



July 29, 2008

Summary of Financial Statements for the First Three Months Ended June 30, 2008

Listed company's name: **Shinko Securities Co., Ltd.**

Listed on: 1st sections of TSE, OSE, NSE

Code No.: 8606

URL: <http://www.shinko-sec.co.jp/>

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The quarterly financial report is scheduled to be submitted on August 14, 2008

1. Consolidated Financial Results for the Three Months Ended June 30, 2008

(April 1, 2008 to June 30, 2008)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2008	36,617	-	32,353	-	3,392	-	3,997	-
Three months ended June 30, 2007	44,549	30.7	40,243	23.0	10,427	95.8	11,304	51.6

	Net income		Net income per share	Net income per share – fully diluted
	million yen	%	yen	yen
Three months ended June 30, 2008	2,704	-	3.50	3.50
Three months ended June 30, 2007	7,249	42.2	9.38	9.36

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Three months ended June 30, 2008	3,517,076	277,958	7.7	351.13
Year ended March 31, 2008	4,217,842	281,064	6.5	354.88

Note: Shareholders' equity: Three Months ended June 30, 2008: 271,485 million yen
Year ended March 31, 2008: 274,389 million yen

2. Dividends

Record date	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of financial year	Full year
Year ended March 31, 2008	yen -	yen -	yen -	yen 10.00	yen 10.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (forecast)	-	-	-	-	-

Note: Revision of dividend forecast during the three months ended June 30, 2008: None
Dividends for the year ending March 31, 2009, are yet to be determined.

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

Note: Revision of earnings forecast during the three months ended June 30, 2008: None
Because the company's earnings are strongly influenced by market conditions, it does not produce forecasts of business results.

4. Other Information

- (1) Significant changes in subsidiaries during the period (scope of consolidation): None
- (2) Use of simplified accounting methods and/or accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
Note: For details, see "4. Other information" on page 5 in the "Business Results and Financial Statements" section.
- (3) Changes in accounting principles, procedure, and methods of disclosure used in the preparation of financial statements for the accounting period under review (stated in "Changes in Basic Important Matters for Preparation of Quarterly Consolidated Financial Statements"):
 - 1) Changes in accordance with revisions to accounting standards: Yes
 - 2) Changes other than 1) above: Yes
Note: For details, see "4. Other information" on page 5 in the "Business Results and Financial Statements" section.
- (4) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued at end of the period (treasury stock included):

Three months ended June 30, 2008:	811,118,683 shares
Year ended March 31, 2008:	811,118,683 shares
 - 2) Number of shares held in treasury at end of the period:

Three months ended June 30, 2008:	37,950,048 shares
Year ended March 31, 2008:	37,935,846 shares
 - 3) Average number of shares outstanding (for the three months):

Three months ended June 30, 2008:	773,173,952 shares
Three months ended June 30, 2007:	772,981,486 shares

* Appropriate Use of Financial Forecasts and Other Important Matters

1. The company's basic dividend policy calls for dividends to be determined flexibly based on earnings. However, producing adequate forecasts of earnings is difficult since the Group companies are mainly involved in the securities business, and earnings are significantly affected by changes in equity market conditions. Dividends forecasts are therefore not available as of the date of this report.
2. Effective this financial year, the Company adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). The consolidated financial statements for three months ended June 30, 2008, were prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

Business Results and Financial Statements

1. Analysis of consolidated business results

In the first quarter, the Japanese economy saw exports to emerging markets remain solid, but signs that the economy was stalling increased, mainly in the corporate sector, due to inventory adjustments in the IT sector and surging prices of crude oil and other raw materials that weighed down corporate profits, causing capital investment to slow. As improvements in the employment situation attenuated, the outlook for the household sector remained uncertain. Personal spending was sluggish from early spring and prices rose due to increases in prices of daily goods such as gasoline and food products. Equity markets sustained an upturn after the simultaneous worldwide slump in early spring. After starting the first quarter above 12,600 yen, the Nikkei Index was buoyed by rising U.S. stock prices and revaluations of Japanese stocks, and recovered to top 14,400 yen in early June for the first time in five months. A subsequent fall in U.S. stock prices due to reignited financial sector worries and surging crude oil prices, however, pushed the market into an adjustment phase that saw the Nikkei end the first quarter at 13,400. A recovery of the stock market and rising long-term U.S. interest rates led to stronger anticipation of higher interest rates in the bond market through early June, and the yield on the 10-year Japanese government bond temporarily moved above 1.85%. Subsequently, both Japanese and international stock markets shifted into adjustment mode, which temporarily eased the interest rate rise, but persistent inflation concerns limited the fall, and the yield finished the period in the lower half of the 1.6–1.7% range.

Overseas, consumer spending in the U.S. economy was propped up by reductions in income taxes, but the underlying slowdown continued as the corporate sector grew increasingly cautious about expanding employment and investment. The European economy remained firm, although uncertainty regarding the future outlook spread as rising prices weighed on consumer spending and exports slowed. U.S. stock markets continued their general recovery through early May, returning to levels seen at the start of the year, but rising crude oil prices subsequently drove up inflation concerns and refueled financial uncertainty, which dampened market sentiment. Europe also entered an adjustment phase near the end of the period in sync with movements in U.S. stocks. With regard to bond markets, rising inflation in Europe and the U.S. spurred speculation of early rate hikes which produced some spikes in long-term rates. Stock price adjustments and the trend in investment money toward risk aversion through to the end of the period, however, saw both U.S. and European markets finish on a more subdued note.

Under these conditions, the Shinko Group posted consolidated operating revenues of ¥36.617 billion, a year-on-year decrease of 17.8%, ordinary income of ¥3.997 billion, a 64.6%, and net income of ¥2.704 billion, a 62.7% decline. An overview of these results follows.

(1) Commissions and fees received

Commission income for the first quarter totaled ¥15.396 billion, down 34.2% from the first quarter last year. The following gives a breakdown of this income.

• Brokerage commissions

The average daily turnover during the first quarter was ¥2.4926 trillion, a decline of 17.3% compared to the first quarter last year. Shinko's brokerage trading terms of trading volume was 1,225 million shares, a decreased of 34.0% compared to the first quarter last year, and ¥1,297.6 billion in terms of trading value, a

decrease of 37.6%. As a result, the Shinko Group's brokerage commissions on equity trades totaled ¥5.727 billion, a decline of 34.5%.

- Underwriting and selling fees

In the first quarter, Shinko lead managed 1 IPO. As a result, the Group's underwriting commissions on equity totaled ¥72 million, a decrease of 92.9% from the first quarter last year.

Shinko also acted as lead manager or joint lead manager for 5 issues of corporate bonds, and acted as joint lead manager for 1 issue of fiscal investment and loan program agency bonds. As a result, the Group's underwriting commissions on bonds totaled ¥343 million, an increase of 48.2% from the first quarter last year.

- Offering, selling, and other fees and commissions

This income principally comes from distribution commissions on investment trusts.

During the first quarter, Shinko introduced a new overseas equity investment trust, Arabian Blue, which allow investors to benefit from growth in the Middle Eastern and North African economies.

Against a background of prolonged low interest-rate levels, we also continued to promote existing investment trusts, focusing on dividend-paying investment trusts, which enjoy strong demand from individual investors, and investment trusts related to emerging markets with high economic growth rates. As a result of these initiatives, offering, selling, and other fees and commissions totaled ¥3.192 billion, a decrease of 45.7% compared to the first quarter last year.

- Other fees and commissions

Other commissions include service fees for investment trusts and wrap accounts, sales commissions for annuity insurance, and consultation fees for M&As and IPOs. In the first quarter, other commissions total ¥6.04 billion, a decrease of 19.5% from the first quarter last year.

(2) Trading profits

Net trading profits on equities totaled ¥5.62 billion, an increase of 54.3% from the first quarter last year, while those on fixed income securities and others totaled ¥11.438 billion, a decrease of 10.2%. As a result, total net trading profits for the first quarter came to ¥17.040 billion, an increase of 4.1%.

(3) Financial profit/loss

Financial revenues came to ¥4.197 billion, a decrease of 6.9% from the first quarter last year, while financial expenses totaled ¥4.263 billion, a decrease of 1.0%. As a result, the first quarter saw a net financial loss of ¥66 million.

(4) Selling, general and administrative expenses

Personnel expenses decreased during the first quarter, resulting in selling, general and administrative expenses of ¥28.961, a decrease of 2.9% compared to the first quarter last year.

(5) Extraordinary profits and losses

Extraordinary profit included a ¥357 million draw down from the exchange conversion adjustment account associated with the liquidation of an overseas subsidiary. Extraordinary losses included ¥254 million in merger expenses and ¥33 million for the retirement of fixed assets. The net result was extraordinary profit of ¥45 million.

2. Analysis of consolidated financial position

At the end of the first quarter, total assets came to ¥3.517076 trillion, a ¥700.765 billion decrease from the end of last fiscal year. This was due to a ¥836.7 billion decrease in collateralized short-term financing agreements and a ¥83.881 billion decrease in trade date accrual, despite a ¥200.651 increase in trading instruments.

At the end of the first quarter, total liabilities came to ¥3.239118 trillion, a ¥697.658 billion decrease from the end of last fiscal year. This was due to a ¥1.007869 trillion decrease in collateralized short-term financing agreements, although trading instruments increased by ¥235.025 billion.

At the end of the first quarter, net assets came to ¥277.958 billion, a ¥3.16 billion decrease from the end of last fiscal year. This was due to a ¥5.027 billion decrease in retained earnings due to the payment of dividends and other factors, and despite ¥2.378 billion in net unrealized gains on other securities.

3. Forecast of consolidated business results

Because the main business of our corporate group is the securities business, our earnings are significantly influenced by market conditions and other factors. For this reason, we do not produce forecasts of our business results.

4. Other information

(1) Significant changes in subsidiaries during the period (scope of consolidation)

None

(2) Use of simplified accounting methods and/or accounting methods specific to the preparation of quarterly consolidated financial statements

1) Simplified accounting methods

Depreciation of fixed assets

The value of depreciation on fixed assets subject to the straight-line method for the consolidated fiscal year is allocated to quarterly periods in accordance with the length of those periods.

2) Accounting methods specific to the preparation of quarterly consolidated financial statements

None

(3) Changes in accounting principles, procedure, and methods of disclosure used in the preparation of financial statements for the accounting period under review

1) Changes in accordance with revisions to accounting standards

- (a) Effective this financial year, the Company adopted the “Accounting Standard for Quarterly Financial Reporting” (ASBJ, March 14, 2007, ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ, March 14, 2007, ASBJ Guidance No. 14). The consolidated financial statements for the three months ended June30, 2008, were prepared based on the “Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements.”

(b) Reserve for securities transaction liabilities

The reserve for securities transaction liabilities, which was previously accounted for based on Article 51 of the former Securities and Exchange Act and Article 35 of the former Cabinet Office Ordinance on Securities Corporations. However, due to the enforcement of the Financial Instruments and Exchange Act, this reserve will be recorded as the reserve for financial instrument transaction liabilities in accordance with Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instruments Corporation.

2) Changes other than 1) above

Adoption of accounting standard for lease transactions

Effective this first quarter under review, the Company adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13; June 17, 1993; latest revision March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Statement Guidance No.16; January 18, 1994; latest revision March 30, 2007). Non-ownership-transfer finance leases will no longer be subject to accounting treatment similar to that for operating leases and will instead be treated as sales transactions.

The conventional accounting treatment will still apply to non-ownership-transfer finance leases that commenced on or before March 31, 2008.

The effect of this change on earnings is not significant.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of June 30, 2008	As of March 31, 2008
Assets		
Current assets		
Cash on hand and bank deposits	88,768	89,788
Cash segregated as deposits related to securities transactions	64,234	49,564
Trading assets	1,676,108	1,475,457
Trading securities, etc.	1,660,743	1,457,309
Derivatives	15,364	18,147
Receivables from brokers, dealers and customers	-	83,881
Investment securities for sale, etc.	10,620	10,457
Receivables related to margin transactions	62,927	57,372
Customers' loans receivable under margin transactions	37,852	43,394
Collateral for borrowed securities under margin transactions	25,074	13,978
Collateralized short-term financing agreements	1,442,980	2,279,680
Deposits paid for securities borrowed	1,419,731	2,066,241
Securities purchased under agreements to resell	23,249	213,438
Advances	283	196
Accounts for non-delivered securities and others	6	-
Short-term loans receivable	92	79
Securities	6,121	10,923
Deferred tax assets	1,786	2,367
Other current assets	22,235	20,693
Less: Allowance for doubtful accounts	(34)	(47)
Total current assets	3,376,133	4,080,417
Fixed assets		
Tangible fixed assets	34,041	34,195
Intangible fixed assets	32,022	32,959
Investments and other assets	74,879	70,269
Investment securities	55,475	51,344
Log-term deposits	11,001	11,100
Deferred tax assets	437	497
Other	11,567	10,913
Less: Allowance for doubtful accounts	(3,601)	(3,586)
Total fixed assets	140,943	137,424
Total assets	3,517,076	4,217,842

(In million yen)		
	As of June 30, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Trading liabilities	1,201,568	966,543
Trading securities, etc.	1,193,164	955,455
Derivatives	8,404	11,087
Payables to brokers, dealers and customers	17,515	-
Payables related to margin transactions	23,762	18,124
Customers' loans payable under margin transactions	20,255	15,776
Collateral for loaned securities under margin transactions	3,507	2,347
Collateralized short-term financing agreements	1,182,182	2,190,051
Deposits received for securities loaned	1,081,751	1,844,224
Securities sold under agreements to repurchase	100,431	345,827
Deposits received	46,938	39,785
Received margins	18,233	28,442
Accounts for non-received securities and others	19	0
Short-term borrowings	545,480	459,720
Commercial paper	94,500	126,500
Income taxes payable	331	1,450
Accrued employee's bonuses	2,183	4,290
Accrued directors' bonuses	-	243
Allowance for bonus points redemption	943	858
Other current liabilities	13,854	11,313
Total current liabilities	3,147,514	3,847,323
Fixed liabilities		
Corporate bonds	33,000	33,000
Long-term borrowings	40,650	40,650
Deferred tax liabilities	9,186	7,155
Accrued retirement benefits	5,252	5,149
Reserve for directors' retirement benefits	690	769
Reserve for executive officers' retirement benefits	873	878
Other fixed liabilities	1,244	1,165
Total fixed liabilities	90,897	88,768
Statutory reserve		
Reserve for securities transaction liabilities	-	685
Reserve for financial instrument transaction liabilities	706	-
Total statutory reserve	706	685
Total liabilities	3,239,118	3,936,777

(In million yen)		
	As of June 30, 2008	As of March 31, 2008
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	82,970	82,969
Retained earnings	57,744	62,771
Treasury stock	(7,380)	(7,373)
Total shareholders' capital	<u>258,502</u>	<u>263,534</u>
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	12,713	10,334
Foreign currency translation adjustment	269	519
Total valuation and translation adjustments	<u>12,983</u>	<u>10,854</u>
Minority interests	<u>6,472</u>	<u>6,675</u>
Total net assets	<u>277,958</u>	<u>281,064</u>
Total net assets and liabilities	<u>3,517,076</u>	<u>4,217,842</u>

(2) Consolidated Statements of Income

(In million yen)

	Three months ended June 30, 2008
Operating revenue	
Commissions and fees	15,396
Brokerage commissions	5,748
Underwriting and selling fees	415
Offering and selling fees and commissions	3,192
Other commissions and fees	6,040
Gain on trading, net	17,040
Gain (loss) on sales of investment securities for sale, etc.	(17)
Interest and dividend income	4,197
Total operating revenue	<u>36,617</u>
Financial expenses	4,263
Net operating revenue	<u>32,353</u>
Operating costs and expenses	28,961
Transaction expenses	4,425
Personnel expenses	13,257
Real estate expenses	4,056
Office expenses	2,462
Depreciation and amortization	3,314
Taxes and dues	367
Provision of allowance for doubtful accounts	21
Other	1,055
Operating income	<u>3,392</u>
Non-operating income	1,153
Non-operating expenses	548
Equity in loss of non-consolidated subsidiaries and affiliates	9
Other	539
Ordinary income	<u>3,997</u>
Extraordinary gains	361
Gain on sale of investment securities, net	3
Reversal of translation adjustments due to liquidation of affiliates	357
Extraordinary losses	316
Loss on disposition of fixed assets	33
Loss on sale of investment securities, net	0
Loss on valuation of investment securities	6
Expenses related to merger	254
Provision for reserve for financial instrument transaction liabilities	20
Income before income taxes and minority interests	<u>4,042</u>
Income taxes, etc.	151
Adjustment amount for income taxes	1,086
Total income taxes, etc.	<u>1,238</u>
Minority interests	99
Net income	<u>2,704</u>

(3) Consolidated Cash flow Statement

(In million yen)

	Three months ended June 30, 2008
Cash flow from operating activities	
Income before income taxes and minority interests	4,042
Depreciation and amortization	3,342
Adjustment for extraordinary gains and loss	
Loss on disposition of fixed assets	33
(Gain) loss on sale of investment securities, net	(3)
(Gain) loss on valuation of investment securities, net	6
(Gain) loss on reversal of translation adjustments due to liquidation of affiliates	(357)
Interest and dividend income	(4,387)
Interest expense	4,263
Equity in (income) loss of non-consolidated subsidiaries and affiliates	9
(Increase) decrease in loans receivable	(11)
(Increase) decrease in trust cash fund for customer money	(14,675)
Increase (decrease) in advances and deposits received	7,155
(Increase) decrease in trading liabilities, net of trading assets	135,771
(Increase) decrease in receivables related to margin transactions	(5,554)
Increase (decrease) in payables related to margin transactions	5,638
(Increase) decrease in loans receivable secured by securities	836,700
Increase (decrease) in loans payable secured by securities	(1,007,869)
Increase (decrease) in allowance for doubtful accounts	2
Increase (decrease) in accrued employee's bonuses	(2,350)
Increase (decrease) in accrued retirement benefits	18
Increase (decrease) in reserve for financial instrument transaction	20
Other	(13,754)
Subtotal	(51,959)
Interest and dividend income received	5,958
Interest expenses paid	(4,331)
Income taxes, etc. paid	(1,270)
Net cash provided by (used in) operating activities	<u>(51,602)</u>
Cash flow from investing activities	
Payments for investment securities	(304)
Proceeds from sale and redemption of investment securities	4,952
Payments for acquisition of tangible fixed assets	(299)
Payments for acquisition of intangible fixed assets	(1,628)
Payments for long-term deposits	(92)
Proceeds from long-term deposits	192
Other	(1,590)
Net cash provided by (used in) investing activities	<u>1,227</u>

	Three months ended June 30, 2008
<hr/>	
Cash flow from financing activities	
Increase (decrease) in short-term borrowings	85,760
Increase (decrease) in commercial papers	(32,000)
Repurchase of treasury stocks	(7)
Proceeds from disposition of treasury stock	2
Dividend payment	(5,940)
Cash dividends to minority shareholders	(297)
Net cash provided by (used in) financing activities	<u>47,516</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>338</u>
Increase (decrease) in cash and cash equivalents	<u>(2,519)</u>
Cash and cash equivalents at beginning of period	<u>87,654</u>
Cash and cash equivalents at end of period	<u>85,135</u>

Effective this financial year, the Company has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ, March 14, 2007, ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ, March 14, 2007, ASBJ Guidance No. 14). The consolidated financial statements for three months ended June 30, 2008 is prepared based on “Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements.”

(4) Note on the going concern assumption

Not applicable

(5) Note on significant changes in the amount of shareholders' equity

Not applicable

For reference

Consolidated Statements of Income for the Three Months Ended June 30, 2007

	(In million yen)
	Three months ended June 30, 2007
Operating revenue	44,549
Commissions and fees	23,397
Gain on trading, net	16,371
Gain (loss) on sales of investment securities for sale, etc.	274
Interest and dividend income	4,506
Financial expenses	4,306
Net operating revenue	40,243
Operating costs and expenses	29,815
Transaction expenses	4,309
Personnel expenses	15,052
Real estate expenses	3,871
Office expenses	2,136
Depreciation and amortization	3,079
Taxes and dues	463
Other	902
Operating income	10,427
Non-operating income	1,276
Equity in income of non-consolidated subsidiaries and affiliates	21
Other	1,255
Non-operating expenses	400
Ordinary income	11,304
Extraordinary gains	328
Gain on sale of investment securities, net	77
Gain on liquidation of affiliates	214
Reversal of allowance for doubtful accounts	36
Extraordinary losses	309
Loss on sale of fixed assets	3
Loss on disposition of fixed assets	22
Write-down of investment securities	129
Expenses related to merger	97
Provision for reserve for securities transaction liabilities	56
Income before income taxes and minority interests	11,323
Income taxes, etc.	2,361
Adjustment amount for income taxes	1,522
Minority interests	189
Net income	7,249

Consolidated Cash flow Statement for the Three Months Ended June 30, 2007

	(In million yen)
	Six months ended June 30, 2007
I Cash flow from operating activities	
Income before income taxes and minority interests	11,323
Depreciation and amortization	3,079
Adjustment for extraordinary gains and losses	
Loss on sale or disposition of fixed assets	25
Gain on sale of investment securities, net	(77)
Write-down and loss on sale of investment securities	129
Provision for reserve for securities transaction liabilities	56
Interest and dividend income	(2,217)
Interest expense	1,357
Equity in income of non-consolidated subsidiaries and affiliates	(21)
(Increase) decrease in loans receivable	(23)
(Increase) decrease in trust cash fund for customer money	(9,595)
Increase (decrease) in advances and deposits received	12,959
(Increase) decrease in trading liabilities, net of trading assets	(145,146)
(Increase) decrease in receivables related to margin transactions	(21,456)
Increase (decrease) in payables related to margin transactions	(14,731)
(Increase) decrease in loans receivable secured by securities	(80,798)
Increase (decrease) in loans payable secured by securities	312,916
Increase (decrease) in allowance for doubtful accounts	(31)
Increase (decrease) in accrued employee's bonuses	(3,532)
Increase (decrease) in accrued retirement benefits	(1,232)
Other	15,280
Subtotal	78,265
Interest and dividend income received	1,979
Interest expenses paid	(1,122)
Income taxes, etc. paid	(8,642)
Net cash provided by (used in) operating activities	70,479
II Cash flow from investing activities	
Payments for investment securities	(1,297)
Proceeds from sale of investment securities	1,904
Payments for acquisition of tangible fixed assets	(110)
Payments for acquisition of intangible fixed assets	(1,573)
Other	(164)
Net cash provided by (used in) investing activities	(1,241)
III Cash flow from financing activities	
Increase (decrease) in short-term borrowings	(101,828)
Increase (decrease) in commercial papers	3,800
Repurchase of treasury stocks	(29)
Proceeds from disposition of treasury stock	46
Dividend payment	(9,275)
Cash dividends to minority shareholders	(213)
Net cash provided by (used in) financing activities	(107,500)
IV Effect of foreign exchange rate changes on cash and cash equivalents	314
V Increase (decrease) in cash and cash equivalents	(37,948)
VI Cash and cash equivalents at beginning of period	121,014
VII Cash and cash equivalents at end of period	83,066

6. Other information

(1) Commissions and fees

1) Breakdown by items

(In million yen)

	Three months ended June 30, 2007 (A)	Three months ended June 30, 2008 (B)	(B)-(A)	
			Amount	%
Brokerage commissions	8,772	5,748	(3,024)	65.5
Equities	8,746	5,727	(3,018)	65.5
Bonds	11	8	(3)	70.4
Underwriting and selling fees	1,248	415	(832)	33.3
Equities	1,016	72	(944)	7.1
Bonds	231	343	111	148.2
Offering and selling fees and commissions	5,877	3,192	(2,684)	54.3
Other commissions and fees	7,499	6,040	(1,458)	80.5
Total	23,397	15,396	(8,000)	65.8

2) Breakdown by instruments

(In million yen)

	Three months ended June 30, 2007 (A)	Three months ended June 30, 2008 (B)	(B)-(A)	
			Amount	%
Equities	9,816	5,859	(3,957)	59.7
Bonds	492	530	38	107.8
Beneficiary securities	10,654	7,412	(3,241)	69.6
Others	2,433	1,593	(839)	65.5
Total	23,397	15,396	(8,000)	65.8

(2) Trading profit

(In million yen)

	Three months ended June 30, 2007 (A)	Three months ended June 30, 2008 (B)	(B)-(A)	
			Amount	%
Equities	3,631	5,602	1,971	154.3
Bonds, others	12,739	11,438	(1,301)	89.8
Bonds	16,731	14,124	(2,606)	84.4
Others	(3,991)	(2,686)	1,305	-
Total	16,371	17,040	669	104.1

(3) Capital adequacy requirement ratio

(In million yen)

		As of June 30, 2008	As of March 31, 2008
Basic items	Total capital (A)	250,099	246,689
Supplemental items	Difference in valuation (valuation gains) of other securities	12,362	10,073
	Reserve for financial instrument transaction liabilities, etc.	669	648
	Allowance for doubtful accounts	36	50
	Subordinated long-term borrowings	18,000	18,000
	Subordinated short-term borrowings	42,000	42,000
	Total (B)	73,068	70,771
Deducted assets (C)		90,823	91,298
Equity after deduction (A) + (B) - (C) (D)		232,344	226,162
Amount equivalent to risk	Amount equivalent to market risk	26,737	23,736
	Amount equivalent to counterparty risk	6,814	7,330
	Amount equivalent to fundamental risk	28,384	29,019
	Total (E)	61,935	60,086
Capital adequacy requirement ratio (D)/(E) * 100 (%)		375.1	376.3

Note: The capital adequacy requirement ratio above is based on non-consolidated figures.

(4) Consolidated Quarterly Statements of Operations

(In million yen)

	First quarter ended June 2007	Second quarter ended September 2007	Third quarter ended December 2007	Fourth quarter ended March 2008	First quarter ended June 2008
	Apr. 1, 2007 - Jun. 30, 2007	Jul. 1, 2007 - Sep. 30, 2007	Oct. 1, 2007 - Dec. 31, 2007	Jan. 1, 2008 - Mar. 31, 2008	Apr. 1, 2008 - Jun. 30, 2008
Operating revenue	44,549	40,176	35,277	26,511	36,617
Commissions and fees	23,397	20,608	19,120	14,752	15,396
Brokerage commissions	8,772	7,739	6,308	4,505	5,748
Equities	8,746	7,713	6,263	4,473	5,727
Bonds	11	6	9	8	8
Underwriting and selling fees	1,248	917	578	693	415
Equities	1,016	669	357	545	72
Bonds	231	248	220	147	343
Offering and selling fees and commissions	5,877	4,723	4,626	3,090	3,192
Other commissions and fees	7,499	7,228	7,607	6,462	6,040
Gain (loss) on trading, net	16,371	14,689	12,830	7,324	17,040
Equities	3,631	4,826	3,440	715	5,602
Bonds, other	12,739	9,863	9,390	6,609	11,438
Bonds	16,731	7,895	8,291	1,674	14,124
Other	(3,991)	1,968	1,098	4,934	(2,686)
Gain (loss) on sales of investment securities for sale, etc.	274	(92)	(769)	(1,716)	(17)
Interest and dividend income	4,506	4,970	4,095	6,151	4,197
Financial expenses	4,306	4,500	4,168	4,873	4,263
Net operating revenue	40,243	35,675	31,109	21,638	32,353
Operating costs and expenses	29,815	29,783	28,413	28,430	28,961
Transaction expenses	4,309	4,796	4,235	4,319	4,425
Personnel expenses	15,052	14,284	13,600	12,569	13,257
Real estate expenses	3,871	3,977	3,857	4,006	4,056
Office expenses	2,136	2,295	2,311	2,859	2,462
Depreciation and amortization	3,079	2,950	3,217	3,103	3,314
Taxes and dues	463	337	277	293	367
Other	902	1,141	913	1,277	1,077
Operating income	10,427	5,891	2,695	(6,791)	3,392
Non-operating income	1,276	1,227	1,028	978	1,153
Equity in income of non-consolidated subsidiaries and affiliates	21	3	6	(30)	-
Other	1,255	1,224	1,022	1,009	1,153
Non-operating expenses	400	582	673	445	548
Equity in loss of non-consolidated subsidiaries and affiliates	-	-	-	21	9
Other	400	582	673	424	539
Ordinary income	11,304	6,537	3,051	(6,259)	3,997
Extraordinary gains	328	929	2,127	342	361
Extraordinary losses	309	261	717	3,157	316
Income before income taxes and minority interests	11,323	7,205	4,461	(9,074)	4,042
Income taxes, etc.	2,361	3,565	(454)	(2,860)	151
Adjustment amount for income taxes	1,522	(1,933)	2,344	(103)	1,086
Total income tax, etc.	3,884	1,631	1,890	(2,963)	1,238
Minority interests	189	352	223	(696)	99
Net income	7,249	5,220	2,347	(5,413)	2,704