the allowance for possible losses on doubtful accounts. For performing assets, allowance is calculated based on the past loss experience. For non-performing assets, it is based on the management's assessment of recoverability of the assets, and amount expected to be non-recoverable is provided for.
- B) Reserve for bonuses  
Reserve is provided for bonus payments to employees and operating officers at the amount accrued at the end of the period, based on the estimated future payments and service periods.
- C) Reserve for retirement benefits  
Reserve for retirement benefits is provided for future retirement benefits to employees based on actuarial retirement benefits and plan assets at end of year.  
Prior service cost is charged to income in the period which the cost is recognized.  
Net actuarial gains or losses are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the current employees.
- D) Reserve for retirement benefits for directors and operating officers  
Reserve for retirement benefits for directors and operating officers is provided for future retirement benefits for directors and operating officers at the amount accrued at the end of the period, based on prescribed calculation method.
- (6) Accounting for lease transactions  
Financing leases other than those for which the ownership of the leased property transfers to the lessee are mainly accounted for as ordinary rental transactions.
- (7) Accounting for hedging transactions  
Gains or losses resulting from forward foreign exchange transactions used to hedge the foreign exchange risk of foreign currency denominated equity investments in subsidiaries is accounted for as foreign currency translation adjustments to the extent that the hedge is effective.  
Borrowings in foreign currency entered into to hedge exchange risk of foreign currency denominated operating investment securities are accounted for under fair value hedge accounting.  
For interest rate swap contracts which are used as hedges for the interest rate risk of the subordinated borrowings, the net amount to be paid or received under the contract is added to or deducted from the interest on the borrowings subject to the hedge. This treatment is allowed under Japanese GAAP provided the transactions meet certain criteria for hedge accounting, and assessment of hedge effectiveness is not required in this case.
- (8) Other significant accounting policies  
Consumption taxes  
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

## 5. Valuation of assets and liabilities of subsidiaries acquired

All assets and liabilities of consolidated subsidiaries are valued at fair value and included in the consolidated financial statements when acquired.

### **Change in the basis of consolidated financial statements**

#### 1. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries

The Company applied from this period "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"(PITF No.18, Accounting Standards Board of Japan, May 17, 2006), which is applicable to the fiscal period commencing on or after April 1, 2008, but early adoption is allowed. The effect on the consolidated financial statements is immaterial.

#### 2. Application of new depreciation method

Following an Enforcement Order of Amended Corporate Tax Law effective as of April 1, 2007, "The treatment of depreciation for audit purpose at the present stage" (JICPA Audit and Assurances Practice Committee Report No.81, April 25, 2007) was issued which is applicable to fiscal year ended on or after April 1, 2007.

The Company applies new depreciation method to assets acquired on or after April 1, 2007. The effect on the consolidated financial statements is immaterial.

**Note to consolidated statements of changes in net assets**

for the three month ended June 30, 2006

## 1. Number of shares outstanding

(Unit: Shares)

	As of March 31, 2006	Increase	Decrease	As of June 30, 2006
Common Stock	3,685,000	-	-	3,685,000

## 2. Treasury Stock

The company has no treasury stock at the end of the period.

## 3. Dividends

Resolution	Type of shares	Amount of dividend	Dividend per share	Record date	Effective date
General shareholders' meeting on June 26, 2006	Common stock	6,633 million yen	1,800 yen	March 31, 2006	June 27, 2006

for the three month ended June 30, 2007

## 1. Number of shares outstanding

(Unit: Shares)

	As of March 31, 2007	Increase	Decrease	As of June 30, 2007
Common Stock	3,685,000	-	-	3,685,000

## 2. Treasury Stock

The company has no treasury stock at the end of the period.

## 3. Dividends

Resolution	Type of shares	Amount of dividend	Dividend per share	Record date	Effective date
General shareholders' meeting on June 25, 2007	Common stock	14,003 million yen	3,800 yen	March 31, 2007	June 26, 2007

for the year ended March 31, 2007

## 1. Number of shares outstanding

(Unit: Shares)

	As of March 31, 2006	Increase	Decrease	As of March 31, 2007
Common Stock	3,685,000	-	-	3,685,000

## 2. Treasury Stock

The company has no treasury stock at the end of the period.

## 3. Dividends

## (1) Dividend paid

Resolution	Type of shares	Amount of dividend	Dividend per share	Record date	Effective date
General shareholders' meeting on June 26, 2006	Common stock	6,633 million yen	1,800 yen	March 31, 2006	June 27, 2006

## (2) Dividend to be paid

The following dividend was resolved at the general shareholders' meeting held on June 25, 2007.

Type of shares	Amount of dividend	Resource of dividend	Dividend per share	Record date	Effective date
Common stock	14,003 million yen	Retained earnings	3,800 yen	March 31, 2007	June 26, 2007

**Consolidated Financial Data**  
(for the three months ended June 30, 2007)

## 1. Commission Income

## (1) Breakdown by categories

(Unit: Millions of Yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Brokerage commission	5,902	6,132	103.9%	23,788
(Stocks)	( 4,501 )	( 3,991 )	( 88.7% )	( 16,813 )
(Bonds)	( 1,398 )	( 2,139 )	( 153.0% )	( 6,964 )
Underwriting and selling commission	4,272	4,830	113.1%	24,831
(Stocks)	( 2,300 )	( 978 )	( 42.5% )	( 16,123 )
(Bonds)	( 1,875 )	( 3,852 )	( 205.5% )	( 8,321 )
Subscription and distribution commission	355	217	61.2%	1,355
(Bonds)	( 146 )	( 10 )	( 7.4% )	( 552 )
(Investment trusts)	( 136 )	( 170 )	( 124.5% )	( 382 )
Other commissions received	6,687	6,018	90.0%	27,929
Total	17,218	17,200	99.9%	77,905

## (2) Breakdown by products

(Unit: Millions of Yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	6,849	4,994	72.9%	33,526
Bonds	4,074	6,696	164.4%	18,839
Investment trusts	956	1,012	105.8%	3,689
Others	5,337	4,496	84.2%	21,849
Total	17,218	17,200	99.9%	77,905

## 2. Trading profit / loss

(Unit: Millions of Yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	5,768	8,406	145.7%	20,510
Bonds and others	12,243	19,027	155.4%	42,734
Total	18,011	27,434	152.3%	63,245

(Reference Data)

Quarterly Trends in Consolidated Statements of Operations

(Unit: Millions of Yen)

Descriptions	Three months ended Jun. 30, 2006	Three months ended Sep. 30, 2006	Three months ended Dec. 31, 2006	Three months ended Mar. 31, 2007	Three months ended Jun. 30, 2007
Operating revenues	125,027	151,812	186,830	183,620	207,687
Commission	17,218	18,412	21,634	20,640	17,200
Trading profit	18,011	11,908	17,157	16,168	27,434
Net gain on operating investment securities	(110)	(292)	150	(161)	776
Interest and dividend income	89,908	121,785	147,888	146,973	162,276
Interest expense	86,238	115,392	141,052	139,115	157,629
Net operating revenues	38,789	36,420	45,778	44,505	50,058
Selling, general and administrative expenses	27,343	28,215	31,368	32,721	35,336
Commissions and other transaction-related expenses	5,494	6,065	8,002	7,223	7,279
Compensation and benefits	14,466	14,566	15,162	16,908	17,602
Occupancy	2,763	3,185	3,457	3,892	4,412
Data processing and office supplies	1,281	1,601	1,693	2,097	2,484
Depreciation	1,439	1,551	1,629	1,680	1,714
Taxes and dues other than income taxes	416	324	415	462	495
Amortization of goodwill	679	-	45	15	15
Others	800	920	963	442	1,332
Operating profit	11,445	8,205	14,409	11,783	14,721
Non-operating revenues	760	480	736	1,961	825
Equity in profit of affiliated companies	11	40	51	9	28
Others	748	439	684	1,951	797
Non-operating expenses	574	725	833	1,334	1,116
Ordinary profit	11,631	7,959	14,312	12,410	14,430
Non-ordinary profits	484	10	(9)	284	777
Non-ordinary losses	230	119	113	368	305
Profit before income taxes and minority interests in net profit	11,885	7,851	14,190	12,326	14,902
Income taxes - current	1,173	773	5,988	6,172	7,946
Income taxes - deferred	4,628	2,160	458	(2,054)	828
Minority interests in net profit	0	(0)	0	0	1
Net profit	6,083	4,917	7,742	8,208	6,125

Nonconsolidated Balance Sheets

(As of June 30, 2007)

(Unit: Millions of yen)

Descriptions	As of June 30, 2006	As of June 30, 2007	Change	As of March 31, 2007
<b>Assets</b>				
<b>Current assets</b>	9,698,666	9,856,180	157,513	10,278,106
Cash and deposits	47,938	14,135	(33,802)	38,665
Cash segregated as deposits	20,851	13,719	(7,131)	18,198
<b>Trading assets</b>	5,215,279	5,224,296	9,017	5,671,001
Trading securities and others	5,070,351	4,966,838	(103,512)	5,485,135
Loan assets	4,552	45,493	40,941	8,421
Derivative transactions	140,375	211,964	71,588	177,443
Operating investment securities	22,686	41,067	18,381	40,091
Operating loan receivables	-	500	500	500
Margin transaction assets	12,847	729	(12,117)	870
Loans secured by securities	4,307,700	4,480,915	173,215	4,422,012
Payments for subscription	6,374	11	(6,362)	329
Guarantee deposits	37,945	39,603	1,658	54,738
Securities : fail to deliver	93	-	(93)	991
Variation margin paid	4,469	-	(4,469)	2,674
Short-term loans	-	15,000	15,000	-
Accrued income	16,100	18,037	1,937	19,976
Tax refundable	-	-	-	1,704
Short-term deferred tax assets	3,932	2,838	(1,093)	3,951
Others	2,453	5,327	2,873	2,405
Allowance for doubtful accounts	(5)	(2)	3	(5)
<b>Fixed assets</b>	236,518	266,345	29,826	258,008
<b>Tangible fixed assets</b>	6,068	6,634	566	6,182
Buildings	2,766	2,735	(31)	2,724
Furniture and fixtures	3,301	3,899	598	3,458
<b>Intangible fixed assets</b>	7,125	8,511	1,386	8,314
Goodwill	105	45	(60)	60
Software	6,965	8,415	1,449	8,202
Others	54	51	(2)	52
<b>Investments and other assets</b>	223,325	251,199	27,873	243,510
Investment securities	66,552	70,405	3,852	72,042
Investment in affiliates	132,025	133,505	1,480	132,035
Long-term loan to affiliates	13,000	28,970	15,970	23,000
Long-term guarantee deposits	3,347	3,780	433	3,660
Long-term prepaid expenses	8	4	(3)	5
Long-term deferred tax assets	7,155	13,297	6,141	11,544
Others	1,236	1,237	1	1,221
Allowance for doubtful accounts	-	(2)	(2)	-
<b>Total assets</b>	<b>9,935,185</b>	<b>10,122,525</b>	<b>187,340</b>	<b>10,536,114</b>

Descriptions	As of June 30, 2006	As of June 30, 2007	Change	As of March 31, 2007
<b>Liabilities</b>				
Current liabilities	9,090,047	9,091,538	1,491	9,513,310
Trading liabilities	4,211,741	4,591,130	379,389	4,328,457
Trading securities and others	4,067,581	4,378,796	311,215	4,139,223
Derivative transactions	144,159	212,333	68,174	189,233
Payable - unsettled trades	382,740	142,154	(240,585)	132,845
Margin transaction liabilities	12,724	7,841	(4,882)	8,716
Borrowings secured by securities	2,507,647	2,739,602	231,954	2,834,477
Deposits received	19,907	22,537	2,629	18,689
Cash collateral received from customers	12,619	17,276	4,657	9,247
Securities : fail to receive	177	3,018	2,841	989
Variation margin received	-	934	934	-
Short-term borrowings	1,544,171	1,197,251	(346,920)	1,754,276
Commercial paper	380,400	326,900	(53,500)	390,200
Short-term bonds and notes	1,300	20,300	19,000	11,200
Advance receipt	351	304	(47)	765
Accrued expenses	13,070	16,028	2,957	16,069
Income taxes payable	504	4,487	3,983	-
Reserve for bonuses	1,299	1,103	(195)	6,682
Others	1,392	666	(725)	694
Fixed liabilities	466,054	628,391	162,336	617,149
Bonds and notes	243,900	302,800	58,900	302,800
Long-term borrowings	162,370	191,534	29,163	190,560
Long-term borrowings from affiliates	52,700	126,400	73,700	116,400
Reserve for retirement benefits	7,055	7,246	191	6,938
Reserve for retirement benefits for directors and operating officers	-	409	409	451
Others	27	-	(27)	-
Statutory reserves	1,814	2,027	213	2,027
Securities transaction liability reserve	1,730	1,922	192	1,922
Futures transaction liability reserve	83	104	21	104
<b>Total liabilities</b>	<b>9,557,916</b>	<b>9,721,957</b>	<b>164,041</b>	<b>10,132,488</b>
<b>Net assets</b>				
Shareholders' equity	358,118	376,883	18,765	377,605
Common stock	195,146	195,146	-	195,146
Capital surplus	125,288	125,288	-	125,288
Additional paid-in capital	125,288	125,288	-	125,288
Retained earnings	37,683	56,448	18,765	57,171
Legal earned reserve	870	870	-	870
Voluntary reserve	36,813	55,578	18,765	56,300
Reserve for special depreciation	37	6	(30)	12
Other reserve	1,500	1,500	-	1,500
Unappropriated retained earnings	35,276	54,072	18,796	54,788
Revaluation / translation difference	19,150	23,684	4,533	26,020
Net unrealized gains (or losses) on other securities, net of taxes	20,428	28,168	7,739	29,174
Net deferred hedge losses (or gains), net of taxes	(1,277)	(4,483)	(3,206)	(3,154)
<b>Total net assets</b>	<b>377,269</b>	<b>400,568</b>	<b>23,298</b>	<b>403,626</b>
<b>Total liabilities and net assets</b>	<b>9,935,185</b>	<b>10,122,525</b>	<b>187,340</b>	<b>10,536,114</b>



Nonconsolidated Statements of Operations

(for the three months ended June 30, 2007)

(Unit: Millions of yen)

Descriptions	Three month ended June 30, 2006	Three month ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Operating revenues	28,546	42,446	148.7%	135,932
Commissions	15,465	14,109	91.2%	72,221
Trading profit	10,106	18,213	180.2%	34,967
Net gains on operating investment securities	115	937	812.1%	555
Interest and dividend income	2,859	9,185	321.2%	28,188
Interest expenses	2,618	8,752	334.2%	20,631
Net operating revenues	25,927	33,693	130.0%	115,300
Selling, general and administrative expenses	15,623	20,805	133.2%	71,771
Commissions and other transaction-related expenses	4,137	5,572	134.7%	18,071
Compensation and benefits	6,818	8,002	117.4%	30,298
Occupancy	2,081	3,639	174.9%	10,634
Data processing and office supplies	932	1,449	155.4%	5,239
Depreciation	940	1,077	114.6%	4,047
Amortization of goodwill	-	15	-	60
Taxes and dues other than income taxes	413	489	118.5%	1,587
Others	299	558	186.2%	1,831
Operating profit	10,304	12,888	125.1%	43,529
Non-operating revenues	3,469	9,351	269.5%	4,817
Non-operating expenses	581	1,016	174.8%	3,079
Ordinary profit	13,192	21,223	160.9%	45,267
Non-ordinary profit	9	6	73.8%	9
Non-ordinary loss	204	187	91.9%	768
Profit before income taxes	12,996	21,042	161.9%	44,508
Income taxes - current	675	6,798	-	12,892
Income taxes - deferred	3,973	962	24.2%	3,780
Net profit	8,347	13,280	159.1%	27,835

Nonconsolidated Statements of Changes in Net Assets

(for the three months ended June 30, 2006)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal earned reserve	Retained earnings			Total retained earnings	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Voluntary reserve				
					Reserve for special depreciation	Other reserve	Un-appropriated retained earnings		
Beginning balance as of March 31, 2006	195,146	125,288	125,288	870	61	1,500	33,536	35,969	356,403
Change in this period									
Dividend paid	-	-	-	-	-	-	(6,633)	(6,633)	(6,633)
Net profit of the period	-	-	-	-	-	-	8,347	8,347	8,347
Release of reserve for special depreciation	-	-	-	-	(24)	-	24	-	-
Net change in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total change in this period	-	-	-	-	(24)	-	1,739	1,714	1,714
Ending balance as of June 30, 2006	195,146	125,288	125,288	870	37	1,500	35,276	37,683	358,118

	Revaluation / translation difference			Total net asset
	Net unrealized gains (or losses) on other securities, net of taxes	Net deferred hedge losses (or gains), net of taxes	Total revaluation/translation difference	
Beginning balance as of March 31, 2006	35,451	-	35,451	391,854
Change in this period				
Dividend paid	-	-	-	(6,633)
Net profit of the period	-	-	-	8,347
Release of reserve for special depreciation	-	-	-	-
Net change in items other than shareholders' equity	(15,022)	(1,277)	(16,300)	(16,300)
Total change in this period	(15,022)	(1,277)	(16,300)	(14,585)
Ending balance as of June 30, 2006	20,428	(1,277)	19,150	377,269

Nonconsolidated Statements of Changes in Net Assets

(for the three months ended June 30, 2007)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal earned reserve	Retained earnings			Total retained earnings	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Voluntary reserve				
					Reserve for special depreciation	Other reserve	Un-appropriated retained earnings		
Beginning balance as of March 31, 2007	195,146	125,288	125,288	870	12	1,500	54,788	57,171	377,605
Change in this period									
Dividend paid	-	-	-	-	-	-	(14,003)	(14,003)	(14,003)
Net profit of the period	-	-	-	-	-	-	13,280	13,280	13,280
Release of reserve for special depreciation	-	-	-	-	(6)	-	6	-	-
Net change in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total change in this period	-	-	-	-	(6)	-	(716)	(722)	(722)
Ending balance as of June 30, 2007	195,146	125,288	125,288	870	6	1,500	54,072	56,448	376,883

	Revaluation / translation difference			Total net asset
	Net unrealized gains (or losses) on other securities, net of taxes	Net deferred hedge losses (or gains), net of taxes	Total revaluation/ translation difference	
Beginning balance as of March 31, 2007	29,174	(3,154)	26,020	403,626
Change in this period				
Dividend paid	-	-	-	(14,003)
Net profit of the period	-	-	-	13,280
Release of reserve for special depreciation	-	-	-	-
Net change in items other than shareholders' equity	(1,006)	(1,329)	(2,335)	(2,335)
Total change in this period	(1,006)	(1,329)	(2,335)	(3,057)
Ending balance as of June 30, 2007	28,168	(4,483)	23,684	400,568

Nonconsolidated Statements of Changes in Net Assets

(for the year ended March 31, 2007)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal earned reserve	Retained earnings			Total retained earnings	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Voluntary reserve				
					Reserve for special depreciation	Other reserve	Un-appropriated retained earnings		
Beginning balance as of March 31, 2006	195,146	125,288	125,288	870	61	1,500	33,536	35,969	356,403
Change in this period									
Dividend paid	-	-	-	-	-	-	(6,633)	(6,633)	(6,633)
Net profit of the period	-	-	-	-	-	-	27,835	27,835	27,835
Release of reserve for special depreciation	-	-	-	-	(49)	-	49	-	-
Net change in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total change in this period	-	-	-	-	(49)	-	21,251	21,202	21,202
Ending balance as of March 31, 2007	195,146	125,288	125,288	870	12	1,500	54,788	57,171	377,605

	Revaluation / translation difference			Total net asset
	Net unrealized gains (or losses) on other securities, net of taxes	Net deferred hedge losses (or gains), net of taxes	Total revaluation/translation difference	
Beginning balance as of March 31, 2006	35,451	-	35,451	391,854
Change in this period				
Dividend paid	-	-	-	(6,633)
Net profit of the period	-	-	-	27,835
Release of reserve for special depreciation	-	-	-	-
Net change in items other than shareholders' equity	(6,276)	(3,154)	(9,430)	(9,430)
Total change in this period	(6,276)	(3,154)	(9,430)	11,771
Ending balance as of March 31, 2007	29,174	(3,154)	26,020	403,626

Notes to nonconsolidated financial statements

The Company's quarterly financial statements are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements" (Ministry of Finance (MoF) Ordinance No.38, 1977) (the "Regulations"), as well as with the "Cabinet Office Ordinance Concerning Securities Companies" (Prime Minister's Office and MoF Ordinance No.32, 1998), and the "Uniform Accounting Standards of Securities Companies" (Approved by the board of directors of the Japan Securities Dealers Association, September 28, 2001), and the "Cabinet Office Ordinance Concerning Financial Accounting and Reporting for Special Finance Company" (Prime Minister's Office and MoF Ordinance No. 32, 1999), subject to the provision of Article 38 and 57 of the Regulations.

Basis of nonconsolidated financial statements

## 1. Valuation of trading account securities and derivatives

The Company, through its trading activities, intend to contribute to the market for their liquidity and price discovery process.

The Company holds trading positions for the purpose of: 1) responding to counterparties' needs to invest or hedge risk, and 2) gaining profit or mitigating loss due to fluctuations of market prices and differences of prices in various markets.

Securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value.

## 2. Valuation of non-trading securities

(1) Investments in subsidiaries and affiliates are stated at cost, using the moving average method.

(2) Other securities:

A) Other securities with market value

Recorded at market value. Difference between the cost, using the moving average method, and market value is recorded as net unrealized gains (or losses) on other securities, net of taxes in net assets on the balance sheet.

B) Other securities without market value

Recorded at cost using the moving average method.

C) Investment in Investment Associations (Treated as securities by Article 2(2) of Securities and Exchange Law)

Initially recorded at cost and subsequently adjusted to reflect the Company's share of the net profit or loss of the partnership based on the latest financial reports available.

## 3. Depreciation and amortization

(1) Tangible fixed assets

The Company applies the declining-balance method except for buildings (excluding leasehold improvement) acquired after March 31, 1998, for which the straight-line method is used.

(2) Intangible fixed assets

The straight-line method is applied. The amortization period of software for internal use (5-10 years) is determined based on estimated internal useful lives.

## 4. Deferred assets

Bond issuance cost is charged to income when incurred.

## 5. Accounting policies for reserves

(1) Allowance for doubtful accounts

The Company provides the allowance for possible losses on doubtful accounts. For performing assets, allowance is calculated based on the past loss experience. For non-performing assets, it is based on the management's assessment of recoverability of the assets, and amount expected to be non-recoverable is provided for.

(2) Reserve for bonuses

Reserve is provided for bonus payments to employees and operating officers at the amount accrued at the end of the period, based on the estimated future payments and service periods.

(3) Reserve for retirement benefits

Reserve for retirement benefits is provided for future retirement benefits to employees based on actuarial retirement benefits and plan assets at end of year.

Prior service cost is charged to income in the period which the cost is recognized.

Net actuarial gains or losses are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the current employees.

(4) Reserve for retirement benefits for directors and operating officers

Reserve for retirement benefits for directors and operating officers is provided for future retirement benefits for directors and operating officers at the amount accrued at the end of the period, based on prescribed calculation method.

## 6. Accounting of lease transactions

Financing leases other than those for which the ownership of leased property transfers to the lessee are accounted for as ordinary rental transactions.

7. Accounting for hedging transactions

Gains or losses resulting from forward foreign exchange transactions entered into in order to hedge the exchange risk of foreign currency denominated equity investments in subsidiaries are deferred when they qualify for hedge accounting.

Borrowings in foreign currency entered into to hedge exchange risk of foreign currency denominated operating investment securities are accounted for under fair value hedge accounting.

For interest rate swap contracts which are used as hedges for the interest rate risk of the subordinated borrowings, the net amount to be paid or received under the contract is added to or deducted from the interest on the borrowings subject to the hedge. This treatment is allowed under the Japanese GAAP provided the transactions meet certain criteria for hedge accounting, and assessment for hedge effectiveness is not required in this case.

Loans in foreign currencies, with currency swap to hedge the foreign currency risk, are treated as if they were loans in JPY, provided certain conditions are met.

8. Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

Change in the basis of consolidated financial statements

1. Application of new depreciation method

Following an Enforcement Order of Amended Corporate Tax Law effective as of April 1, 2007, "The treatment of depreciation for audit purpose at the present stage" (JICPA Audit and Assurances Practice Committee Report No.81, April 25, 2007) was issued which is applicable to fiscal year ended on or after April 1, 2007.

The Company applies new depreciation method to assets acquired on or after April 1, 2007. The effect on the consolidated financial statements is immaterial .

**Notes to nonconsolidated balance sheets**

(Unit: Millions of yen)

1. Accumulated depreciation of tangible fixed assets	<u>As of Jun. 30, 2006</u> 7,153	<u>As of Jun. 30, 2007</u> 7,681	<u>As of Mar. 31, 2007</u> 7,332
2. Subordinated debts			
Bonds, notes, long-term borrowings, and long-term borrowings from affiliates include Subordinated debts provided in Article 2 of "The Orders Concerning the Capital Requirement of Securities Companies"(Cabinet Office Ordinance No.23, 2001), and the amounts are as follows.			
	<u>As of Jun. 30, 2006</u>	<u>As of Jun. 30, 2007</u>	<u>As of Mar. 31, 2007</u>
Subordinated bonds (Bonds and notes)	40,000	40,000	40,000
Subordinated borrowings	85,000	138,000	138,000
(Long-term and Short-term borrowings, Long-term borrowings from affiliates)			
3. Loan balance as per "Money Lending Business Law" (Law 32, 1983)	<u>As of Jun. 30, 2006</u> 1,091	<u>As of Jun. 30, 2007</u> 7,849	<u>As of Mar. 31, 2007</u> 5,000

**Notes to nonconsolidated statements of operations**

(Unit: yen)

1. Net profit per share	<u>Three months ended June 30, 2006</u> 2,265	<u>Three months ended June 30, 2007</u> 3,604	<u>Year ended March 31, 2007</u> 7,553
2. Details of non-ordinary profits / losses			
	<u>Three months ended June 30, 2006</u>	<u>Three months ended June 30, 2007</u>	<u>Year ended March 31, 2007</u>
Non-ordinary profits			
Gain from sales of investment securities	-	6	-
Gain on liquidation of investment securities	3	-	3
Release of allowance for doubtful accounts	5	0	5
Non-ordinary losses	<u>Three months ended June 30, 2006</u>	<u>Three months ended June 30, 2007</u>	<u>Year ended March 31, 2007</u>
Loss on sale or disposal of fixed assets	-	3	107
Valuation loss on investment securities	90	0	102
Loss on impairment of fixed assets	-	4	-
Provision for securities transaction liability reserve	114	-	307
Provision for futures transaction liability reserve	-	-	21
Merger-related expenses	-	178	-
Provisions for reserve for retirement benefits for directors and operating officers for past fiscal year	-	-	225
Others	-	-	3

**Notes to nonconsolidated statements of changes in net assets**

(As of June 30, 2006)

Treasury stock

The Company has no treasury stocks at the end of the period.

(As of June 30, 2007)

Treasury stock

The Company has no treasury stocks at the end of the period.

(As of March 31, 2007)

Treasury stock

The Company has no treasury stocks at the end of the period.

**Nonconsolidated Financial Data**  
(for the three months ended March 31, 2007)

## 1. Commission Income

## (1) Breakdown by categories

(Unit: Millions of Yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Brokerage Commission	2,463	1,810	73.5%	8,476
(Stocks)	( 2,298 )	( 1,670 )	( 72.7% )	( 7,889 )
(Bonds)	( 158 )	( 135 )	( 85.3% )	( 563 )
Underwriting and selling commission	4,272	4,128	96.6%	24,831
(Stocks)	( 2,300 )	( 978 )	( 42.5% )	( 16,123 )
(Bonds)	( 1,875 )	( 3,150 )	( 168.0% )	( 8,321 )
Subscription and distribution commission	355	217	61.2%	1,355
(Bonds)	( 146 )	( 10 )	( 7.4% )	( 552 )
(Investment trusts)	( 136 )	( 170 )	( 124.5% )	( 382 )
Other commissions received	8,373	7,951	95.0%	37,556
Total	15,465	14,109	91.2%	72,221

## (2) Breakdown by products

(Unit: Millions of Yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	4,985	3,408	68.4%	28,023
Bonds	4,403	5,780	131.3%	20,910
Investment trusts	961	1,015	105.7%	3,703
Others	5,114	3,904	76.3%	19,583
Total	15,465	14,109	91.2%	72,221

## 2. Trading profit / loss

(Unit: Millions of Yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	5,628	6,372	113.2%	12,953
Bonds	3,035	11,748	387.0%	18,405
Others	1,442	92	6.4%	3,608
(of which Foreign exchange)	( 1,162 )	( 912 )	( - )	( 1,718 )
Total	10,106	18,213	180.2%	34,967

## 3. Trading volume of stocks ( excluding futures transactions )

(Unit: Millions of stocks, Millions of Yen)

	Three months ended June 30, 2006		Three months ended June 30, 2007		Period-to-period comparison (%)		Year ended March 31, 2007	
	No. of stocks	Amount	No. of stocks	Amount	No. of stocks	Amount	No. of stocks	Amount
Total	4,338	7,529,138	4,223	7,432,707	97.4%	98.7%	14,896	24,915,253
(Proprietary) a	( 1,932 )	( 3,252,577 )	( 1,921 )	( 3,435,632 )	( 99.4% )	( 105.6% )	( 6,153 )	( 10,059,930 )
(Brokerage) b	( 2,405 )	( 4,276,561 )	( 2,302 )	( 3,997,075 )	( 95.7% )	( 93.5% )	( 8,742 )	( 14,855,323 )
b/(a+b)	55.5%	56.8%	54.5%	53.8%			58.7%	59.6%
TSE share	1.6%	1.9%	1.4%	1.8%			1.4%	1.7%



## 4. Volume of underwriting, subscription and distribution

(Unit: Millions of stocks, Millions of Yen)

		Three months ended June 30, 2006	Three months ended June 30, 2007	Period to period comparison (%)	Year ended March 31, 2007
Underwriting	Stocks (No. of stocks)	11	4	36.5%	499
	Stocks (Amount)	105,669	30,717	29.1%	500,346
	Bonds (Face amount)	982,485	1,351,825	137.6%	4,664,939
Subscription and distribution*	Stocks (No. of stocks)	6	4	66.7%	492
	Stocks (Amount)	106,057	31,190	29.4%	963,788
	Bonds (Face amount)	391,500	768,670	196.3%	2,286,959
	Investment trusts (Face amount)	380,369	356,852	93.8%	780,188

\* Including selling and distribution of private placement.

## 5. Capital adequacy ratio

(Unit: Millions of Yen)

		Three months ended June 30, 2006	Three months ended June 30, 2007	Year ended March 31, 2007
Basic Capital	(A)	358,118	376,883	363,602
Supplementary Capital	Unrealized gain on other securities,	19,150	23,684	26,020
	Statutory reserves	1,814	2,027	2,027
	Allowance for doubtful accounts	5	2	5
	Long-term subordinated debt	60,000	89,000	89,000
	Short-term subordinated debt	65,000	89,000	89,000
	Total (B)	145,970	203,715	206,053
Deduction : Disallowed assets	(C)	237,812	244,082	231,357
Capital after deductor	(A) + (B) - (C) (D)	266,276	336,516	338,298
Amount of risks	Market risk	70,001	97,501	95,718
	Counterparty risk	9,977	11,940	11,890
	Basic risk	17,920	23,105	20,926
	Total (E)	97,898	132,547	128,535
Capital adequacy ratio	(D)/(E)	271.9%	253.8%	263.1%

(note) 1. Market risk is calculated with internal market risk model.

2. Details of long-term and short-term subordinated debts are as below:

(Unit: Millions of Yen)

	Date of issue/borrowing	Maturity/Due date	Amount	Short/ Long	Notes
Subordinated bonds	March 19, 2004	March 19, 2009	40,000	Short-term	Bullet
Subordinated borrowings	March 19, 2004	March 19, 2008	7,000	Short-term	Repayment
		March 19, 2009	11,000		Final payment
	March 29, 2005	April 20, 2015	20,000	Long-term	Bullet
	May 30, 2006	May 30, 2016	10,000	Long-term	Bullet
	May 30, 2006	March 31, 2010	5,000	Short-term	Repayment
		March 31, 2011	5,000		
		March 31, 2012	1,000	Short-term	
			4,000	Long-term	
	March 31, 2013	15,000	Long-term	Final payment	
	September 28, 2006	September 28, 2010	5,000	Short-term	Repayment
		September 28, 2011	5,000		
		September 28, 2012	5,000	Long-term	
		September 28, 2013	15,000		
	January 31, 2007	January 31, 2011	5,000	Short-term	Repayment
January 31, 2012		5,000			
January 31, 2013		5,000	Long-term		
January 31, 2014		15,000		Final payment	
Long-term subordinated debts total			89,000		
Short-term subordinated debts total			89,000		

(Reference Data)

Quarterly Trends in Nonconsolidated Statements of Operations

(Unit: Millions of yen)

Descriptions	Three months ended Jun. 30, 2006	Three months ended Sep. 30, 2006	Three months ended Dec. 31, 2006	Three months ended Mar. 31, 2007	Three months ended Jun. 30, 2007
Operating revenues	28,546	29,967	39,068	38,349	42,446
Commission	15,465	17,978	19,458	19,319	14,109
Trading profit	10,106	3,716	12,297	8,846	18,213
Net gain on operating investment securities	115	(17)	461	(3)	937
Interest and dividend income	2,859	8,290	6,850	10,187	9,185
Interest expense	2,618	5,283	5,495	7,233	8,752
Net operating revenues	25,927	24,683	33,572	31,116	33,693
Selling, general and administrative expenses	15,623	17,917	18,194	20,035	20,805
Commissions and other transaction-related expenses	4,137	4,558	4,622	4,753	5,572
Compensation and benefits	6,818	7,870	7,596	8,012	8,002
Occupancy	2,081	2,501	2,726	3,324	3,639
Data processing and office supplies	932	1,297	1,417	1,592	1,449
Depreciation	940	989	1,042	1,075	1,077
Amortization of goodwill	-	-	-	60	15
Taxes and dues other than income taxes	413	309	404	459	489
Others	299	389	383	758	558
Operating profit	10,304	6,766	15,378	11,080	12,888
Non-operating revenues	3,469	34	193	1,120	9,351
Non-operating expenses	581	730	835	932	1,016
Ordinary profit	13,192	6,070	14,735	11,268	21,223
Non-ordinary profits	9	(0)	0	0	6
Non-ordinary losses	204	117	110	335	187
Profit before income taxes	12,996	5,952	14,625	10,933	21,042
Income taxes - current	675	228	5,874	6,114	6,798
Income taxes - deferred	3,973	1,662	282	(2,138)	962
Net profit	8,347	4,061	8,468	6,957	13,280