

January 31, 2008

## Consolidated Financial Summary

(for the nine months ended December 31, 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 nine months ended December 31, 2007 (April 1, 2007 through December 31, 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	%
Nine months (2007/12)	347,267	( -25.1 )	-115,541	( - )	-218,640	( - )	-220,698	( - )
Nine months (2006/12)	463,671	( 42.2 )	120,988	( -8.1 )	34,061	( -32.1 )	33,904	( -33.6 )
Fiscal year (2007/3)	647,292		165,494		45,845		46,315	

	Net profit		Net profit per share	Diluted net profit per share
	mil. yen	%	yen	yen
Nine months (2007/12)	-196,709	( - )	-52,045 . 80	- . -
Nine months (2006/12)	18,742	( 172.0 )	5,086 . 27	- . -
Fiscal year (2007/3)	26,951		7,313 . 79	- . -

(note) Average number of shares issued and outstanding

Nine months (2007/12)	3,779,545 shares	Nine months (2006/12)	3,685,000 shares
Fiscal year (2007/3)	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 December 31, 2007	23,772,952	347,442	1.5	74,132 . 94
As of December 31, 2006	21,569,677	417,804	1.9	113,377 . 83
As of March 31, 2007	21,035,385	439,257	2.1	119,199 . 55

(note) Number of shares issued and outstanding

As of December 31, 2007	4,685,000 shares	As of December 31, 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 consolidated financial statements :

a. Change due to revision of accounting standards: 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 nine months ended December 31, 2007 (April 1, 2007 through December 31, 2007)

(note) 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) Nonconsolidated operating results

	Operating revenues		Net operating revenues		Operating profit	
	mil yen	%	mil yen	%	mil yen	%
Nine months (2007/12)	84,455	( -13.5 )	53,377	( -36.6 )	-6,604	( - )
Nine months (2006/12)	97,582	( -4.3 )	84,184	( -10.4 )	32,448	( -30.9 )
Fiscal year (2007/3)	135,932		115,300		43,529	

	Ordinary profit		Net profit		Net profit per share	
	mil yen	%	mil yen	%	yen	
Nine months (2007/12)	-783	( - )	-174,754	( - )	-46,236 . 85	
Nine months (2006/12)	33,998	( -29.3 )	20,877	( 235.8 )	5,665 . 53	
Fiscal year (2007/3)	45,267		27,835		7,553 . 61	

(note) Average number of shares issued and outstanding

Nine months (2007/12) 3,779,545 shares      Nine months (2006/12) 3,685,000 shares  
 Fiscal year (2007/3) 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	%
As of December 31, 2007	12,392,639	337,960	2.7	72,136 . 61	222.7
As of December 31, 2006	10,352,986	382,293	3.7	103,743 . 21	312.7
As of March 31, 2007	10,536,114	403,626	3.8	109,532 . 18	263.1

(note) Number of shares issued and outstanding

As of December 31, 2007 4,685,000 shares      As of December 31, 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. £ 1,000	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%
Industrial Decisions, Inc.	Shinagawa-ku, Tokyo	mil. Yen 40	Consulting services	50.00%
<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%
Energy & Environment Investment, Inc.	Shinagawa-ku, Tokyo	mil. Yen 100	Financial services	50.00%

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

b. The name of Japan Energy Investment, Inc. is changed to Energy & Environment Investment, Inc. and ownership percentage is increased from 35% to 50%.

c. Industrial Decisions, Inc. is fully consolidated at the end of this period based on "effective control" principle.

**Consolidated Balance Sheets**

(As of December 31, 2007)

(Unit: Millions of Yen)

Descriptions	As of December 31, 2006	As of December 31, 2007	Change	As of March 31, 2007
<b>Assets</b>				
<b>Current assets</b>	21,461,133	23,675,984	2,214,851	20,909,417
Cash and deposits	69,279	59,737	(9,542)	90,872
Cash segregated as deposits	19,498	14,039	(5,459)	18,198
Securities	17,312	4,761	(12,550)	16,323
<b>Trading assets</b>	6,709,847	8,530,382	1,820,534	6,846,573
Trading securities and others	6,428,643	7,908,789	1,480,145	6,631,179
<b>Loan assets</b>	32,897	67,048	34,151	8,421
Derivative transactions	248,306	554,544	306,237	206,971
Operating investment securities	43,730	66,945	23,215	50,317
Operating loan receivables	500	1,909	1,409	500
Receivable-unsettled trades	114,911	134,027	19,116	-
Margin transaction assets	4,664	3,628	(1,036)	2,699
Loans secured by securities	14,207,324	14,310,187	102,862	13,721,584
Payments for subscription	23,003	-	(23,003)	329
Guarantee deposits	62,266	216,967	154,700	65,823
Securities : fail to deliver	56,709	95,646	38,937	2,053
Variation margin paid	22,704	85,802	63,097	11,574
Short-term loans receivable	17,378	42,344	24,965	2,421
Accrued income	66,093	74,738	8,644	58,262
Short-term deferred tax assets	2,285	6,713	4,428	4,001
Others	23,638	28,219	4,580	17,898
Allowance for doubtful accounts	(16)	(66)	(49)	(17)
<b>Fixed assets</b>	108,543	96,967	(11,576)	125,968
<b>Tangible fixed assets</b>	10,205	14,720	4,514	11,050
Buildings	5,530	6,257	727	5,302
Furniture and fixtures	4,675	8,463	3,787	5,747
<b>Intangible fixed assets</b>	9,452	12,666	3,214	10,118
Goodwill	75	15	(60)	60
Software	9,320	12,588	3,268	9,997
Others	57	63	5	60
<b>Investments and other assets</b>	88,885	69,580	(19,305)	104,799
Investment securities	78,247	30,549	(47,697)	94,459
Other equity investments	788	673	(114)	781
Long-term guarantee deposits	3,598	6,003	2,405	3,795
Long-term prepaid expenses	6	506	499	5
Long-term deferred tax assets	5,037	27,408	22,370	4,496
Others	1,206	4,437	3,231	1,261
<b>Total assets</b>	<b>21,569,677</b>	<b>23,772,952</b>	<b>2,203,275</b>	<b>21,035,385</b>

(Unit: Millions of Yen)

Descriptions	As of December 31, 2006	As of December 31, 2007	Change	As of March 31, 2007
<b>Liabilities</b>				
Current liabilities	20,381,728	22,382,315	2,000,586	19,743,475
Trading liabilities	6,039,305	4,552,911	(1,486,393)	5,799,324
Trading securities and others	5,755,006	3,924,247	(1,830,759)	5,568,115
Derivative transactions	284,299	628,664	344,365	231,208
Payable - unsettled trades	-	-	-	245,731
Margin transaction liabilities	10,829	9,230	(1,598)	8,563
Borrowings secured by securities	11,903,191	13,306,549	1,403,357	11,144,962
Deposits received	28,344	20,546	(7,797)	27,416
Cash collateral received from customers	60,670	204,238	143,567	76,200
Securities : fail to receive	55,707	134,051	78,344	2,518
Short-term borrowings	1,783,505	3,604,064	1,820,559	1,926,542
Commercial paper	390,000	408,700	18,700	390,200
Short-term bonds and notes	17,288	37,297	20,009	24,893
Accrued expenses	66,565	67,038	472	65,168
Income taxes payable	703	1,230	527	693
Reserve for bonuses	14,718	19,006	4,288	21,655
Short-term deferred tax liabilities	15	1	(13)	24
Others	10,884	17,447	6,563	9,579
Fixed liabilities	768,207	1,041,166	272,958	850,624
Bonds and notes	472,415	608,069	135,654	522,005
Long-term borrowings	287,994	425,437	137,443	320,194
Long-term deferred tax liabilities	510	7	(502)	475
Reserve for retirement benefits	7,089	7,080	(9)	7,473
Reserve for retirement benefits for directors and operating officers	-	545	545	451
Others	197	24	(173)	23
Statutory reserves	1,936	2,027	91	2,027
Securities transaction liability reserve	1,852	1,922	70	1,922
Futures transaction liability reserve	83	104	21	104
<b>Total liabilities</b>	<b>21,151,872</b>	<b>23,425,509</b>	<b>2,273,636</b>	<b>20,596,128</b>
<b>Net assets</b>				
Shareholders' equity	384,625	332,756	(51,869)	392,833
Common Stock	195,146	270,146	75,000	195,146
Capital Surplus	125,288	200,288	75,000	125,288
Retained earnings	64,190	(137,678)	(201,869)	72,399
Revaluation / translation difference	33,171	14,556	(18,615)	46,416
Unrealized gains (or losses) on other securities, net of taxes	15,292	(144)	(15,437)	29,579
Foreign currency translation adjustments	17,879	14,701	(3,178)	16,837
Minority interests	7	129	122	7
<b>Total net assets</b>	<b>417,804</b>	<b>347,442</b>	<b>(70,361)</b>	<b>439,257</b>
<b>Total liabilities and net assets</b>	<b>21,569,677</b>	<b>23,772,952</b>	<b>2,203,275</b>	<b>21,035,385</b>

Consolidated Statements of Operations  
(for the nine months ended December 31, 2007)

(Unit: Millions of Yen)

Descriptions	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period to period comparison (%)	Year ended March 31, 2007
Operating revenues	463,671	347,267	74.9%	647,292
Commission	57,264	51,136	89.3%	77,905
Trading profit	47,077	(190,985)	-	63,245
Net gains on operating investment securities	(252)	3,147	-	(414)
Interest and dividend income	359,581	483,968	134.6%	506,555
Interest expense	342,682	462,808	135.1%	481,798
Net operating revenues (losses)	120,988	(115,541)	-	165,494
Selling, general and administrative expenses	86,927	103,099	118.6%	119,649
Commissions and other transaction-related expenses	19,563	20,363	104.1%	26,786
Compensation and benefits	44,195	53,393	120.8%	61,103
Occupancy	9,406	13,171	140.0%	13,298
Data processing and office supplies	4,576	5,823	127.2%	6,673
Depreciation	4,620	5,612	121.5%	6,301
Taxes and dues other than income taxes	1,156	1,369	118.4%	1,619
Amortization of goodwill	724	45	6.2%	739
Others	2,684	3,320	123.7%	3,126
Operating profits (losses)	34,061	(218,640)	-	45,845
Non-operating revenues	1,976	2,297	116.2%	3,937
Equity in profit of affiliated companies	103	572	551.5%	113
Others	1,872	1,725	92.1%	3,824
Non-operating expenses	2,132	4,354	204.2%	3,467
Ordinary income (losses)	33,904	(220,698)	-	46,315
Non-ordinary profits	485	20,071	-	769
Non-ordinary losses	462	6,990	-	831
Profits (losses) before income taxes and minority interests in net profits (losses)	33,927	(207,617)	-	46,253
Income taxes - current	7,935	3,585	45.2%	14,108
Income taxes - deferred	7,247	(14,497)	-	5,193
Minority interests in net profits (losses)	1	4	447.4%	1
Net profits (losses)	18,742	(196,709)	-	26,951

Consolidated Statement of Change in Net Assets

(for the nine months ended December 31, 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 the period				
Dividend paid	-	-	(6,633)	(6,633)
Net profit of the period	-	-	18,742	18,742
Net change in items other than shareholders' equity	-	-	-	-
Total change in the period	-	-	12,109	12,109
Ending balance as of December 31, 2006	195,146	125,288	64,190	384,625

	Revaluation / translation difference			Minority interests	Total net assets
	Net unrealized gains (or losses) on other securities, net of taxes	Foreign currency translation adjustments	Total revaluation / translation difference		
Beginning balance as of March 31, 2006	35,471	5,677	41,148	6	413,670
Change in the period					
Dividend paid	-	-	-	-	(6,633)
Net profit of the period	-	-	-	-	18,742
Net change in items other than shareholders' equity	(20,178)	12,201	(7,977)	1	(7,976)
Total change in the period	(20,178)	12,201	(7,977)	1	4,133
Ending balance as of December 31, 2006	15,292	17,879	33,171	7	417,804

Consolidated Statements of Changes in Net Assets

(for the nine months ended December 31, 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 subsidiaries	-	-	634	634
Change in the period				
New shares issued	75,000	75,000	-	150,000
Dividend paid	-	-	(14,003)	(14,003)
Net losses of the period	-	-	(196,709)	(196,709)
Net change in items other than shareholders' equity	-	-	-	-
Total change in the period	75,000	75,000	(210,712)	(60,712)
Ending balance as of December 31, 2007	270,146	200,288	(137,678)	332,756

	Revaluation / translation difference			Minority interests	Total net assets
	Net unrealized gains (or losses) on other securities, net of taxes	Foreign currency translation adjustments	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 subsidiaries	-	-	-	-	634
Change in the period					
New shares issued	-	-	-	-	150,000
Dividend paid	-	-	-	-	(14,003)
Net losses of the period	-	-	-	-	(196,709)
Net change in items other than shareholders' equity	(29,724)	(2,135)	(31,859)	122	(31,737)
Total change in the period	(29,724)	(2,135)	(31,859)	122	(92,449)
Ending balance as of December 31, 2007	(144)	14,701	14,556	129	347,442



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 the 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	Foreign currency translation adjustments	Total revaluation / translation difference		
Beginning balance as of March 31, 2006	35,471	5,677	41,148	6	413,670
Change in the 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 Financial Instruments Business" (Cabinet Office Ordinance No.52, 2007), "Uniform Accounting Standards of Securities Companies" (approved by the board of directors of Japan Securities Dealers Association, September 18, 2007), 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 : 18 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.  
 Industrial Decisions, Inc.  
 (note)

Mizuho Investment Consulting (Shanghai) Co., Ltd., Greater China Investments GP (Cayman) Ltd. and Greater China PE Fund L.P. were newly founded as subsidiaries of the Company in this period. 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. Industrial Decisions, Inc. is fully consolidated at the end of this period based on "effective control" principle.

## 2. Application of equity method

Affiliates accounted for under equity method : 8 companies

## Name of major affiliates

Mobile Internet Capital Inc.  
 Japan Industrial Partners Inc.  
 Energy & Environment Investment, Inc.

(note) a. Mizuho Alternative Investments, LLC and Energy & Environment First Investment Limited Partnership which were founded in this period, have been newly accounted for under equity method.  
 b. 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.  
 c. Industrial Decisions, Inc. is no longer accounted for under equity method, and is fully consolidated at the end of this period.  
 d. Max Investment Advisory Co., Ltd. is no longer accounted for under equity method as it has been liquidated.

## 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 other three subsidiaries, who have December 31 year end. Financial statements of these four, which are used for this consolidation, have September 30 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 and stock issuance cost are 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.  
Interest rate swaps to hedge interest rate rise of borrowings are, when they qualify for exceptional treatment, accounted for under exceptional method as permitted under Japanese GAAP.
- (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

The company and its subsidiaries in Japan changed its depreciation method for assets acquired on or after April 1, 2007 to comply with Tax Reform Act 2007 and "The treatment of depreciation for audit purpose at the present stage" (JICPA Audit and Assurance Practice Committee Report No.81, April 25, 2007). The effect on the consolidated financial statements is immaterial .

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

for the nine months ended December 31, 2006

## 1. Number of shares outstanding

(Unit: Shares)

	As of March 31, 2006	Increase	Decrease	As of December 31, 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 nine months ended December 31, 2007

## 1. Number of shares outstanding

(Unit: Shares)

	As of March 31, 2007	Increase	Decrease	As of December 31, 2007
Common Stock	3,685,000	1,000,000	-	4,685,000

(note)

Increase in the period is to Mizuho Corporate Bank, Ltd new share issuance through a third-party allocation.

## 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 nine months ended December 31, 2007)

## 1. Commission Income

## (1) Breakdown by categories

(Unit: Millions of Yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Brokerage commission	17,345	17,015	98.1%	23,788
(Stocks)	( 12,195 )	( 11,316 )	( 92.8% )	( 16,813 )
(Bonds)	( 5,141 )	( 5,689 )	( 110.7% )	( 6,964 )
Underwriting and selling commission	20,078	13,183	65.7%	24,831
(Stocks)	( 13,589 )	( 4,412 )	( 32.5% )	( 16,123 )
(Bonds)	( 6,269 )	( 8,206 )	( 130.9% )	( 8,321 )
Subscription and distribution commission	791	1,065	134.5%	1,355
(Bonds)	( 438 )	( 125 )	( 28.7% )	( 552 )
(Investment trusts)	( 171 )	( 434 )	( 253.8% )	( 382 )
Other commissions received	19,048	19,872	104.3%	27,929
<b>Total</b>	<b>57,264</b>	<b>51,136</b>	<b>89.3%</b>	<b>77,905</b>

## (2) Breakdown by products

(Unit: Millions of Yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	26,255	16,287	62.0%	33,526
Bonds	14,116	16,002	113.4%	18,839
Investment trusts	2,646	3,020	114.1%	3,689
Others	14,246	15,825	111.1%	21,849
<b>Total</b>	<b>57,264</b>	<b>51,136</b>	<b>89.3%</b>	<b>77,905</b>

## 2. Trading profit / loss

(Unit: Millions of Yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	13,355	1,436	10.8%	20,510
Bonds and others	33,721	(192,421)	-	42,734
<b>Total</b>	<b>47,077</b>	<b>(190,985)</b>	<b>-</b>	<b>63,245</b>

(Reference Data)

Quarterly Trends in Consolidated Statements of Operations

(Unit: Millions of Yen)

Descriptions	Three months ended Dec. 31, 2006	Three months ended Mar. 31, 2007	Three months ended Jun. 30, 2007	Three months ended Sep. 30, 2007	Three months ended Dec. 31, 2007
Operating revenues	186,830	183,620	207,687	135,114	4,465
Commission	21,634	20,640	17,200	17,827	16,108
Trading profit	17,157	16,168	27,434	(43,427)	(174,992)
Net gain on operating investment securities	150	(161)	776	3,258	(887)
Interest and dividend income	147,888	146,973	162,276	157,455	164,237
Interest expense	141,052	139,115	157,629	148,913	156,265
Net operating revenues (losses)	45,778	44,505	50,058	(13,799)	(151,799)
Selling, general and administrative expenses	31,368	32,721	35,336	33,447	34,315
Commissions and other transaction-related expenses	8,002	7,223	7,279	8,174	4,908
Compensation and benefits	15,162	16,908	17,602	16,847	18,944
Occupancy	3,457	3,892	4,412	4,133	4,626
Data processing and office supplies	1,693	2,097	2,484	1,495	1,843
Depreciation	1,629	1,680	1,714	1,737	2,159
Taxes and dues other than income taxes	415	462	495	367	507
Amortization of goodwill	45	15	15	15	15
Others	963	442	1,332	676	1,311
Operating profits (losses)	14,409	11,783	14,721	(47,246)	(186,115)
Non-operating revenues	736	1,961	825	847	625
Equity in profit of affiliated companies	51	9	28	358	185
Others	684	1,951	797	488	439
Non-operating expenses	833	1,334	1,116	1,456	1,781
Ordinary profits (losses)	14,312	12,410	14,430	(47,856)	(187,272)
Non-ordinary profits	(9)	284	777	935	18,358
Non-ordinary losses	113	368	305	5,914	771
Profits (losses) before income taxes and minority interests in net profits (losses)	14,190	12,326	14,902	(52,834)	(169,685)
Income taxes - current	5,988	6,172	7,946	(5,864)	1,502
Income taxes - deferred	458	(2,054)	828	(13,782)	(1,543)
Minority interests in net profits	0	0	1	(0)	3
Net profits (losses)	7,742	8,208	6,125	(33,186)	(169,647)

Nonconsolidated Balance Sheets

(As of December 31, 2007)

(Unit: Millions of yen)

Descriptions	As of December 31, 2006	As of December 31, 2007	Change	As of March 31, 2007
Assets				
Current assets	10,120,744	12,173,462	2,052,717	10,278,106
Cash and deposits	17,153	10,780	(6,373)	38,665
Cash segregated as deposits	19,498	14,039	(5,459)	18,198
Trading assets	5,456,905	7,185,943	1,729,037	5,671,001
Trading securities and others	5,258,332	6,821,583	1,563,250	5,485,135
Loan assets	32,897	67,048	34,151	8,421
Derivative transactions	165,675	297,311	131,635	177,443
Operating investment securities	34,136	51,328	17,192	40,091
Operating loan receivables	500	1,909	1,409	500
Receivable-unsettled trades	119,587	78,320	(41,266)	-
Margin transaction assets	2,521	1,196	(1,324)	870
Loans secured by securities	4,337,750	4,603,949	266,198	4,422,012
Payments for subscription	23,003	-	(23,003)	329
Guarantee deposits	47,960	50,550	2,589	54,738
Securities : fail to deliver	-	5	5	991
Variation margin paid	13,351	-	(13,351)	2,674
Short-term loans	15,000	138,000	123,000	-
Accrued income	20,191	21,113	921	19,976
Tax refundable	7,985	5,980	(2,005)	1,704
Short-term deferred tax assets	2,143	4,448	2,305	3,951
Others	3,061	5,909	2,847	2,405
Allowance for doubtful accounts	(6)	(12)	(6)	(5)
Fixed assets	232,241	219,176	(13,065)	258,008
Tangible fixed assets	6,006	9,429	3,422	6,182
Buildings	2,736	2,812	76	2,724
Furniture and fixtures	3,269	6,616	3,346	3,458
Intangible fixed assets	7,651	10,511	2,860	8,314
Goodwill	75	15	(60)	60
Software	7,523	10,446	2,922	8,202
Others	52	50	(2)	52
Investments and other assets	218,584	199,236	(19,348)	243,510
Investment securities	56,738	8,662	(48,075)	72,042
Investment in affiliates	132,035	117,651	(14,384)	132,035
Long-term loan to affiliates	13,000	43,970	30,970	23,000
Long-term guarantee deposits	3,463	5,789	2,326	3,660
Long-term prepaid expenses	6	506	499	5
Long-term deferred tax assets	12,149	21,365	9,216	11,544
Others	1,191	1,293	102	1,221
Allowance for doubtful accounts	-	(3)	(3)	-
Total assets	10,352,986	12,392,639	2,039,652	10,536,114

(Unit: Millions of yen)

Descriptions	As of December 31, 2006	As of December 31, 2007	Change	As of March 31, 2007
<b>Liabilities</b>				
Current liabilities	9,406,846	11,257,977	1,851,130	9,513,310
Trading liabilities	4,418,575	3,767,867	(650,708)	4,328,457
Trading securities and others	4,232,353	3,483,841	(748,511)	4,139,223
Derivative transactions	186,222	284,025	97,803	189,233
Payable - unsettled trades	-	-	-	132,845
Margin transaction liabilities	11,287	9,230	(2,056)	8,716
Borrowings secured by securities	2,934,991	3,693,790	758,798	2,834,477
Deposits received	17,724	14,323	(3,400)	18,689
Cash collateral received from customers	8,032	21,075	13,042	9,247
Securities : fail to receive	7	9	2	989
Variation margin received	-	1,979	1,979	-
Short-term borrowings	1,598,094	3,301,135	1,703,041	1,754,276
Commercial paper	390,000	408,700	18,700	390,200
Short-term bonds and notes	6,500	19,600	13,100	11,200
Advance receipt	754	523	(231)	765
Accrued expenses	15,680	17,050	1,370	16,069
Reserve for bonuses	4,406	2,042	(2,363)	6,682
Others	792	648	(143)	694
Fixed liabilities	561,909	794,673	232,764	617,149
Bonds and notes	280,500	364,800	84,300	302,800
Long-term borrowings	171,285	244,391	73,105	190,560
Long-term borrowings from affiliates	103,400	178,000	74,600	116,400
Reserve for retirement benefits	6,549	6,936	386	6,938
Reserve for retirement benefits for directors and operating officers	-	545	545	451
Others	174	-	(174)	-
Statutory reserves	1,936	2,027	91	2,027
Securities transaction liability reserve	1,852	1,922	70	1,922
Futures transaction liability reserve	83	104	21	104
<b>Total liabilities</b>	<b>9,970,692</b>	<b>12,054,679</b>	<b>2,083,986</b>	<b>10,132,488</b>
<b>Net assets</b>				
Shareholders' equity	370,648	338,848	(31,799)	377,605
Common stock	195,146	270,146	75,000	195,146
Capital surplus	125,288	200,288	75,000	125,288
Additional paid-in capital	125,288	200,288	75,000	125,288
Retained earnings	50,213	(131,586)	(181,799)	57,171
Legal earned reserve	870	870	-	870
Voluntary reserve	49,343	(132,456)	(181,799)	56,300
Reserve for special depreciation	24	-	(24)	12
Other reserve	1,500	1,500	-	1,500
Unappropriated retained earnings	47,818	(133,956)	(181,774)	54,788
Revaluation / translation difference	11,645	(888)	(12,534)	26,020
Net unrealized gains (or losses) on other securities, net of taxes	14,962	(888)	(15,851)	29,174
Net deferred hedge gains (or losses), net of taxes	(3,317)	-	3,317	(3,154)
<b>Total net assets</b>	<b>382,293</b>	<b>337,960</b>	<b>(44,333)</b>	<b>403,626</b>
<b>Total liabilities and net assets</b>	<b>10,352,986</b>	<b>12,392,639</b>	<b>2,039,652</b>	<b>10,536,114</b>



Nonconsolidated Statements of Operations

(for the nine months ended December 31, 2007)

(Unit: Millions of yen)

Descriptions	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Operating revenues	97,582	84,455	86.5%	135,932
Commissions	52,901	41,739	78.9%	72,221
Trading profit	26,120	3,103	11.9%	34,967
Net gains on operating investment securities	559	3,405	609.0%	555
Interest and dividend income	18,000	36,206	201.1%	28,188
Interest expenses	13,398	31,077	231.9%	20,631
Net operating revenues	84,184	53,377	63.4%	115,300
Selling, general and administrative expenses	51,735	59,982	115.9%	71,771
Commissions and other transaction-related expenses	13,318	17,112	128.5%	18,071
Compensation and benefits	22,286	21,007	94.3%	30,298
Occupancy	7,309	10,925	149.5%	10,634
Data processing and office supplies	3,647	4,161	114.1%	5,239
Depreciation	2,972	3,745	126.0%	4,047
Amortization of goodwill	-	45	-	60
Taxes and dues other than income taxes	1,127	1,315	116.7%	1,587
Others	1,073	1,668	155.4%	1,831
Operating profits (losses)	32,448	(6,604)	-	43,529
Non-operating revenues	3,697	9,864	266.8%	4,817
Non-operating expenses	2,147	4,043	188.3%	3,079
Ordinary profits (losses)	33,998	(783)	-	45,267
Non-ordinary profits	8	18,368	-	9
Non-ordinary losses	432	192,027	-	768
Profits (losses) before income taxes	33,574	(174,442)	-	44,508
Income taxes - current	6,777	1,094	16.1%	12,892
Income taxes - deferred	5,919	(782)	-	3,780
Net profits (losses)	20,877	(174,754)	-	27,835

## Nonconsolidated Statements of Changes in Net Assets

(for the nine months ended December 31, 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 the period									
Dividend paid	-	-	-	-	-	-	(6,633)	(6,633)	(6,633)
Net profit of the period	-	-	-	-	-	-	20,877	20,877	20,877
Release of reserve for special depreciation	-	-	-	-	(37)	-	37	-	-
Net change in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total change in the period	-	-	-	-	(37)	-	14,281	14,244	14,244
Ending balance as of December 31, 2006	195,146	125,288	125,288	870	24	1,500	47,818	50,213	370,648

	Revaluation / translation difference			Total net asset
	Net unrealized gains (or losses) on other securities, net of taxes	Net deferred hedge gains (or losses), net of taxes	Total revaluation/translation difference	
Beginning balance as of March 31, 2006	35,451	-	35,451	391,854
Change in the period				
Dividend paid	-	-	-	(6,633)
Net profit of the period	-	-	-	20,877
Release of reserve for special depreciation	-	-	-	-
Net change in items other than shareholders' equity	(20,488)	(3,317)	(23,805)	(23,805)
Total change in the period	(20,488)	(3,317)	(23,805)	(9,561)
Ending balance as of December 31, 2006	14,962	(3,317)	11,645	382,293

Nonconsolidated Statements of Changes in Net Assets

(for the nine months ended December 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, 2007	195,146	125,288	125,288	870	12	1,500	54,788	57,171	377,605
Change in the period									
New Shares issued	75,000	75,000	75,000	-	-	-	-	-	150,000
Dividend paid	-	-	-	-	-	-	(14,003)	(14,003)	(14,003)
Net loss of the period	-	-	-	-	-	-	(174,754)	(174,754)	(174,754)
Release of reserve for special depreciation	-	-	-	-	(12)	-	12	-	-
Net change in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total change in the period	75,000	75,000	75,000	-	(12)	-	(188,744)	(188,757)	(38,757)
Ending balance as of December 31, 2007	270,146	200,288	200,288	870	-	1,500	(133,956)	(131,586)	338,848

	Revaluation / translation difference			Total net asset
	Net unrealized gains (or losses) on other securities, net of taxes	Net deferred hedge gains (or losses), net of taxes	Total revaluation/translation difference	
Beginning balance as of March 31, 2007	29,174	(3,154)	26,020	403,626
Change in the period				
New Shares issued	-	-	-	150,000
Dividend paid	-	-	-	(14,003)
Net loss of the period	-	-	-	(174,754)
Release of reserve for special depreciation	-	-	-	-
Net change in items other than shareholders' equity	(30,063)	3,154	(26,908)	(26,908)
Total change in the period	(30,063)	3,154	(26,908)	(65,666)
Ending balance as of December 31, 2007	(888)	-	(888)	337,960

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 the 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 the 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 gains (or losses), net of taxes	Total revaluation/translation difference	
Beginning balance as of March 31, 2006	35,451	-	35,451	391,854
Change in the 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 the 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 Financial Instruments Business " (Cabinet Office Ordinance No.52, 2007), "Uniform Accounting Standards of Securities Companies" (approved by the board of directors of Japan Securities Dealers Association, September 18, 2007), 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 38 and Article 57 of the Regulations.

Basis of nonconsolidated financial statements

## 1. Valuation of trading account securities and derivatives

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 Financial Instruments 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 and stock issuance cost are 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.

Interest rate swaps to hedge interest rate rise of borrowings are, when they qualify for exceptional treatment, accounted for under exceptional method as permitted under Japanese GAAP.

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

The company changed its depreciation method for assets acquired on or after April 1, 2007 to comply with Tax Reform Act 2007 and "the treatment of depreciation for audit purpose at the present stage" (JICPA Audit and Assurance Practice Committee Report No.81, April 25, 2007). The effect on the consolidated financial statements is negligible

Notes to nonconsolidated balance sheets

	(Unit: Millions of yen)		
	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Mar. 31, 2007
1. Accumulated depreciation of tangible fixed assets	6,943	8,608	7,332
2. Subordinated debts			
Bonds, notes, long-term borrowings, and long-term borrowings from affiliates include Subordinated debts provided in Article 176 of "Cabinet Office Ordinance Concerning Financial Instruments Business " (Cabinet Office Ordinance No.52, 2007), and the amounts are as follows.			
	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Mar. 31, 2007
Subordinated bonds (Bonds and notes)	40,000	40,000	40,000
Subordinated borrowings (Long-term and Short-term borrowings, Long-term borrowings from affiliates)	115,000	188,000	138,000
3. Loan balance as per "Money Lending Business Law" (Law 32, 1983)			
	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Mar. 31, 2007
	29,455	7,692	5,000

Notes to nonconsolidated statements of operations

	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2007	Year ended March 31, 2007
	yen	yen	yen
1. Net profits (losses) per share	5,665	(46,236)	7,553
2. Details of non-ordinary profits / losses			
(Unit: Millions of yen)			
Non-ordinary profits	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2007	Year ended March 31, 2007
Gain from sales of investment securities	-	18,368	-
Gain on liquidation of investment securities	3	-	3
Release of allowance for doubtful accounts	4	-	5
Non-ordinary losses	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2007	Year ended March 31, 2007
Loss on sale or disposal of fixed assets	101	19	107
Valuation loss on investment securities	90	0	102
Liquidation loss on investment securities	-	7	-
Valuation loss on subsidiary stock	-	190,465	-
Loss on impairment of fixed assets	-	4	-
Provision for securities transaction liability reserve	237	-	307
Provision for futures transaction liability reserve	-	-	21
Merger-related expenses	-	1,528	-
Provisions for reserve for retirement benefits for directors and operating officers for past fiscal year	-	-	225
Others	3	-	3

Notes to nonconsolidated statements of changes in net assets

(As of Dec. 31, 2006)

## Treasury stock

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

(As of Dec. 31, 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 Nine Months Ended December 31, 2007

(note) The percentage in the column of Period-to-to period comparison indicates percentage of change compared to the same period in the previous year.

### 1. Commission Income

#### (1) Breakdown by categories

(Unit: Millions of Yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Brokerage Commission	6,456	4,889	75.7%	8,476
(Stocks)	( 5,983 )	( 4,515 )	( 75.5% )	( 7,889 )
(Bonds)	( 455 )	( 356 )	( 78.3% )	( 563 )
Underwriting and selling commission	20,078	11,869	59.1%	24,831
(Stocks)	( 13,589 )	( 4,242 )	( 31.2% )	( 16,123 )
(Bonds)	( 6,269 )	( 7,064 )	( 112.7% )	( 8,321 )
Subscription and distribution commission	791	1,065	134.5%	1,355
(Bonds)	( 438 )	( 125 )	( 28.7% )	( 552 )
(Investment trusts)	( 171 )	( 434 )	( 253.8% )	( 382 )
Other commissions received	25,574	23,915	93.5%	37,556
<b>Total</b>	<b>52,901</b>	<b>41,739</b>	<b>78.9%</b>	<b>72,221</b>

#### (2) Breakdown by products

(Unit: Millions of Yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	22,634	11,391	50.3%	28,023
Bonds	14,656	13,937	95.1%	20,910
Investment trusts	2,655	3,027	114.0%	3,703
Others	12,955	13,382	103.3%	19,583
<b>Total</b>	<b>52,901</b>	<b>41,739</b>	<b>78.9%</b>	<b>72,221</b>

### 2. Trading profit / loss

(Unit: Millions of Yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period-to-period comparison (%)	Year ended March 31, 2007
Stocks	9,831	4,556	46.3%	12,953
Bonds	14,504	(7,254)	-	18,405
Others	1,784	5,801	325.1%	3,608
(of which Foreign exchange)	( 511 )	( 5,358 )	( - )	( 1,718 )
<b>Total</b>	<b>26,120</b>	<b>3,103</b>	<b>11.9%</b>	<b>34,967</b>

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

(Unit: Millions of stocks, Millions of Yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2007		Period-to-period comparison (%)		Year ended March 31, 2007	
	stocks	Amount	stocks	Amount	stocks	Amount	stocks	Amount
<b>Total</b>	10,733	17,738,547	12,481	20,693,749	116.3%	116.7%	14,896	24,915,253
(Proprietary) a	( 4,453 )	( 7,154,855 )	( 5,904 )	( 9,632,596 )	( 132.6% )	( 134.6% )	( 6,153 )	( 10,059,930 )
(Brokerage) b	( 6,280 )	( 10,583,692 )	( 6,576 )	( 11,061,153 )	( 104.7% )	( 104.5% )	( 8,742 )	( 14,855,323 )
b/(a+b)	58.5%	59.7%	52.7%	53.5%			58.7%	59.6%
TSE share	1.4%	1.7%	1.4%	1.7%			1.4%	1.7%



## 4. Volume of underwriting, subscription and distribution

(Unit: Millions of stocks, Millions of Yen)

		Nine months ended December 31, 2006	Nine months ended December 31, 2007	Period to period comparison (%)	Year ended March 31, 2007
Underwriting	Stocks (No. of stocks)	429	52	12.2%	499
	Stocks (Amount)	411,652	85,625	20.8%	500,346
	Bonds (Face amount)	3,416,918	3,787,016	110.8%	4,664,939
Subscription and distribution*	Stocks (No. of stocks)	422	53	12.6%	492
	Stocks (Amount)	865,209	116,125	13.4%	963,788
	Bonds (Face amount)	1,656,585	2,017,020	121.8%	2,286,959
	trusts (Face amount)	538,167	654,123	121.5%	780,188

\* Including selling and distribution of private placement.

(note)

We have reviewed our product categorization for Subscription and distribution and reclassified certain numbers of previous period accordingly.

## 5. Capital adequacy ratio

(Unit: Millions of stocks, Millions of Yen)

		Nine months ended December 31, 2006	Nine months ended December 31, 2007	Year ended March 31, 2007
Basic Capital	(A)	370,648	337,960	363,602
Supplementary Capital	Unrealized gain on other securities, net of taxes	11,645	-	26,020
	Statutory reserves	1,936	2,027	2,027
	Allowance for doubtful accounts	6	12	5
	Long-term subordinated debt	70,000	128,000	89,000
	Short-term subordinated debt	85,000	100,000	89,000
	Total (B)	168,587	230,039	206,053
Deduction : Disallowed assets	(C)	217,184	224,181	231,357
Capital after deduction	(A) + (B) - (C) (D)	322,051	343,818	338,298
Amount of risks	Market risk	73,227	111,874	95,718
	Counterparty risk	9,944	15,109	11,890
	Basic risk	19,809	27,390	20,926
	Total (E)	102,980	154,373	128,535
Capital adequacy ratio	(D)/(E)	312.7%	222.7%	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	Lump sum
Subordinated borrowings	March 19, 2004	March 19, 2008	7,000	Short-term	Installment
		March 19, 2009	11,000		
	March 29, 2005	April 20, 2015	20,000	Long-term	Lump sum
	May 30, 2006	May 30, 2016	10,000	Long-term	Lump sum
	May 30, 2006	March 31, 2010	5,000	Short-term	Installment
		March 31, 2011	5,000		
		March 31, 2012	1,000	Short-term	
			4,000		
	March 31, 2013	15,000	Long-term	Final payment	
	September 28, 2006	September 28, 2010	5,000	Short-term	Installment
		September 28, 2011	5,000		
		September 28, 2012	1,000	Short-term	
			4,000		
	September 28, 2013	15,000	Long-term	Final payment	
	January 31, 2007	January 31, 2011	5,000	Short-term	Installment
January 31, 2012		5,000			
January 31, 2013		5,000	Long-term		
January 31, 2014		15,000		Final payment	
July 20, 2007	July 20, 2011	5,000	Short-term	Installment	
	July 20, 2012	5,000			
	July 20, 2013	5,000	Long-term		
	July 20, 2014	35,000			Final payment
Long-term subordinated debts total			128,000		
Short-term subordinated debts total			100,000		

(Reference Data)

Quarterly Trends in Nonconsolidated Statements of Operations

(Unit: Millions of yen)

Descriptions	Three months ended Dec. 31, 2006	Three months ended Mar. 31, 2007	Three months ended Jun. 30, 2007	Three months ended Sep. 30, 2007	Three months ended Dec. 31, 2007
Operating revenues	39,068	38,349	42,446	15,290	26,718
Commission	19,458	19,319	14,109	15,402	12,227
Trading profit	12,297	8,846	18,213	(16,132)	1,022
Net gain on operating investment securities	461	(3)	937	3,311	(843)
Interest and dividend income	6,850	10,187	9,185	12,710	14,311
Interest expense	5,495	7,233	8,752	10,027	12,297
Net operating revenues	33,572	31,116	33,693	5,263	14,420
Selling, general and administrative expenses	18,194	20,035	20,805	20,004	19,172
Commissions and other transaction-related expenses	4,622	4,753	5,572	6,700	4,838
Compensation and benefits	7,596	8,012	8,002	6,214	6,791
Occupancy	2,726	3,324	3,639	3,362	3,923
Data processing and office supplies	1,417	1,592	1,449	1,545	1,166
Depreciation	1,042	1,075	1,077	1,193	1,474
Amortization of goodwill	-	60	15	15	15
Taxes and dues other than income taxes	404	459	489	343	482
Others	383	758	558	630	480
Operating profits (losses)	15,378	11,080	12,888	(14,741)	(4,751)
Non-operating revenues	193	1,120	9,351	207	306
Non-operating expenses	835	932	1,016	1,214	1,812
Ordinary profits (losses)	14,735	11,268	21,223	(15,748)	(6,258)
Non-ordinary profits	0	0	6	(0)	18,362
Non-ordinary losses	110	335	187	460	191,379
Profits (losses) before income taxes	14,625	10,933	21,042	(16,209)	(179,275)
Income taxes - current	5,874	6,114	6,798	(6,475)	771
Income taxes - deferred	282	(2,138)	962	(126)	(1,619)
Net profits (losses)	8,468	6,957	13,280	(9,607)	(178,427)