

Date: July 27, 2011

SMBC NIKKO SECURITIES INC.

URL: <http://www.smbcnikko.co.jp>

Consolidated Financial Results for the Three Months ended June 30, 2011 (JGAAP)

(Amounts less than one million yen have been omitted.)

1. Overall business performance for the Three Months ended June 30, 2011

(1) Consolidated operating results

(percentages indicate changes from the same period of the previous year)

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2011 1Q(3 months)	61,180	(2.8)	55,539	(2.4)	9,822	(38.5)	10,137	(32.9)	4,021	(63.5)
FY2010 1Q(3 months)	62,944	-	56,924	-	15,964	-	15,115	-	11,011	-

Note : Comprehensive income FY2011 1Q 2,626 million yen <(65.9)%> FY2010 1Q 7,696 million yen <-%>

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY2011 1Q	7,161,687	443,160	6.2
FY2010	8,050,152	440,533	5.5

Reference : Equity FY2011 1Q 443,058 million yen FY2010 440,440 million yen

Equity=Net assets-Stock acquisition rights-Minority interests

2. Others

(1) Changes in significant subsidiaries during the period : Yes

Excluded: 1 company (Nikko Cordial Securities Toshi Jigyo Kumiai)

(2) Adoption of the accounting method peculiar to quarterly financial statements : None

(3) Changes in the accounting principles and estimates, and retrospective restatement

- (i) Changes in the accounting principles due to revised accounting standards :None
- (ii) Other changes than the above in the accounting principles :None
- (iii) Changes in accounting estimates :None
- (iv) Retrospective restatement :None

***Other special matters**

The company has begun to disclose the financial results on a consolidated basis from this fiscal year.

Table of Contents for the Accompanying Materials

I. Qualitative Information on Consolidated Operating Results and Financial Conditions	2
1. Qualitative Information on Consolidated Operating Results	2
2. Qualitative Information on Consolidated Financial Conditions	3
II. Other information	3
1. Changes in significant subsidiaries during the period	3
2. Adoption of the accounting method peculiar to quarterly financial statements.....	3
3. Changes in the accounting principles and estimates, and retrospective restatement.....	3
III. Consolidated Financial Statements	4
1. Consolidated Balance Sheets.....	4
2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
3. Notes on Going Concern Assumption.....	10
4. Notes on Significant Changes in Stockholders' Equity.....	10
IV. Supplementary Information.....	11
1. Commission Received.....	11
2. Net Trading Income	11
3. Quarterly Consolidated Statements of Income.....	12
V. Non-consolidated Financial Statements.....	13
1. Non-consolidated Balance Sheets.....	13
2. Non-consolidated Statements of Income	15
3. Capital Adequacy Ratio (on a stand-alone basis).....	17
4. Quarterly Non-consolidated Statements of Income.....	18

I. Qualitative Information on Consolidated Operating Results and Financial Conditions

1. Qualitative Information on Consolidated Operating Results

Consolidated operating revenue for this period totaled 61.1 billion yen (2.8% decrease from the same period of the previous year). Consolidated net operating revenue was 55.5 billion yen (2.4% decrease), while selling, general and administrative expenses was 45.7 billion yen (11.6% increase). Consequently, consolidated operating income was 9.8 billion yen (38.5% decrease), and consolidated ordinary income after adjustment for non-operating income/expenses was 10.1 billion yen (32.9% decrease). Consolidated net income, which incorporates factors such as extraordinary income/losses and income taxes, was 4.0 billion yen (63.5% decrease).

Major revenues and expenses were as follows;

(1) Commission received

Commission received was 33.5 billion yen (10.5% decrease). Following are summaries by categories:

Brokerage commissions

Brokerage commissions was 3.0 billion yen (34.1% decrease). Average daily trading values on the Tokyo Stock Exchange First and Second Sections during the period were 1,382.6 billion yen or 17% decrease from the same period of the previous year. Given this situation of market conditions, brokerage commissions on equities was 2.9 billion yen (32.6% decrease).

Underwriting and distribution commissions

Underwriting and distribution commissions was 3.3 billion yen (27.7% decrease). Commission revenues on equities was 1.1 billion yen, and those on bonds was 2.1 billion yen.

Flotation and distribution fees

Flotation and distribution fees was 17.4 billion yen (4.0% decrease). Fee revenues on investment trusts was 16.7 billion yen (6.0% decrease), mainly due to offering mutual funds that invest globally in stocks and bonds on emerging markets.

Other fees received

Other fees received was 9.7 billion yen (3.6% decrease). Agent commissions and other fees from investment trusts was 7.1 billion yen.

(2) Net trading income

Net trading income was 20.9 billion yen (19.6% decrease). Net trading income on equities was 0.4 billion yen and net trading income on bonds/foreign exchanges was 20.4 billion yen.

(3) Net financial revenue

Net financial revenue, 4.3 billion yen of financial revenue less 3.7 billion yen of financial expenses, was 0.5 billion yen.

(4) Selling, general and administrative expenses

Selling, general and administrative expenses was 45.7 billion yen (11.6% increase), mainly consisting of personal expenses of 22.9 billion yen, trading related expenses of 5.7 billion yen, real estate expenses of 4.9 billion yen, depreciation and amortization of 3.9 billion yen and outsourcing and stationery expenses of 3.6 billion yen.

(5) Extraordinary income and losses

Extraordinary income was 0.1 billion yen due to gain on sales of investment securities. Extraordinary losses was 1.2 billion yen including expenses for change in corporate name of 0.7 billion yen, loss on valuation of investment securities of 0.2 billion yen, and loss on sales of investment securities of 0.1 billion yen.

(6) Income taxes

Income taxes-current was 0.1 billion yen. Income taxes-deferred was 4.9 billion yen.

2. Qualitative Information on Consolidated Financial Conditions

Total assets decreased by 888.4 billion yen to 7,161.6 billion yen from the end of the previous fiscal year, mainly due to a decrease in loans secured by securities by 1,095.1 billion yen, though trading assets increased by 636.9 billion yen. Total liabilities decreased by 891.0 billion yen to 6,718.5 billion yen from the end of the previous fiscal year mainly due to a decrease in short-term loans payable by 1,107.1 billion yen, while there were increases in trading liabilities and loans payable secured by securities. Net assets increased by 2.6 billion yen to 443.1 billion yen from the end of the previous fiscal year.

II. Other information

1. Changes in significant subsidiaries during the period

Nikko Cordial Securities Toshi Jigyo Kumiai was sold, and accordingly excluded from the scope of consolidation in the period.

2. Adoption of the accounting method peculiar to quarterly financial statements

Not applicable

3. Changes in the accounting principles and estimates, and retrospective restatement

Not applicable

III. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	June 30, 2011
Assets		
Current assets		
Cash and deposits	578,755	223,636
Cash segregated as deposits	120,227	127,802
Trading products	2,528,058	3,165,038
Trading securities and other	2,382,612	3,026,034
Derivatives	145,445	139,003
Trade date accrual	74,040	—
Margin transaction assets	32,243	40,955
Loans on margin transactions	31,127	38,268
Cash collateral pledged for securities borrowing on margin transactions	1,116	2,686
Loans secured by securities	4,296,738	3,201,539
Cash collateral pledged for securities borrowed	4,296,738	3,201,539
Cash paid for offering	16,350	21,134
Short-term guarantee deposits	92,310	82,457
Accrued income	12,930	13,912
Deferred tax assets	27,536	23,305
Other	15,811	15,719
Allowance for doubtful accounts	(71)	(745)
Total current assets	7,794,932	6,914,755
Noncurrent assets		
Tangible assets	27,953	28,228
Intangible assets	67,989	67,798
Investments and other assets	159,277	150,905
Investment securities	78,636	70,398
Long-term loans receivable	5,111	5,109
Long-term guarantee deposits	16,472	16,273
Deferred tax assets	52,910	52,912
Other	12,783	12,827
Allowance for doubtful accounts	(6,636)	(6,616)
Total noncurrent assets	255,220	246,931
Total assets	8,050,152	7,161,687

(Millions of yen)

	March 31, 2011	June 30, 2011
Liabilities		
Current liabilities		
Trading products	1,638,499	1,674,103
Trading securities and other	1,490,095	1,530,288
Derivatives	148,404	143,814
Trade date accrual	—	72,645
Margin transaction liabilities	5,611	7,103
Borrowings on margin transactions	1,560	1,679
Cash received for securities lending on margin transactions	4,050	5,423
Loans payable secured by securities	1,081,616	1,272,777
Cash received on debt credit transaction of securities	884,492	824,878
Borrowings on Gensaki transaction	197,124	447,899
Deposits received	209,780	228,366
Guarantee deposits received	17,753	20,326
Short-term loans payable	4,130,964	3,023,800
Commercial papers	339,800	246,000
Income taxes payable	2,978	829
Other	47,079	29,617
Total current liabilities	7,474,085	6,575,569
Noncurrent liabilities		
Bonds payable	30,000	35,600
Long-term loans payable	97,000	98,500
Lease obligations	2,531	2,810
Deferred tax liabilities	491	481
Provision for retirement benefits	2,421	2,486
Asset retirement obligations	1,424	1,532
Other	1,594	1,471
Total current liabilities	135,464	142,881
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	75
Total reserves under the special laws	69	75
Total liabilities	7,609,619	6,718,526

(Millions of yen)

	March 31, 2011	June 30, 2011
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Retained earnings	55,124	59,146
Total shareholders' equity	443,519	447,541
Other comprehensive income		
Valuation difference on available-for-sale securities	209	(822)
Foreign currency translation adjustment	(3,289)	(3,660)
Total other comprehensive income	(3,079)	(4,482)
Minority interests	93	101
Total net assets	440,533	443,160
Total liabilities and net assets	8,050,152	7,161,687

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)	
	For the 3 months ended Jun 30, 2010	For the 3 months ended Jun 30, 2011
Operating revenue		
Commission received	37,511	33,573
Brokerage commissions	4,621	3,045
Underwriting and distribution commissions	4,595	3,320
Flotation and distribution fees	18,137	17,417
Other fees received	10,156	9,790
Net trading income	17,508	20,935
Net trading income on equities	21	455
Net trading income on bonds/foreign exchanges	17,486	20,479
Other net gain on goods trading	0	—
Financial revenue	4,793	4,335
Net sales	3,131	2,336
Total operating revenue	62,944	61,180
Financial expenses	3,592	3,795
Cost of sales	2,426	1,845
Net operating revenue	56,924	55,539
Selling, general and administrative expenses		
Trading related expenses	4,616	5,706
Personal expenses	22,181	22,969
Real estate expenses	4,869	4,960
Outsourcing and stationery expenses	2,581	3,680
Depreciation and amortization	3,663	3,902
Taxes and dues	542	533
Other	2,504	3,964
Total selling, general and administrative expenses	40,960	45,717
Operating income	15,964	9,822
Non-operating income		
Dividends income	194	249
Foreign exchange gains	279	191
Equity in earnings of affiliates	—	100
Other	189	120
Total non-operating income	663	662
Non-operating expenses		
Interest expenses	121	66
Loss on investments in partnership	1,280	165
Other	109	115
Total non-operating expenses	1,512	347
Ordinary income	15,115	10,137

(Millions of yen)

	For the 3 months ended Jun 30, 2010	For the 3 months ended Jun 30, 2011
Extraordinary income		
Gain on sales of investment securities	44	189
Gain on change in equity	0	—
Total extraordinary income	45	189
Extraordinary loss		
Loss on disposal of noncurrent assets	97	28
Loss on sales of investment securities	395	153
Loss on valuation of investment securities	1,444	252
Provision of reserve for financial products transaction liabilities	3	6
Loss on adjustment for changes of accounting standard for asset retirement obligations	882	—
Expenses for change in corporate name	—	787
Total extraordinary losses	2,823	1,227
Income before income taxes	12,337	9,099
Income taxes-current	788	161
Income taxes-deferred	567	4,908
Income taxes	1,356	5,069
Income before minority interests	10,980	4,030
Minority interests in income/(losses)	(30)	8
Net income	11,011	4,021

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the 3 months ended Jun 30, 2010	For the 3 months ended Jun 30, 2011
Income before minority interests	10,980	4,030
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,105)	(1,032)
Foreign currency translation adjustment	(1,114)	(359)
Share of other comprehensive income of associates accounted for using equity method	(65)	(11)
Total other comprehensive income	(3,284)	(1,403)
Comprehensive income	7,696	2,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,767	2,618
Comprehensive income attributable to minority interests	(71)	8

3. Notes on Going Concern Assumption

Not applicable

4. Notes on Significant Changes in Stockholders' Equity

Not applicable

IV. Supplementary Information

1. Commission Received

(1) Breakdown by Categories

(Millions of yen, except for percentages)

	For the 3 months ended Jun 30, 2010	For the 3 months ended Jun 30, 2011	Increase/(Decrease)	
			Amount	Rate of change
Brokerage commissions	4,621	3,045	(1,576)	(34.1) %
< Equities >	< 4,376 >	< 2,948 >	< (1,427) >	< (32.6) >
< Bonds >	< 28 >	< 8 >	< (19) >	< (69.2) >
< Other >	< 216 >	< 87 >	< (129) >	< (59.6) >
Underwriting and distribution commissions	4,595	3,320	(1,274)	(27.7)
< Equities >	< 2,102 >	< 1,116 >	< (986) >	< (46.9) >
< Bonds >	< 2,452 >	< 2,143 >	< (308) >	< (12.6) >
< Other >	< 39 >	< 60 >	< 20 >	< 51.1 >
Flotation and distribution fees	18,137	17,417	(720)	(4.0)
< Investment trusts >	< 17,812 >	< 16,740 >	< (1,072) >	< (6.0) >
Other fees received	10,156	9,790	(366)	(3.6)
< Investment trusts >	< 7,096 >	< 7,153 >	< 57 >	< 0.8 >
Total	37,511	33,573	(3,937)	(10.5)

(2) Breakdown by Products

(Millions of yen, except for percentages)

	For the 3 months ended Jun 30, 2010	For the 3 months ended Jun 30, 2011	Increase/(Decrease)	
			Amount	Rate of change
Equities	7,060	4,458	(2,602)	(36.9) %
Bonds	2,891	2,851	(40)	(1.4)
Investment trusts	25,125	23,982	(1,143)	(4.6)
Other	2,432	2,281	(151)	(6.2)
Total	37,511	33,573	(3,937)	(10.5)

2. Net Trading Income

(Millions of yen, except for percentages)

	For the 3 months ended Jun 30, 2010	For the 3 months ended Jun 30, 2011	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	21	455	434	— %
Net trading income on bonds/foreign exchanges	17,486	20,479	2,992	17.1
< Bonds, etc. >	< 13,020 >	< 17,349 >	< 4,328 >	< 33.2 >
< Foreign exchanges, etc. >	< 4,465 >	< 3,129 >	< (1,336) >	< (29.9) >
Total	17,508	20,935	3,426	19.6

3. Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2010 1Q 04/01/10 06/30/10	FY2010 2Q 07/01/10 09/30/10	FY2010 3Q 10/01/10 12/31/10	FY2010 4Q 01/01/11 03/31/11	FY2011 1Q 04/01/11 06/30/11
Operating revenue					
Commission received	37,511	33,643	37,391	32,655	33,573
Brokerage commissions	4,621	2,933	4,130	5,499	3,045
< Equities >	< 4,376 >	< 2,808 >	< 3,943 >	< 5,288 >	< 2,948 >
Underwriting and distribution commissions	4,595	4,469	6,187	3,720	3,320
< Equities >	< 2,102 >	< 1,307 >	< 3,263 >	< 1,456 >	< 1,116 >
< Bonds >	< 2,452 >	< 3,161 >	< 2,897 >	< 2,264 >	< 2,143 >
Flotation and distribution fees	18,137	15,299	16,645	12,070	17,417
< Investment trusts >	< 17,812 >	< 15,225 >	< 16,555 >	< 11,949 >	< 16,740 >
Other fees received	10,156	10,940	10,428	11,364	9,790
< Investment trusts >	< 7,096 >	< 7,038 >	< 7,188 >	< 7,359 >	< 7,153 >
Net trading income	17,508	14,873	15,487	14,695	20,935
Net trading income on equities	21	(151)	472	(900)	455
Net trading income on bonds/foreign exchanges	17,486	15,024	15,015	15,596	20,479
< Bonds, etc. >	< 13,020 >	< 14,486 >	< 13,700 >	< 16,070 >	< 17,349 >
< Foreign exchanges, etc. >	< 4,465 >	< 538 >	< 1,314 >	< (474) >	< 3,129 >
Other net gain on goods trading	0	0	0	0	—
Financial revenue	4,793	6,356	5,369	5,265	4,335
Net sales	3,131	2,669	2,657	2,696	2,336
Total operating revenue	62,944	57,542	60,906	55,313	61,180
Financial expenses	3,592	3,813	3,717	3,840	3,795
Cost of sales	2,426	1,758	1,767	1,953	1,845
Net operating revenue	56,924	51,970	55,421	49,519	55,539
Selling, general and administrative expenses					
Trading related expenses	4,616	5,757	6,085	6,020	5,706
Personal expenses	22,181	20,936	22,740	22,017	22,969
Real estate expenses	4,869	4,891	4,864	5,284	4,960
Outsourcing and stationery expenses	2,581	2,841	2,938	4,579	3,680
Depreciation and amortization	3,663	3,650	3,832	3,944	3,902
Taxes and dues	542	518	514	514	533
Other	2,504	2,981	2,367	2,880	3,964
Total selling, general and administrative expenses	40,960	41,577	43,344	45,240	45,717
Operating income	15,964	10,393	12,076	4,278	9,822
Non-operating income	663	1,116	36	838	662
Non-operating expenses	1,512	573	575	(399)	347
Ordinary income	15,115	10,935	11,537	5,517	10,137
Extraordinary income	45	61	586	50	189
Extraordinary loss	2,823	616	355	2,220	1,227
Income before income taxes	12,337	10,380	11,768	3,347	9,099
Income taxes-current	788	962	455	608	161
Income taxes-deferred	567	2,680	4,809	1,469	4,908
Income before minority interests	10,980	6,737	6,503	1,269	4,030
Minority interests in income/(losses)	(30)	18	13	8	8
Net income	11,011	6,719	6,489	1,260	4,021

V. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	June 30, 2011
Assets		
Current assets		
Cash and deposits	465,760	112,767
Cash segregated as deposits	120,192	127,784
Trading products	2,528,058	3,165,038
Trading securities and other	2,382,612	3,026,034
Derivatives	145,445	139,003
Trade date accrual	74,040	—
Margin transaction assets	32,243	40,955
Loans on margin transactions	31,127	38,268
Cash collateral pledged for securities borrowing on margin transactions	1,116	2,686
Loans secured by securities	4,296,738	3,201,539
Cash collateral pledged for securities borrowed	4,296,738	3,201,539
Cash paid for offering	16,350	21,134
Short-term guarantee deposits	92,310	82,457
Accrued income	12,193	12,793
Deferred tax assets	26,245	22,283
Other	7,700	10,755
Allowance for doubtful accounts	(71)	(745)
Total current assets	7,671,763	6,796,763
Noncurrent assets		
Tangible assets	8,692	8,656
Intangible assets	46,337	45,104
Investments and other assets	194,916	195,217
Investment securities	67,218	51,744
Stocks of subsidiaries and affiliates	39,588	55,531
Long-term loans receivable	13,701	13,700
Long-term guarantee deposits	15,698	15,568
Deferred tax assets	52,735	52,749
Other	12,611	12,540
Allowance for doubtful accounts	(6,636)	(6,616)
Total noncurrent assets	249,946	248,978
Total assets	7,921,710	7,045,742

(Millions of yen)

	March 31, 2011	June 30, 2011
Liabilities		
Current liabilities		
Trading products	1,638,499	1,674,103
Trading securities and other	1,490,095	1,530,288
Derivatives	148,404	143,814
Trade date accrual	—	72,645
Margin transaction liabilities	5,611	7,103
Borrowings on margin transactions	1,560	1,679
Cash received for securities lending on margin transactions	4,050	5,423
Loans payable secured by securities	1,081,616	1,272,777
Cash received on debt credit transaction of securities	884,492	824,878
Borrowings on Gensaki transaction	197,124	447,899
Deposits received	114,016	141,117
Guarantee deposits received	17,753	20,326
Short-term loans payable	4,119,500	3,011,400
Commercial papers	339,800	246,000
Income taxes payable	618	276
Other	33,022	19,293
Total current liabilities	7,350,438	6,465,043
Noncurrent liabilities		
Bonds payable	30,000	35,600
Long-term loans payable	97,000	98,500
Lease obligations	926	807
Provision for retirement benefits	2,019	2,072
Asset retirement obligations	1,266	1,410
Other	778	695
Total current liabilities	131,991	139,086
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	75
Total reserves under the special laws	69	75
Total liabilities	7,482,500	6,604,206
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Other capital surplus	378,395	378,395
Retained earnings	50,269	53,703
Other retained earnings	50,269	53,703
Retained earnings brought forward	50,269	53,703
Total shareholders' equity	438,664	442,098
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	546	(562)
Total valuation and translation adjustments	546	(562)
Total net assets	439,210	441,535
Total liabilities and net assets	7,921,710	7,045,742

2. Non-consolidated Statements of Income

	(Millions of yen)	
	For the 3 months Jun 30, 2010	For the 3 months Jun 30, 2011
Operating revenue		
Commission received	36,236	32,336
Brokerage commissions	4,612	2,991
Underwriting and distribution commissions	4,595	3,320
Flotation and distribution fees	18,137	17,357
Other fees received	8,891	8,666
Net trading income	17,605	20,935
Net trading income on equities	116	455
Net trading income on bonds/foreign exchanges	17,489	20,479
Other net gain on goods trading	0	—
Financial revenue	4,408	3,822
Total operating revenue	58,251	57,093
Financial expenses	3,237	3,311
Net operating revenue	55,013	53,782
Selling, general and administrative expenses		
Trading related expenses	4,590	5,561
Personal expenses	20,084	20,768
Real estate expenses	4,470	4,561
Outsourcing and stationery expenses	7,040	7,825
Depreciation and amortization	1,604	1,858
Taxes and dues	437	430
Other	2,316	3,754
Total selling, general and administrative expenses	40,543	44,760
Operating income	14,470	9,021
Non-operating income		
Dividends income	108	132
Other	104	91
Total non-operating income	212	224
Non-operating expenses		
Loss on investments in partnership	1,277	165
Other	60	95
Total non-operating expenses	1,337	263
Ordinary income	13,344	8,982

(Millions of yen)

	For the 3 months Jun 30, 2010	For the 3 months Jun 30, 2011
Extraordinary income		
Gain on sales of investment securities	21	184
Reversal of allowance for doubtful accounts	9	—
Total extraordinary income	30	184
Extraordinary loss		
Loss on disposal of noncurrent assets	97	28
Loss on sales of investment securities	395	113
Loss on valuation of investment securities	1,088	126
Provision of reserve for financial products transaction liabilities	3	6
Loss on adjustment for changes of accounting standard for asset retirement obligations	774	—
Expenses for change in corporate name	—	787
Total extraordinary losses	2,359	1,061
Income before income taxes	11,015	8,105
Income taxes-current	371	10
Income taxes-deferred	399	4,661
Income taxes	770	4,671
Net income	10,245	3,434

3. Capital Adequacy Ratio (on a stand-alone basis)

(Millions of yen)

		March 31, 2011	June 30, 2011
Basic items	Total capital (A)	438,664	441,535
Supplementary items	Valuation difference on available-for-sale securities, etc.	546	-
	Reserves under the special laws	69	75
	Allowance for doubtful accounts	71	84
	Short-term subordinated borrowings	200,000	200,000
	Sub-total (B)	200,686	200,159
Deductible assets	(C)	225,181	224,339
Net capital	(A) + (B) - (C) (D)	414,169	417,356
Risk total	Market Risk	27,311	32,172
	Counterparty Risk	12,017	12,370
	Basic Risk	40,489	43,228
	Sub-total (E)	79,817	87,771
Capital adequacy ratio	(D) / (E)*100	518.8%	475.5%

Note: 1. The table above shows calculation of the capital adequacy ratio based on financial results in accordance with the provision set out under the Financial Instruments and Exchange Law.

2. "Short-term subordinated borrowings" at the end of the period is subordinated borrowings.

Amount : 50,000 millions of yen

Contract date : October 1, 2009

Maturity date : October 3, 2011

Amount : 150,000 millions of yen

Contract date : January 4, 2010

Maturity date : January 5, 2012

4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2010 1Q 04/01/10 06/30/10	FY2010 2Q 07/01/10 09/30/10	FY2010 3Q 10/01/10 12/31/10	FY2010 4Q 01/01/11 03/31/11	FY2011 1Q 04/01/11 06/30/11
Operating revenue					
Commission received	36,236	32,277	36,165	31,207	32,336
Brokerage commissions	4,612	2,928	4,110	5,426	2,991
< Equities >	< 4,367 >	< 2,803 >	< 3,923 >	< 5,215 >	< 2,895 >
< Bonds >	< 28 >	< 18 >	< 42 >	< 25 >	< 8 >
< Other >	< 216 >	< 106 >	< 144 >	< 185 >	< 87 >
Underwriting and distribution commissions	4,595	4,469	6,187	3,720	3,320
< Equities >	< 2,102 >	< 1,307 >	< 3,263 >	< 1,456 >	< 1,116 >
< Bonds >	< 2,452 >	< 3,161 >	< 2,897 >	< 2,264 >	< 2,143 >
Flotation and distribution fees	18,137	15,299	16,645	12,070	17,357
< Investment trusts >	< 17,812 >	< 15,225 >	< 16,555 >	< 11,949 >	< 16,740 >
Other fees received	8,891	9,580	9,222	9,989	8,666
< Investment trusts >	< 6,313 >	< 6,141 >	< 6,444 >	< 6,470 >	< 6,484 >
Net trading income	17,605	14,853	15,466	14,681	20,935
Net trading income on equities	116	(171)	451	(914)	455
Net trading income on bonds/foreign exchanges	17,489	15,024	15,014	15,596	20,479
< Bonds, etc. >	< 12,977 >	< 14,482 >	< 13,700 >	< 16,081 >	< 17,349 >
< Foreign exchanges, etc. >	< 4,511 >	< 542 >	< 1,314 >	< (484) >	< 3,129 >
Other net gain on goods trading	0	0	0	0	—
Financial revenue	4,408	5,988	5,065	4,705	3,822
Total operating revenue	58,251	53,119	56,697	50,594	57,093
Financial expenses	3,237	3,471	3,453	3,311	3,311
Net operating revenue	55,013	49,647	53,244	47,282	53,782
Selling, general and administrative expenses					
Trading related expenses	4,590	5,626	5,764	5,920	5,561
Personal expenses	20,084	18,863	20,476	19,691	20,768
Real estate expenses	4,470	4,468	4,423	4,832	4,561
Outsourcing and stationery expenses	7,040	7,356	6,860	8,000	7,825
Depreciation and amortization	1,604	1,641	1,745	1,882	1,858
Taxes and dues	437	421	426	389	430
Other	2,316	2,690	2,117	2,501	3,754
Total selling, general and administrative expenses	40,543	41,069	41,814	43,219	44,760
Operating income	14,470	8,578	11,430	4,063	9,021
Non-operating income	212	1,142	(221)	345	224
Non-operating expenses	1,337	409	469	(532)	263
Ordinary income	13,344	9,311	10,739	4,940	8,982
Non-operating income	30	(3)	40	13	184
Non-operating expenses	2,359	427	10	1,902	1,061
Income before income taxes	11,015	8,880	10,768	3,051	8,105
Income taxes-current	371	40	40	65	10
Income taxes-deferred	399	2,947	4,884	1,444	4,661
Net income	10,245	5,893	5,844	1,541	3,434