



Date: October 25, 2011

SMBC NIKKO SECURITIES INC.

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

Consolidated Financial Results for the Six Months ended September 30, 2011 (JGAAP)

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

1. Overall business performance for the Six Months ended September 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 2Q(6 months)	123,644	2.6	112,582	3.4	21,525	(18.3)	21,828	(16.2)	10,749	(39.4)
FY2010 2Q(6 months)	120,486	-	108,895	-	26,357	-	26,050	-	17,730	-

Note : Comprehensive income FY2011 2Q 5,746 million yen <(57.5)%> FY2010 2Q 13,526 million yen <-%>

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY2011 2Q	7,955,549	446,279	5.6
FY2010	8,050,152	440,533	5.5

Reference : Equity FY2011 2Q 446,174 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

Not applicable

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I. Qualitative Information on Consolidated Operating Results and Financial Conditions

1. Qualitative Information on Consolidated Operating Results

Consolidated operating revenue for this period totaled 123.6 billion yen (2.6% increase from the same period of the previous year). Consolidated net operating revenue was 112.5 billion yen (3.4% increase), while selling, general and administrative expenses was 91.0 billion yen (10.3% increase). Consequently, consolidated operating income was 21.5 billion yen (18.3% decrease), and consolidated ordinary income after adjustment for non-operating income/expenses was 21.8 billion yen (16.2% decrease). Consolidated net income, which incorporates factors such as extraordinary income/losses and income taxes, was 10.7 billion yen (39.4% decrease).

Major revenues and expenses were as follows;

(1) Commission received

Commission received was 59.1 billion yen (16.8% decrease). Following are summaries by categories:

Brokerage commissions

Brokerage commissions was 6.6 billion yen (11.9% decrease). Average daily trading values on the Tokyo Stock Exchange during the period were 1,368.7 billion yen or 6% decrease from the same period of the previous year. Given this situation of market conditions, brokerage commissions on equities was 6.4 billion yen (10.6% decrease).

Underwriting and distribution commissions

Underwriting and distribution commissions was 6.9 billion yen (22.8% decrease). Commission revenues on equities was 2.3 billion yen, and those on bonds was 4.5 billion yen.

Flotation and distribution fees

Flotation and distribution fees was 25.9 billion yen (22.4% decrease). Fee revenues on investment trusts was 25.0 billion yen (24.1% decrease), due to a decrease of selling amount as a result of the global financial uncertainty arising from the euro zone debt crisis though steadily sold mutual funds that invest globally in stocks and bonds on emerging markets.

Other fees received

Other fees received was 19.5 billion yen (7.2% decrease). Agent commissions and other fees from investment trusts was 13.7 billion yen.

(2) Net trading income

Net trading income was 50.5 billion yen (56.0% increase). Net trading income on equities was 0.1 billion yen and net trading income on bonds/foreign exchanges was 50.3 billion yen.

(3) Net financial revenue

Net financial revenue, 9.2 billion yen (16.7% decrease) of financial revenue less 7.3 billion yen (1.1% decrease) of financial expenses, was 1.9 billion yen (47.7% decrease).

(4) Selling, general and administrative expenses

Selling, general and administrative expenses was 91.0 billion yen (10.3% increase), mainly consisting of personal expenses of 46.8 billion yen, trading related expenses of 11.4 billion yen, real estate expenses of 9.7 billion yen, depreciation and amortization of 7.8 billion yen and outsourcing and stationery expenses of 7.4 billion yen.

(5) Extraordinary income and losses

Extraordinary income was 0.7 billion yen due to gain on sales of investment securities. Extraordinary losses was 1.7 billion yen including expenses for change in corporate name of 0.7 billion yen and loss on valuation of

investment securities of 0.5 billion yen.

(6) Income taxes

Income taxes-current was 0.4 billion yen. Income taxes-deferred was 9.6 billion yen.

2. Qualitative Information on Consolidated Financial Conditions

Total assets decreased by 94.6 billion yen to 7,955.5 billion yen from the end of the previous fiscal year, mainly due to a decrease in loans secured by securities by 939.6 billion yen, though trading assets increased by 1,242.2 billion yen. Total liabilities decreased by 100.3 billion yen to 7,509.2 billion yen from the end of the previous fiscal year mainly due to a decrease in short-term loans payable by 1,468.7 billion yen, while there were increases in trading liabilities and loans payable secured by securities. Net assets increased by 5.7 billion yen to 446.2 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	September 30, 2011
Assets		
Current assets		
Cash and deposits	578,755	259,411
Cash segregated as deposits	120,227	134,969
Trading products	2,528,058	3,770,283
Trading securities and other	2,382,612	3,605,752
Derivatives	145,445	164,530
Trade date accrual	74,040	—
Margin transaction assets	32,243	38,027
Loans on margin transactions	31,127	36,979
Cash collateral pledged for securities borrowing on margin transactions	1,116	1,047
Loans secured by securities	4,296,738	3,357,094
Cash collateral pledged for securities borrowed	4,296,738	3,350,622
Loans on Gensaki transactions	—	6,471
Cash paid for offering	16,350	16,085
Short-term guarantee deposits	92,310	93,557
Accrued income	12,930	12,750
Deferred tax assets	27,536	24,173
Other	15,811	19,194
Allowance for doubtful accounts	(71)	(696)
Total current assets	7,794,932	7,724,850
Noncurrent assets		
Tangible assets	27,953	27,944
Intangible assets	67,989	67,617
Investments and other assets	159,277	135,137
Investment securities	78,636	59,974
Long-term loans receivable	5,111	5,108
Long-term guarantee deposits	16,472	16,586
Deferred tax assets	52,910	47,894
Other	12,783	12,821
Allowance for doubtful accounts	(6,636)	(7,248)
Total noncurrent assets	255,220	230,699
Total assets	8,050,152	7,955,549

(Millions of yen)

	March 31, 2011	September 30, 2011
Liabilities		
Current liabilities		
Trading products	1,638,499	1,828,618
Trading securities and other	1,490,095	1,662,463
Derivatives	148,404	166,154
Trade date accrual	—	319,032
Margin transaction liabilities	5,611	4,371
Borrowings on margin transactions	1,560	1,371
Cash received for securities lending on margin transactions	4,050	3,000
Loans payable secured by securities	1,081,616	2,022,589
Cash received on debt credit transaction of securities	884,492	1,516,456
Borrowings on Gensaki transaction	197,124	506,132
Deposits received	209,780	253,201
Guarantee deposits received	17,753	17,358
Short-term loans payable	4,130,964	2,662,171
Commercial papers	339,800	202,500
Short-term bonds payable	—	800
Income taxes payable	2,978	1,304
Other	47,079	36,620
Total current liabilities	7,474,085	7,348,567
Noncurrent liabilities		
Bonds payable	30,000	46,900
Long-term loans payable	97,000	104,500
Lease obligations	2,531	2,792
Deferred tax liabilities	491	509
Provision for retirement benefits	2,421	2,868
Asset retirement obligations	1,424	1,656
Other	1,594	1,429
Total current liabilities	135,464	160,656
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	45
Total reserves under the special laws	69	45
Total liabilities	7,609,619	7,509,269

(Millions of yen)

	March 31, 2011	September 30, 2011
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Retained earnings	55,124	65,874
Total shareholders' equity	443,519	454,269
Other comprehensive income		
Valuation difference on available-for-sale securities	209	(2,365)
Foreign currency translation adjustment	(3,289)	(5,728)
Total other comprehensive income	(3,079)	(8,094)
Minority interests	93	105
Total net assets	440,533	446,279
Total liabilities and net assets	8,050,152	7,955,549

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

Consolidated Statements of Income

(Millions of yen)

	For the 6 months ended Sep 30, 2010	For the 6 months ended Sep 30, 2011
Operating revenue		
Commission received	71,154	59,178
Brokerage commissions	7,555	6,656
Underwriting and distribution commissions	9,064	6,999
Flotation and distribution fees	33,437	25,942
Other fees received	21,097	19,580
Net trading income	32,381	50,526
Net trading income on equities	(129)	142
Net trading income on bonds/foreign exchanges	32,511	50,384
Other net gain on goods trading	0	—
Financial revenue	11,149	9,283
Net sales	5,800	4,656
Total operating revenue	120,486	123,644
Financial expenses	7,406	7,324
Cost of sales	4,184	3,737
Net operating revenue	108,895	112,582
Selling, general and administrative expenses		
Trading related expenses	10,373	11,401
Personal expenses	43,117	46,814
Real estate expenses	9,761	9,746
Outsourcing and stationery expenses	5,423	7,415
Depreciation and amortization	7,314	7,808
Taxes and dues	1,061	1,059
Other	5,486	6,811
Total selling, general and administrative expenses	82,538	91,057
Operating income	26,357	21,525
Non-operating income		
Dividends income	442	556
Foreign exchange gains	454	297
Other	882	190
Total non-operating income	1,779	1,043
Non-operating expenses		
Interest expenses	237	137
Loss on investments in partnership	1,679	244
Other	169	357
Total non-operating expenses	2,085	739
Ordinary income	26,050	21,828

(Millions of yen)

	For the 6 months ended Sep 30, 2010	For the 6 months ended Sep 30, 2011
Extraordinary income		
Gain on sales of investment securities	106	726
Reversal of reserve for financial products transaction liabilities	—	24
Gain on change in equity	0	—
Total extraordinary income	107	751
Extraordinary loss		
Loss on disposal of noncurrent assets	248	81
Loss on sales of investment securities	438	156
Loss on sales of stocks of subsidiaries and affiliates	—	136
Loss on valuation of investment securities	1,862	591
Provision of reserve for financial products transaction liabilities	7	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	882	—
Expenses for change in corporate name	—	787
Total extraordinary losses	3,440	1,753
Income before income taxes	22,718	20,827
Income taxes-current	1,750	402
Income taxes-deferred	3,248	9,663
Income taxes	4,999	10,066
Income before minority interests	17,718	10,760
Minority interests in income/(losses)	(12)	11
Net income	17,730	10,749

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the 6 months ended Sep 30, 2010	For the 6 months ended Sep 30, 2011
Income before minority interests	17,718	10,760
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,305)	(2,575)
Foreign currency translation adjustment	(775)	(2,370)
Share of other comprehensive income of associates accounted for using equity method	(111)	(68)
Total other comprehensive income	(4,192)	(5,014)
Comprehensive income	13,526	5,746
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	13,567	5,734
Comprehensive income attributable to minority interests	(41)	11

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 6 months ended Sep 30, 2010	For the 6 months ended Sep 30, 2011	Increase/(Decrease)	
			Amount	Rate of change
Brokerage commissions	7,555	6,656	(899)	(11.9) %
< Equities >	< 7,185 >	< 6,426 >	< (758) >	< (10.6) >
< Bonds >	< 46 >	< 52 >	< 5 >	< 11.4 >
< Other >	< 323 >	< 177 >	< (146) >	< (45.2) >
Underwriting and distribution commissions	9,064	6,999	(2,064)	(22.8)
< Equities >	< 3,410 >	< 2,384 >	< (1,026) >	< (30.1) >
< Bonds >	< 5,613 >	< 4,512 >	< (1,101) >	< (19.6) >
< Other >	< 39 >	< 103 >	< 63 >	< 158.7 >
Flotation and distribution fees	33,437	25,942	(7,494)	(22.4)
< Investment trusts >	< 33,038 >	< 25,077 >	< (7,960) >	< (24.1) >
Other fees received	21,097	19,580	(1,517)	(7.2)
< Investment trusts >	< 14,134 >	< 13,712 >	< (421) >	< (3.0) >
Total	71,154	59,178	(11,976)	(16.8)

(2) Breakdown by Products

(Millions of yen, except for percentages)

	For the 6 months ended Sep 30, 2010	For the 6 months ended Sep 30, 2011	Increase/(Decrease)	
			Amount	Rate of change
Equities	11,626	9,651	(1,975)	(17.0) %
Bonds	6,264	5,593	(671)	(10.7)
Investment trusts	47,495	38,967	(8,528)	(18.0)
Other	5,766	4,966	(800)	(13.9)
Total	71,154	59,178	(11,976)	(16.8)

2. Net Trading Income

	For the 6 months ended Sep 30, 2010	For the 6 months ended Sep 30, 2011	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	(129)	142	271	— %
Net trading income on bonds/foreign exchanges	32,511	50,384	17,873	55.0
< Bonds, etc. >	< 27,507 >	< 39,741 >	< 12,234 >	< 44.5 >
< Foreign exchanges, etc. >	< 5,003 >	< 10,643 >	< 5,639 >	< 112.7 >
Total	32,381	50,526	18,145	56.0

3. Quarterly Consolidated Statements of Income

(Millions of yen)

	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	FY2011 2Q 07/01/11 09/30/11
Operating revenue					
Commission received	33,643	37,391	32,655	33,573	25,605
Brokerage commissions	2,933	4,130	5,499	3,045	3,610
< Equities >	< 2,808 >	< 3,943 >	< 5,288 >	< 2,948 >	< 3,478 >
Underwriting and distribution commissions	4,469	6,187	3,720	3,320	3,679
< Equities >	< 1,307 >	< 3,263 >	< 1,456 >	< 1,116 >	< 1,267 >
< Bonds >	< 3,161 >	< 2,897 >	< 2,264 >	< 2,143 >	< 2,368 >
Flotation and distribution fees	15,299	16,645	12,070	17,417	8,524
< Investment trusts >	< 15,225 >	< 16,555 >	< 11,949 >	< 16,740 >	< 8,336 >
Other fees received	10,940	10,428	11,364	9,790	9,790
< Investment trusts >	< 7,038 >	< 7,188 >	< 7,359 >	< 7,153 >	< 6,558 >
Net trading income	14,873	15,487	14,695	20,935	29,591
Net trading income on equities	(151)	472	(900)	455	(313)
Net trading income on bonds/foreign exchanges	15,024	15,015	15,596	20,479	29,905
< Bonds, etc. >	< 14,486 >	< 13,700 >	< 16,070 >	< 17,349 >	< 22,392 >
< Foreign exchanges, etc. >	< 538 >	< 1,314 >	< (474) >	< 3,129 >	< 7,513 >
Other net gain on goods trading	0	0	0	—	—
Financial revenue	6,356	5,369	5,265	4,335	4,947
Net sales	2,669	2,657	2,696	2,336	2,319
Total operating revenue	57,542	60,906	55,313	61,180	62,464
Financial expenses	3,813	3,717	3,840	3,795	3,528
Cost of sales	1,758	1,767	1,953	1,845	1,892
Net operating revenue	51,970	55,421	49,519	55,539	57,042
Selling, general and administrative expenses					
Trading related expenses	5,757	6,085	6,020	5,706	5,694
Personal expenses	20,936	22,740	22,017	22,969	23,844
Real estate expenses	4,891	4,864	5,284	4,960	4,785
Outsourcing and stationery expenses	2,841	2,938	4,579	3,680	3,735
Depreciation and amortization	3,650	3,832	3,944	3,902	3,905
Taxes and dues	518	514	514	533	525
Other	2,981	2,367	2,880	3,964	2,847
Total selling, general and administrative expenses	41,577	43,344	45,240	45,717	45,339
Operating income	10,393	12,076	4,278	9,822	11,703
Non-operating income	1,116	36	838	662	380
Non-operating expenses	573	575	(399)	347	392
Ordinary income	10,935	11,537	5,517	10,137	11,691
Extraordinary income	61	586	50	189	561
Extraordinary loss	616	355	2,220	1,227	525
Income before income taxes	10,380	11,768	3,347	9,099	11,727
Income taxes-current	962	455	608	161	241
Income taxes-deferred	2,680	4,809	1,469	4,908	4,755
Income before minority interests	6,737	6,503	1,269	4,030	6,730
Minority interests in income/(losses)	18	13	8	8	3
Net income	6,719	6,489	1,260	4,021	6,727

V. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	September 30, 2011
Assets		
Current assets		
Cash and deposits	465,760	139,715
Cash segregated as deposits	120,192	134,953
Trading products	2,528,058	3,770,283
Trading securities and other	2,382,612	3,605,752
Derivatives	145,445	164,530
Trade date accrual	74,040	—
Margin transaction assets	32,243	38,027
Loans on margin transactions	31,127	36,979
Cash collateral pledged for securities borrowing on margin transactions	1,116	1,047
Loans secured by securities	4,296,738	3,357,094
Cash collateral pledged for securities borrowed	4,296,738	3,350,622
Loans on Gensaki transactions	—	6,471
Cash paid for offering	16,350	16,085
Short-term guarantee deposits	92,310	93,557
Accrued income	12,193	12,178
Deferred tax assets	26,245	23,327
Other	7,700	7,190
Allowance for doubtful accounts	(71)	(696)
Total current assets	7,671,763	7,591,717
Noncurrent assets		
Tangible assets	8,692	8,363
Intangible assets	46,337	43,889
Investments and other assets	194,916	180,786
Investment securities	67,218	42,949
Stocks of subsidiaries and affiliates	39,588	55,365
Long-term loans receivable	13,701	13,699
Long-term guarantee deposits	15,698	15,890
Deferred tax assets	52,735	47,724
Other	12,611	12,405
Allowance for doubtful accounts	(6,636)	(7,248)
Total noncurrent assets	249,946	233,039
Total assets	7,921,710	7,824,756

(Millions of yen)

	March 31, 2011	September 30, 2011
Liabilities		
Current liabilities		
Trading products	1,638,499	1,828,618
Trading securities and other	1,490,095	1,662,463
Derivatives	148,404	166,154
Trade date accrual	—	319,032
Margin transaction liabilities	5,611	4,371
Borrowings on margin transactions	1,560	1,371
Cash received for securities lending on margin transactions	4,050	3,000
Loans payable secured by securities	1,081,616	2,022,589
Cash received on debt credit transaction of securities	884,492	1,516,456
Borrowings on Gensaki transaction	197,124	506,132
Deposits received	114,016	157,091
Guarantee deposits received	17,753	17,358
Short-term loans payable	4,119,500	2,648,200
Commercial papers	339,800	202,500
Short-term bonds payable	—	800
Income taxes payable	618	580
Other	33,022	20,090
Total current liabilities	7,350,438	7,221,231
Noncurrent liabilities		
Bonds payable	30,000	46,900
Long-term loans payable	97,000	104,500
Lease obligations	926	688
Provision for retirement benefits	2,019	2,458
Asset retirement obligations	1,266	1,534
Other	778	686
Total current liabilities	131,991	156,767
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	45
Total reserves under the special laws	69	45
Total liabilities	7,482,500	7,378,044
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	60,456
Other retained earnings	50,269	60,456
Retained earnings brought forward	50,269	60,456
Total shareholders' equity	438,664	448,852
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	546	(2,140)
Total valuation and translation adjustments	546	(2,140)
Total net assets	439,210	446,712
Total liabilities and net assets	7,921,710	7,824,756

2. Non-consolidated Statements of Income

	(Millions of yen)	
	For the 6 months Sep 30, 2010	For the 6 months Sep 30, 2011
Operating revenue		
Commission received	68,514	57,055
Brokerage commissions	7,540	6,501
Underwriting and distribution commissions	9,064	6,995
Flotation and distribution fees	33,437	25,866
Other fees received	18,472	17,692
Net trading income	32,459	50,526
Net trading income on equities	(54)	142
Net trading income on bonds/foreign exchanges	32,513	50,384
Other net gain on goods trading	0	—
Financial revenue	10,397	8,318
Total operating revenue	111,370	115,900
Financial expenses	6,709	6,411
Net operating revenue	104,661	109,488
Selling, general and administrative expenses		
Trading related expenses	10,216	11,182
Personal expenses	38,947	42,413
Real estate expenses	8,938	8,965
Outsourcing and stationery expenses	14,396	15,816
Depreciation and amortization	3,245	3,736
Taxes and dues	859	862
Other	5,007	6,458
Total selling, general and administrative expenses	81,612	89,436
Operating income	23,048	20,052
Non-operating income		
Dividends income	745	386
Other	609	175
Total non-operating income	1,354	561
Non-operating expenses		
Loss on investments in partnership	1,669	244
Other	77	219
Total non-operating expenses	1,747	464
Ordinary income	22,656	20,149

(Millions of yen)

	For the 6 months Sep 30, 2010	For the 6 months Sep 30, 2011
Extraordinary income		
Gain on sales of investment securities	27	718
Gain on sales of stocks of subsidiaries and affiliates	—	18
Reversal of allowance for doubtful accounts	—	24
Total extraordinary income	27	761
Extraordinary loss		
Loss on disposal of noncurrent assets	222	37
Loss on sales of investment securities	438	116
Loss on valuation of investment securities	1,344	517
Provision of reserve for financial products transaction liabilities	7	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	774	—
Expenses for change in corporate name	—	787
Total extraordinary losses	2,787	1,458
Income before income taxes	19,896	19,452
Income taxes-current	411	49
Income taxes-deferred	3,347	9,215
Income taxes	3,758	9,264
Net income	16,138	10,187

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

(Millions of yen)

		March 31, 2011	September 30, 2011
Basic items	Total capital (A)	438,664	446,712
Supplementary items	Valuation difference on available-for-sale securities, etc.	546	-
	Reserves under the special laws	69	45
	Allowance for doubtful accounts	71	81
	Short-term subordinated borrowings	200,000	200,000
	Sub-total (B)	200,686	200,126
Deductible assets	(C)	225,181	208,227
Net capital	(A) + (B) - (C) (D)	414,169	438,610
Risk total	Market Risk	27,311	33,493
	Counterparty Risk	12,017	12,543
	Basic Risk	40,489	44,039
	Sub-total (E)	79,817	90,076
Capital adequacy ratio	(D) / (E)*100	518.8%	486.9%

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 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	FY2011 2Q 07/01/11 09/30/11
Operating revenue					
Commission received	32,277	36,165	31,207	32,336	24,718
Brokerage commissions	2,928	4,110	5,426	2,991	3,509
< Equities >	< 2,803 >	< 3,923 >	< 5,215 >	< 2,895 >	< 3,376 >
< Bonds >	< 18 >	< 42 >	< 25 >	< 8 >	< 43 >
< Other >	< 106 >	< 144 >	< 185 >	< 87 >	< 89 >
Underwriting and distribution commissions	4,469	6,187	3,720	3,320	3,674
< Equities >	< 1,307 >	< 3,263 >	< 1,456 >	< 1,116 >	< 1,267 >
< Bonds >	< 3,161 >	< 2,897 >	< 2,264 >	< 2,143 >	< 2,363 >
Flotation and distribution fees	15,299	16,645	12,070	17,357	8,508
< Investment trusts >	< 15,225 >	< 16,555 >	< 11,949 >	< 16,740 >	< 8,336 >
Other fees received	9,580	9,222	9,989	8,666	9,026
< Investment trusts >	< 6,141 >	< 6,444 >	< 6,470 >	< 6,484 >	< 5,986 >
Net trading income	14,853	15,466	14,681	20,935	29,591
Net trading income on equities	(171)	451	(914)	455	(313)
Net trading income on bonds/foreign exchanges	15,024	15,014	15,596	20,479	29,905
< Bonds, etc. >	< 14,482 >	< 13,700 >	< 16,081 >	< 17,349 >	< 22,392 >
< Foreign exchanges, etc. >	< 542 >	< 1,314 >	< (484) >	< 3,129 >	< 7,513 >
Other net gain on goods trading	0	0	0	—	—
Financial revenue	5,988	5,065	4,705	3,822	4,496
Total operating revenue	53,119	56,697	50,594	57,093	58,806
Financial expenses	3,471	3,453	3,311	3,311	3,100
Net operating revenue	49,647	53,244	47,282	53,782	55,706
Selling, general and administrative expenses					
Trading related expenses	5,626	5,764	5,920	5,561	5,621
Personal expenses	18,863	20,476	19,691	20,768	21,644
Real estate expenses	4,468	4,423	4,832	4,561	4,404
Outsourcing and stationery expenses	7,356	6,860	8,000	7,825	7,991
Depreciation and amortization	1,641	1,745	1,882	1,858	1,877
Taxes and dues	421	426	389	430	432
Other	2,690	2,117	2,501	3,754	2,704
Total selling, general and administrative expenses	41,069	41,814	43,219	44,760	44,676
Operating income	8,578	11,430	4,063	9,021	11,030
Non-operating income	1,142	(221)	345	224	337
Non-operating expenses	409	469	(532)	263	201
Ordinary income	9,311	10,739	4,940	8,982	11,166
Non-operating income	(3)	40	13	184	576
Non-operating expenses	427	10	1,902	1,061	396
Income before income taxes	8,880	10,768	3,051	8,105	11,346
Income taxes-current	40	40	65	10	39
Income taxes-deferred	2,947	4,884	1,444	4,661	4,554
Net income	5,893	5,844	1,541	3,434	6,753