



MEMBERSHIP

July 26, 2007

NIKKO CORDIAL SECURITIES INC.

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Non-consolidated financial summary under Japanese GAAP for the three months ended June 30, 2007

(Figures are rounded down to the nearest whole number.)

1. Overall business performance for the three months ended June 30, 2007

(1) Operating results (from April 1, 2007 to June 30, 2007)

(Millions of Yen, %)

| | Operating revenue | Net operating revenue | Operating income |
|----------------------|-------------------|-----------------------|------------------|
| FY2007 1Q (3 months) | 67,158 [6.2%] | 66,034 [5.0%] | 21,206 [6.3%] |
| FY2006 1Q (3 months) | 63,255 | 62,862 | 19,953 |
| FY2006 | 249,677 | 246,972 | 75,058 |

| | Ordinary income | Net income |
|----------------------|-----------------|-----------------|
| FY2007 1Q (3 months) | 21,798 [5.9%] | 12,147 [6.9%] |
| FY2006 1Q (3 months) | 20,592 | 11,360 |
| FY2006 | 76,399 | 40,132 |

(2) Financial condition

(Millions of Yen, %)

| | Total assets | Net assets | Equity ratio | Capital adequacy ratio |
|---------------------|--------------|------------|--------------|------------------------|
| As of Jun. 30, 2007 | 1,371,539 | 410,072 | 29.9 % | 538.4 % |
| As of Jun. 30, 2006 | 1,505,579 | 438,747 | 29.1 | 611.2 |
| As of Mar. 31, 2007 | 1,230,618 | 437,786 | 35.6 | 587.2 |

2. Others

- (1) Adoption of simplified method for accounting treatment : None
 (2) Changes in method for accounting treatment from late fiscal year : Yes

Note: For more details, see "Changes in basis for the financial statements" on page 7.

1. Quarterly Financial Statements

1. Quarterly Statement of Financial Conditions

(Millions of Yen, %)

| | Jun. 30, 2006 | Jun. 30, 2007 | variance | | Mar. 31, 2007 |
|--|------------------|------------------|------------------|------------------|------------------|
| | amount | amount | amount <A> | ratio <A>/ | amount |
| < ASSETS > | | | | | |
| Current assets | | | | | |
| Cash on hand, Cash in banks | 122,742 | 72,566 | (50,175) | -40.9 % | 137,127 |
| Cash segregated for customers and others | 177,980 | 174,638 | (3,342) | -1.9 | 216,924 |
| Trading assets | 454,202 | 503,816 | 49,614 | 10.9 | 354,717 |
| Trading securities | 417,846 | 475,112 | 57,265 | 13.7 | 327,495 |
| Derivatives | 36,355 | 28,704 | (7,651) | -21.0 | 27,221 |
| Margin account receivables | 186,258 | 146,999 | (39,258) | -21.1 | 158,408 |
| Loans on margin transactions | 185,223 | 142,770 | (42,453) | -22.9 | 149,854 |
| Cash collateral pledged for securities borrowing on margin transactions | 1,034 | 4,229 | 3,194 | 308.8 | 8,554 |
| Loans secured by securities | 401,873 | 326,362 | (75,510) | -18.8 | 230,239 |
| Cash collateral pledged for securities borrowings | 401,873 | 326,362 | (75,510) | -18.8 | 230,239 |
| Advance payments | 424 | 2,138 | 1,713 | 403.2 | 1,074 |
| Cash paid for subscription | 23,163 | 26,638 | 3,475 | 15.0 | 4,390 |
| Short-term loans | 293 | 455 | 162 | 55.4 | 274 |
| Deferred tax assets | 8,623 | 3,126 | (5,496) | -63.7 | 12,652 |
| Others | 54,357 | 34,164 | (20,192) | -37.1 | 32,419 |
| Allowance for bad debts | (136) | (333) | (197) | - | (132) |
| Total current assets | 1,429,783 | 1,290,573 | (139,209) | -9.7 | 1,148,098 |
| Non-current assets | | | | | |
| Tangible fixed assets | 8,001 | 8,641 | 639 | 8.0 | 8,688 |
| Intangible fixed assets | 1,956 | 2,456 | 499 | 25.6 | 2,359 |
| Investments and others | 65,838 | 69,867 | 4,029 | 6.1 | 71,471 |
| Investment securities | 20,369 | 16,034 | (4,335) | -21.3 | 15,877 |
| Investment in subsidiaries and affiliates | 8,817 | 13,475 | 4,657 | 52.8 | 13,475 |
| Long-term loans | 5,274 | 5,203 | (71) | -1.3 | 5,204 |
| Long-term guarantee deposits | 16,486 | 16,672 | 185 | 1.1 | 20,168 |
| Deferred tax assets | 7,247 | 10,952 | 3,704 | 51.1 | 9,202 |
| Others | 13,026 | 12,914 | (111) | -0.9 | 12,956 |
| Allowance for bad debts | (5,384) | (5,384) | (0) | - | (5,412) |
| Total non-current assets | 75,796 | 80,966 | 5,169 | 6.8 | 82,519 |
| Total assets | 1,505,579 | 1,371,539 | (134,040) | -8.9 | 1,230,618 |

(Millions of Yen, %)

| | Jun. 30, 2006 | Jun. 30, 2007 | variance | | Mar. 31, 2007 |
|---|---------------|---------------|---------------|------------------|---------------|
| | amount | amount | amount <A> | ratio <A>/ | amount |
| < LIABILITIES > | | | | | |
| Current liabilities | | | | | |
| Trading liabilities | 170,310 | 145,126 | (25,184) | -14.8 % | 127,809 |
| Trading securities | 133,754 | 116,819 | (16,934) | -12.7 | 100,438 |
| Derivatives | 36,556 | 28,306 | (8,250) | -22.6 | 27,371 |
| Trading payables | 18,628 | 19,235 | 607 | 3.3 | 7,643 |
| Margin account payables | 5,971 | 8,883 | 2,911 | 48.8 | 117,061 |
| Borrowings on margin transactions | 4,055 | 874 | (3,181) | -78.4 | 105,931 |
| Cash received for securities lending on margin transactions | 1,916 | 8,009 | 6,092 | 317.9 | 11,130 |
| Borrowings pledged by securities | 385,773 | 263,783 | (121,989) | -31.6 | 155,488 |
| Cash collateral received for securities lending | 156,926 | 198,170 | 41,243 | 26.3 | 115,307 |
| Borrowings on Gensaki transaction | 228,847 | 65,613 | (163,233) | -71.3 | 40,180 |
| Deposits received | 223,683 | 208,984 | (14,698) | -6.6 | 121,919 |
| Guaranty deposits received | 45,493 | 37,084 | (8,408) | -18.5 | 31,932 |
| Short-term borrowings | 165,095 | 148,300 | (16,795) | -10.2 | 154,675 |
| Commercial paper | 30,000 | 107,000 | 77,000 | 256.7 | 20,000 |
| Income taxes payable | 336 | 820 | 483 | 143.8 | 17,287 |
| Others | 18,729 | 18,929 | 200 | 1.1 | 36,231 |
| Total current liabilities | 1,064,021 | 958,148 | (105,872) | -10.0 | 790,048 |
| Non-current liabilities | | | | | |
| Accrued pension benefits | 1,685 | 1,110 | (575) | -34.1 | 1,103 |
| Others | 353 | 1,336 | 983 | 278.4 | 834 |
| Total non-current liabilities | 2,039 | 2,446 | 407 | 20.0 | 1,938 |
| Statutory reserves | 771 | 872 | 100 | 13.0 | 844 |
| Total liabilities | 1,066,831 | 961,467 | (105,364) | -9.9 | 792,831 |
| < NET ASSETS > | | | | | |
| Shareholders' equity | | | | | |
| Common stock | 100,000 | 100,000 | - | - | 100,000 |
| Additional paid-in capital | 290,880 | 290,880 | - | - | 290,880 |
| Legal capital reserve | 290,880 | 25,000 | (265,880) | -91.4 | 25,000 |
| Other capital reserve | - | 265,880 | 265,880 | - | 265,880 |
| Retained earnings | 47,090 | 18,010 | (29,079) | -61.8 | 45,862 |
| Other retained earnings | 47,090 | 18,010 | (29,079) | -61.8 | 45,862 |
| Unappropriated retained earnings | 47,090 | 18,010 | (29,079) | -61.8 | 45,862 |
| Total shareholders' equity | 437,970 | 408,891 | (29,079) | -6.6 | 436,743 |
| Valuation and translation adjustment | | | | | |
| Net unrealized gain on investment securities | 777 | 1,180 | 403 | 51.9 | 1,043 |
| Total valuation and translation adjustment | 777 | 1,180 | 403 | 51.9 | 1,043 |
| Total Net Assets | 438,747 | 410,072 | (28,675) | -6.5 | 437,786 |
| Total Liabilities and Net Assets | 1,505,579 | 1,371,539 | (134,040) | -8.9 | 1,230,618 |

2. Quarterly Statement of Operations

(Millions of Yen, %)

| | FY2006 1Q (4/1/06~6/30/06) | FY2007 1Q (4/1/07~6/30/07) | variance | | FY2006 (4/1/06~3/31/07) |
|--|-------------------------------|-------------------------------|---------------|------------------|----------------------------|
| | amount | amount | amount <A> | ratio <A>/ | amount |
| Operating revenue | 63,255 | 67,158 | 3,903 | 6.2 % | 249,677 |
| Commissions | 52,950 | 44,795 | (8,155) | -15.4 | 195,745 |
| Net gain on trading | 8,594 | 19,916 | 11,322 | 131.7 | 46,187 |
| Net gain on other trading | 0 | 0 | 0 | 90.0 | 0 |
| Interest and dividend income | 1,709 | 2,445 | 736 | 43.0 | 7,744 |
| Interest expense | 392 | 1,124 | 732 | 186.6 | 2,705 |
| Net operating revenue | 62,862 | 66,034 | 3,171 | 5.0 | 246,972 |
| Selling, general and administrative expense | 42,909 | 44,827 | 1,918 | 4.5 | 171,913 |
| Brokerage, communication and other transaction related costs | 5,364 | 4,864 | (500) | -9.3 | 21,221 |
| Employee compensation and benefits | 22,321 | 22,795 | 474 | 2.1 | 86,350 |
| Occupancy | 4,102 | 4,568 | 466 | 11.4 | 17,476 |
| Data processing and other services | 7,554 | 8,289 | 735 | 9.7 | 31,694 |
| Depreciation and amortization | 455 | 526 | 71 | 15.7 | 1,932 |
| Taxes, other than income taxes | 423 | 496 | 72 | 17.1 | 1,794 |
| Others | 2,686 | 3,285 | 598 | 22.3 | 11,443 |
| Operating income | 19,953 | 21,206 | 1,252 | 6.3 | 75,058 |
| Non-operating revenue | 775 | 686 | (88) | -11.4 | 1,726 |
| Non-operating expense | 136 | 94 | (42) | -30.8 | 385 |
| Ordinary income | 20,592 | 21,798 | 1,206 | 5.9 | 76,399 |
| Extraordinary gain | 10 | 20 | 10 | 107.6 | 153 |
| Extraordinary loss | 901 | 624 | (277) | -30.7 | 6,373 |
| Income before income taxes | 19,700 | 21,194 | 1,494 | 7.6 | 70,179 |
| Income taxes-current | 500 | 1,364 | 864 | 172.7 | 28,374 |
| Income taxes-deferred | 7,839 | 7,682 | (157) | -2.0 | 1,672 |
| Net income | 11,360 | 12,147 | 787 | 6.9 | 40,132 |

3. Quarterly Statement of Changes in Net assets

FY2006 (from April 1, 2006 to June 30, 2006)

(Millions of Yen)

| | Shareholders' Equity | | | | Valuation and translation adjustments | Total Net Assets |
|---|----------------------|----------------------------|-------------------------|----------------------------------|--|------------------|
| | Common stock | Additional paid-in capital | | Retained earnings | | |
| | | Legal capital reserve | Other retained earnings | Unappropriated retained earnings | Net unrealized gain on investment securities | |
| Balance at beginning of period | 100,000 | 290,880 | 65,730 | 456,610 | 1,274 | 457,885 |
| Changes during the period | | | | | | |
| Dividends from retained earnings | | | (30,000) | (30,000) | | (30,000) |
| Net income | | | 11,360 | 11,360 | | 11,360 |
| Net changes of Net Assets other than Shareholders' equity | | | | | (497) | (497) |
| Total changes | - | - | (18,639) | (18,639) | (497) | (19,137) |
| Balance at end of period | 100,000 | 290,880 | 47,090 | 437,970 | 777 | 438,747 |

FY2007 (from April 1, 2007 to June 30, 2007)

(Millions of Yen)

| | Shareholders' Equity | | | | Valuation and translation adjustments | Total Net Assets | |
|---|----------------------|----------------------------|-----------------------|-------------------------|---------------------------------------|------------------|----------------------------|
| | Common stock | Additional paid-in capital | | Retained earnings | | | Total Shareholders' Equity |
| | | Legal capital reserve | Other capital reserve | Other retained earnings | Unappropriated retained earnings | | |
| Balance at beginning of period | 100,000 | 25,000 | 265,880 | 45,862 | 436,743 | 1,043 | 437,786 |
| Changes during the period | | | | | | | |
| Dividends from retained earnings | | | | (40,000) | (40,000) | | (40,000) |
| Net income | | | | 12,147 | 12,147 | | 12,147 |
| Net changes of Net Assets other than Shareholders' equity | | | | | | 137 | 137 |
| Total changes | - | - | - | (27,852) | (27,852) | 137 | (27,714) |
| Balance at end of period | 100,000 | 25,000 | 265,880 | 18,010 | 408,891 | 1,180 | 410,072 |

FY2006 (from April 1, 2006 to March 31, 2007)

(Millions of Yen)

| | Shareholders' Equity | | | | Valuation and translation adjustments | Total Net Assets | |
|--|----------------------|----------------------------|-----------------------|-------------------------|---------------------------------------|------------------|----------------------------|
| | Common stock | Additional paid-in capital | | Retained earnings | | | Total Shareholders' Equity |
| | | Legal capital reserve | Other capital reserve | Other retained earnings | Unappropriated retained earnings | | |
| Balance at beginning of year | 100,000 | 290,880 | - | 65,730 | 456,610 | 1,274 | 457,885 |
| Changes during the year | | | | | | | |
| Addition to Other capital reserve from Legal capital reserve | | (265,880) | 265,880 | | - | | - |
| Dividends from retained earnings | | | | (60,000) | (60,000) | | (60,000) |
| Net income | | | | 40,132 | 40,132 | | 40,132 |
| Net changes of Net Assets other than Shareholder's equity | | | | | | (230) | (230) |
| Total changes | - | (265,880) | 265,880 | (19,867) | (19,867) | (230) | (20,098) |
| Balance at end of year | 100,000 | 25,000 | 265,880 | 45,862 | 436,743 | 1,043 | 437,786 |

Notes to quarterly financial statements

The company's quarterly financial statements have been prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements" (MOF Ordinance No.38, 1977) (the "regulations") as well as with the "Cabinet Office Ordinance Concerning Securities Companies" (Prime Minister's Office Ordinance and MOF Ordinance No.32, 1998) and the "Uniform Accounting Standard for Broker Dealers" (approved by the board of directors of the Japan Securities Dealers Association, November 14, 1974), subject to the provisions of Article 38 and 57 of the regulations.

Significant accounting policies

1. Valuation of financial instruments

(1) Trading purposes

Securities and derivative contracts classified as trading assets and liabilities are recorded at market value.

(2) Non-trading purposes

Securities held for non-trading purposes are accounted for as follows.

(i) Investments in subsidiaries and affiliates

Recorded at cost using the moving average method.

(ii) Other securities

(a) Securities with market value:

Recorded at market value. The difference between the cost using the moving average method and market value is recorded as Net unrealized gain on investment securities in Net assets on the statement of financial condition.

(b) Securities without market value:

Recorded at cost using the moving average method. Investments in partnership funds are consolidated in proportion to the company's interests, but certain investments in partnerships which will not have material effect on financial statement are recorded as investment securities at net asset value based on its financial statements in proportion to the company's interests.

2. Depreciation and amortization

(1) Tangible fixed assets

The former declining-balance method is applied as an amortization method for assets acquired before March 31, 2007, and assets acquired after April 1, 2007 are applied the declining-balance method stipulated in the Corporate Tax Law. However, in accordance with the amendments of the Corporate Tax Law in FY1998, the company applies former straight-line method for the buildings (excluding facilities attached to buildings) acquired between April 1, 1998 and March 31, 2007. The assets acquired after April 1, 2007 are applied the straight-line method stipulated in the Corporate Tax Law.

(2) Intangible fixed assets

Intangible fixed assets are amortized on the straight-line method. The useful life of software is the estimated period for internal use, and the useful lives of other intangible fixed assets are the periods stipulated in the Corporate Tax Law.

3. Accounting policies for provisions

(1) Allowance for bad debts

To provide for possible losses from loans, the company estimated provision for performing loans with a prospected loss rate based on historical loss experiences, and estimated provision for non-performing loans from probable losses respectively.

(2) Accrued bonuses

To provide for employee, director and executive officer bonus payments, accrued bonuses are estimated based on prescribed calculation methods.

(3) Accrued pension benefits

To provide for the payment of annuity holder retirement benefits, the company recorded accrued pension benefits in accordance with the present value of estimated future obligations and the fair value of plan assets.

4. Accounting for lease transactions

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

5. Other basis of presentation

(1) Accounting for consumption taxes

Consumption taxes are accounted for based on the tax exclusion method.

(2) Consolidated tax system

The consolidated tax payment system is applied.

Changes in basis for the financial statements

Changes in method for depreciation and amortization of tangible fixed assets

In accordance with revision of Corporation Tax Law ((Law Concerning the Partial Revision of Income Tax No.6, issued on March 30, 2007) and (Government Ordinance Concerning the Partial Revision of Corporation Tax Law Constructing Order No.83, issued on March 30, 2007)), the method of depreciation and amortization for tangible fixed assets acquired after April 1, 2007 changed to the method after amendments.

This accounting treatment does not have material impact on the financial statements.

Notes to quarterly statement of financial condition

| | (Millions of Yen) | | |
|--|----------------------|----------------------|----------------------|
| | <u>Jun. 30, 2006</u> | <u>Jun. 30, 2007</u> | <u>Mar. 31, 2007</u> |
| 1. Accumulated depreciation of tangible fixed assets | 12,508 | 12,690 | 12,523 |
| 2. Debt guarantees | 23,322 | 24,078 | 20,063 |

In accordance with the Auditing Committee Report No.61 "Audit Treatment of Accounting and Reporting of Debt Guarantees and Similar Acts" issued by the Japanese Institute of Certified Public Accountant, items that are recognized to constitute the equivalent of a debt guarantee are included in the note as debt guarantees.

Notes to quarterly statement of operations

| | (Millions of Yen) | | |
|--|---------------------|------------------|---------------|
| | <u>FY2006 1Q</u> | <u>FY2007 1Q</u> | <u>FY2006</u> |
| | (3 months) | (3 months) | |
| Details of extraordinary gains and losses | | | |
| Extraordinary gains | | | |
| Gain on sales of investment securities | - | 20 | 143 |
| Reversal of allowance for bad debts | 10 | - | 10 |
| Extraordinary losses | | | |
| Loss on disposal of fixed assets | - | - | 547 |
| Write-off of investment securities | - | 100 | 4,697 |
| Reorganizing cost for overseas subsidiaries and affiliates | 800 | - | 800 |
| Impairment loss | - | - | 154 |
| Provision for directors' retirements | 73 | - | 73 |
| Expense of settlement for stock options granted in prior years | - | 496 | - |
| Provision for securities transaction liabilities | 27 | 27 | 99 |

2. Reference Data

1. Commissions

(1) Breakdown by Categories

(Millions of Yen, %)

| | FY2006 1Q (4/1/06~6/30/06) | FY2007 1Q (4/1/07~6/30/07) | variance | | FY2006 (4/1/06~3/31/07) |
|---|-------------------------------|-------------------------------|---------------|------------------|----------------------------|
| | amount | amount | amount <A> | ratio <A>/ | amount |
| Brokerage commissions | 11,188 | 9,655 | (1,532) | -13.7 % | 40,703 |
| < Equities > | < 11,063 > | < 9,578 > | < (1,484) > | < -13.4 > | < 40,079 > |
| < Bonds > | < 68 > | < 46 > | < (22) > | < -32.6 > | < 448 > |
| < Investment trusts > | < 56 > | < 30 > | < (25) > | < -45.7 > | < 174 > |
| Subscription & distribution commissions | 26,411 | 15,902 | (10,508) | -39.8 | 80,877 |
| < Investment trusts > | < 23,218 > | < 14,850 > | < (8,368) > | < -36.0 > | < 65,172 > |
| Other commissions | 15,351 | 19,236 | 3,885 | 25.3 | 74,164 |
| < Investment trusts > | < 7,703 > | < 11,336 > | < 3,632 > | < 47.2 > | < 39,576 > |
| Total | 52,950 | 44,795 | (8,155) | -15.4 | 195,745 |

(2) Breakdown by Products

(Millions of Yen, %)

| | FY2006 1Q (4/1/06~6/30/06) | FY2007 1Q (4/1/07~6/30/07) | variance | | FY2006 (4/1/06~3/31/07) |
|-------------------|-------------------------------|-------------------------------|---------------|------------------|----------------------------|
| | amount | amount | amount <A> | ratio <A>/ | amount |
| Equities | 12,835 | 10,510 | (2,324) | -18.1 % | 54,273 |
| Bonds | 1,822 | 983 | (839) | -46.1 | 5,348 |
| Investment trusts | 30,977 | 26,216 | (4,760) | -15.4 | 104,924 |
| Others | 7,315 | 7,084 | (230) | -3.2 | 31,198 |
| Total | 52,950 | 44,795 | (8,155) | -15.4 | 195,745 |

2. Net gain on Trading

(Millions of Yen, %)

| | FY2006 1Q (4/1/06~6/30/06) | FY2007 1Q (4/1/07~6/30/07) | variance | | FY2006 (4/1/06~3/31/07) |
|--------------------|-------------------------------|-------------------------------|---------------|------------------|----------------------------|
| | amount | amount | amount <A> | ratio <A>/ | amount |
| Equities, etc. | 774 | 995 | 220 | 28.4 % | 3,217 |
| Bonds, forex, etc. | 7,819 | 18,921 | 11,102 | 142.0 | 42,970 |
| < Bonds, etc. > | < 3,549 > | < 8,312 > | < 4,763 > | < 134.2 > | < 22,236 > |
| < Forex, etc. > | < 4,269 > | < 10,609 > | < 6,339 > | < 148.5 > | < 20,734 > |
| Total | 8,594 | 19,916 | 11,322 | 131.7 | 46,187 |

3. Equity Trading Activity (Excluding futures)

(Millions of Shares, Millions of Yen except percentage)

| | FY2006 1Q (4/1/06~ 6/30/06) | | FY2007 1Q <A> (4/1/07~ 6/30/07) | | ratio <A> ----- | | FY2006 (4/1/06 ~ 3/31/07) | |
|-----------------|---------------------------------------|---------------|---------------------------------------|---------------|------------------------------|-----------|------------------------------|---------------|
| | Number of shares | amount | Number of shares | amount | Number of shares | amount | Number of shares | amount |
| | Total | 1,775 | 1,979,487 | 1,499 | 1,623,639 | -15.6 % | -18.0 % | 6,949 |
| < Proprietary > | < 205 > | < 265,510 > | < 99 > | < 169,279 > | < -51.8 > | < -36.2 > | < 565 > | < 904,831 > |
| < Agency > | < 1,569 > | < 1,713,977 > | < 1,400 > | < 1,454,359 > | < -10.8 > | < -15.1 > | < 6,384 > | < 6,413,791 > |
| Agent ratio | 88.4 % | 86.6 % | 93.4 % | 89.6 % | | | 91.9 % | 87.6 % |
| TSE share | 0.6 % | 0.5 % | 0.5 % | 0.4 % | | | 0.5 % | 0.5 % |

4. Subscription / Selling

(Millions of Shares, Millions of Yen except percentage)

| | | | FY2006 1Q (4/1/06~ 6/30/06) | FY2007 1Q <A> (4/1/07~ 6/30/07) | ratio <A> ----- | FY2006 (4/1/06 ~ 3/31/07) |
|---------------------------------|----------------|----------------------|---------------------------------------|---------------------------------------|------------------------------|------------------------------|
| * Subscription and distribution | Equities | < Number of shares > | 20 | 1 | -94.8 | 349 |
| | Equities | < Amounts > | 132,641 | 13,400 | -89.9 | 615,914 |
| | Bonds | < Face value > | 363,176 | 234,698 | -35.4 | 1,296,329 |
| | Invest. trusts | < Amounts > | 2,012,215 | 1,871,395 | -7.0 | 7,111,645 |
| | Others | < Amounts > | 13,086 | 192 | -98.5 | 22,059 |

* Including selling and distribution of private placement

5. Capital Adequacy Ratio

(Millions of Yen, %)

| | | Jun. 30, 2006 | Jun. 30, 2007 | Mar. 31, 2007 |
|---------------------|--|---------------|---------------|---------------|
| Basic items | Capital (A) | 437,970 | 408,891 | 436,743 |
| Supplementary items | Unrealized gain on investment securities | 777 | 1,180 | 1,043 |
| | Statutory reserves | 771 | 872 | 844 |
| | Allowance for bad debts | 136 | 131 | 132 |
| | Sub - total (B) | 1,685 | 2,184 | 2,019 |
| | Deductible assets (C) | 72,971 | 82,264 | 83,715 |
| | Net capital (A) + (B) - (C) (D) | 366,684 | 328,811 | 355,047 |
| Total risk | Market Risk | 7,291 | 4,776 | 4,801 |
| | Credit Risk | 13,547 | 13,211 | 12,963 |
| | Basic Risk | 39,154 | 43,082 | 42,689 |
| | Sub - total (E) | 59,994 | 61,070 | 60,454 |
| | Capital adequacy ratio (D) / (E)*100 | 611.2 % | 538.4 % | 587.2 % |

Note: The table above shows calculation of the capital adequacy ratio based on financial results in accordance with the provision set out in the Securities and Exchange Law.

6. Quarterly Statement of Operations

(Millions of Yen)

| | FY2006 1Q 04/01/06 06/30/06 | FY2006 2Q 07/01/06 09/30/06 | FY2006 3Q 10/01/06 12/31/06 | FY2006 4Q 01/01/07 03/31/07 | FY2007 1Q 04/01/07 06/30/07 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Operating revenue | 63,255 | 58,214 | 66,484 | 61,723 | 67,158 |
| Commissions | 52,950 | 45,682 | 51,994 | 45,117 | 44,795 |
| Brokerage commissions | 11,188 | 8,278 | 9,797 | 11,438 | 9,655 |
| Subscription & distribution commissions | 26,411 | 19,203 | 22,140 | 13,122 | 15,902 |
| Other commissions | 15,351 | 18,200 | 20,056 | 20,556 | 19,236 |
| Net gain on trading | 8,594 | 10,669 | 12,567 | 14,356 | 19,916 |
| Net gain on other trading | 0 | 0 | 0 | 0 | 0 |
| Interest and dividend income | 1,709 | 1,861 | 1,922 | 2,249 | 2,445 |
| Interest expense | 392 | 588 | 738 | 985 | 1,124 |
| Net operating revenue | 62,862 | 57,625 | 65,746 | 60,738 | 66,034 |
| Selling, general and administrative expense | 42,909 | 41,043 | 44,733 | 43,227 | 44,827 |
| Brokerage, communication and other transaction related costs | 5,364 | 5,434 | 5,312 | 5,108 | 4,864 |
| Employee compensation and benefits | 22,321 | 19,616 | 23,154 | 21,258 | 22,795 |
| Occupancy | 4,102 | 4,566 | 4,214 | 4,592 | 4,568 |
| Data processing and other services | 7,554 | 7,804 | 8,214 | 8,120 | 8,289 |
| Depreciation and amortization | 455 | 462 | 505 | 509 | 526 |
| Taxes, other than income taxes | 423 | 452 | 480 | 438 | 496 |
| Others | 2,686 | 2,705 | 2,850 | 3,199 | 3,285 |
| Operating income | 19,953 | 16,581 | 21,013 | 17,510 | 21,206 |
| Non-operating revenue | 775 | 273 | 309 | 368 | 686 |
| Non-operating expense | 136 | (45) | 31 | 262 | 94 |
| Ordinary income | 20,592 | 16,900 | 21,291 | 17,616 | 21,798 |
| Extraordinary gain | 10 | 137 | (4) | 10 | 20 |
| Extraordinary loss | 901 | 430 | 525 | 4,516 | 624 |
| Income before income taxes | 19,700 | 16,607 | 20,761 | 13,110 | 21,194 |
| Income taxes-current | 500 | 4,883 | 13,613 | 9,377 | 1,364 |
| Income taxes-deferred | 7,839 | 2,194 | (4,679) | (3,682) | 7,682 |
| Net income | 11,360 | 9,529 | 11,826 | 7,416 | 12,147 |