



Date: January 30, 2012

SMBC NIKKO SECURITIES INC.

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

Consolidated Financial Results for the Nine Months ended December 31, 2011 (JGAAP)

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

1. Overall business performance for the Nine Months ended December 31, 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 3Q(9 months)	180,698	(0.4)	163,832	(0.3)	28,380	(26.2)	28,864	(23.2)	9,143	(62.3)
FY2010 3Q(9 months)	181,392	-	164,316	-	38,433	-	37,588	-	24,220	-

Note : Comprehensive income FY2011 3Q 3,815 million yen <(81.8)%> FY2010 3Q 20,946 million yen <->

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY2011 3Q	8,514,593	444,025	5.2
FY2010	8,050,152	440,533	5.5

Reference : Equity FY2011 3Q 443,918 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

Corporate tax rate is to be reduced for the consolidated fiscal year beginning on April 1st 2012 and later in accordance with the laws promulgated on December 2nd 2011. As a result, net income for the current period decreased by 4.7 billion yen.

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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 180.6 billion yen (0.4% decrease from the same period of the previous year). Consolidated net operating revenue was 163.8 billion yen (0.3% decrease), while selling, general and administrative expenses was 135.4 billion yen (7.6% increase). Consequently, consolidated operating income was 28.3 billion yen (26.2% decrease), and consolidated ordinary income after adjustment for non-operating income/expenses was 28.8 billion yen (23.2% decrease). Consolidated net income, which incorporates factors such as extraordinary income/losses and income taxes, was 9.1 billion yen (62.3% decrease).

Major revenues and expenses were as follows;

(1) Commission received

Commission received was 81.1 billion yen (25.2% decrease). Following are summaries by categories:

Brokerage commissions

Brokerage commissions was 9.4 billion yen (18.8% decrease). Average daily trading values on the Tokyo Stock Exchange during the period were 1,271.7 billion yen or 12% decrease from the same period of the previous year. Given this situation of market conditions, brokerage commissions on equities was 9.1 billion yen (17.5% decrease).

Underwriting and distribution commissions

Underwriting and distribution commissions was 10.7 billion yen (29.3% decrease). Commission revenues on equities was 3.7 billion yen, and those on bonds was 6.8 billion yen.

Flotation and distribution fees

Flotation and distribution fees was 32.0 billion yen (35.9% decrease). Fee revenues on investment trusts was 30.4 billion yen (38.6% decrease), due to a decrease in their sales as a result of growing uncertainty about the future of world economy.

Other fees received

Other fees received was 28.8 billion yen (8.6% decrease). Agent commissions and other fees from investment trusts was 19.4 billion yen.

(2) Net trading income

Net trading income was 78.2 billion yen (63.5% increase). Net trading income on equities was 0.2 billion yen and net trading income on bonds/foreign exchanges was 77.9 billion yen.

(3) Net financial revenue

Net financial revenue, 13.2 billion yen (20.1% decrease) of financial revenue less 10.8 billion yen (2.1% decrease) of financial expenses, was 2.3 billion yen (57.1% decrease).

(4) Selling, general and administrative expenses

Selling, general and administrative expenses was 135.4 billion yen (7.6% increase), mainly consisting of personal expenses of 68.7 billion yen, trading related expenses of 18.3 billion yen, real estate expenses of 14.5 billion yen, depreciation and amortization of 11.7 billion yen and outsourcing and stationery expenses of 11.0 billion yen.

(5) Extraordinary income and losses

Extraordinary income was mainly 0.7 billion yen due to gain on sales of investment securities. Extraordinary losses was 3.2 billion yen including loss on valuation of investment securities of 1.6 billion yen and expenses for change in corporate name of 0.7 billion yen.

(6) Income taxes

Income taxes-current was 1.1 billion yen. Income taxes-deferred was 16.1 billion yen.

2. Qualitative Information on Consolidated Financial Conditions

Total assets increased by 464.4 billion yen to 8,514.5 billion yen from the end of the previous fiscal year, mainly due to an increase in trading assets by 1,110.4 billion yen, though loans secured by securities decreased by 489.5 billion yen. Total liabilities increased by 460.9 billion yen to 8,070.5 billion yen from the end of the previous fiscal year mainly due to an increase in loans payable secured by securities by 1,987.3 billion yen and in trading liabilities by 343.1 billion yen, though short-term loans payable decreased by 1,942.2 billion yen. Net assets increased by 3.4 billion yen to 444.0 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	December 31, 2011
Assets		
Current assets		
Cash and deposits	578,755	535,120
Cash segregated as deposits	120,227	127,930
Trading products	2,528,058	3,638,521
Trading securities and other	2,382,612	3,479,749
Derivatives	145,445	158,771
Trade date accrual	74,040	—
Margin transaction assets	32,243	35,473
Loans on margin transactions	31,127	33,958
Cash collateral pledged for securities borrowing on margin transactions	1,116	1,515
Loans secured by securities	4,296,738	3,807,207
Cash collateral pledged for securities borrowed	4,296,738	3,800,736
Loans on Gensaki transactions	—	6,471
Cash paid for offering	16,350	7,822
Short-term guarantee deposits	92,310	90,702
Accrued income	12,930	12,303
Deferred tax assets	27,536	23,639
Other	15,811	14,488
Allowance for doubtful accounts	(71)	(685)
Total current assets	7,794,932	8,292,524
Noncurrent assets		
Tangible assets	27,953	27,006
Intangible assets	67,989	67,491
Investments and other assets	159,277	127,570
Investment securities	78,636	58,261
Long-term loans receivable	5,111	5,125
Long-term guarantee deposits	16,472	16,776
Deferred tax assets	52,910	41,802
Other	12,783	12,864
Allowance for doubtful accounts	(6,636)	(7,259)
Total noncurrent assets	255,220	222,068
Total assets	8,050,152	8,514,593

(Millions of yen)

	March 31, 2011	December 31, 2011
Liabilities		
Current liabilities		
Trading products	1,638,499	1,981,677
Trading securities and other	1,490,095	1,821,595
Derivatives	148,404	160,082
Trade date accrual	—	127,229
Margin transaction liabilities	5,611	4,173
Borrowings on margin transactions	1,560	928
Cash received for securities lending on margin transactions	4,050	3,244
Loans payable secured by securities	1,081,616	3,068,991
Cash received on debt credit transaction of securities	884,492	1,768,208
Borrowings on Gensaki transaction	197,124	1,300,783
Deposits received	209,780	238,913
Guarantee deposits received	17,753	15,027
Short-term loans payable	4,130,964	2,188,700
Commercial papers	339,800	167,500
Short-term bonds payable	—	1,450
Income taxes payable	2,978	1,449
Other	47,079	38,267
Total current liabilities	7,474,085	7,833,379
Noncurrent liabilities		
Bonds payable	30,000	61,500
Long-term loans payable	97,000	166,500
Lease obligations	2,531	2,700
Deferred tax liabilities	491	452
Provision for retirement benefits	2,421	2,874
Asset retirement obligations	1,424	1,672
Other	1,594	1,424
Total current liabilities	135,464	237,123
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	64
Total reserves under the special laws	69	64
Total liabilities	7,609,619	8,070,567

(Millions of yen)

	March 31, 2011	December 31, 2011
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Retained earnings	55,124	63,944
Total shareholders' equity	443,519	452,339
Other comprehensive income		
Valuation difference on available-for-sale securities	209	(2,896)
Foreign currency translation adjustment	(3,289)	(5,524)
Total other comprehensive income	(3,079)	(8,420)
Minority interests	93	106
Total net assets	440,533	444,025
Total liabilities and net assets	8,050,152	8,514,593

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

(Millions of yen)

	For the 9 months ended Dec 31, 2010	For the 9 months ended Dec 31, 2011
Operating revenue		
Commission received	108,545	81,182
Brokerage commissions	11,685	9,488
Underwriting and distribution commissions	15,251	10,781
Flotation and distribution fees	50,083	32,084
Other fees received	31,525	28,828
Net trading income	47,869	78,243
Net trading income on equities	343	286
Net trading income on bonds/foreign exchanges	47,526	77,957
Other net gain on goods trading	0	—
Financial revenue	16,518	13,203
Net sales	8,458	8,069
Total operating revenue	181,392	180,698
Financial expenses	11,123	10,886
Cost of sales	5,952	5,979
Net operating revenue	164,316	163,832
Selling, general and administrative expenses		
Trading related expenses	16,459	18,301
Personal expenses	65,858	68,778
Real estate expenses	14,626	14,503
Outsourcing and stationery expenses	8,361	11,090
Depreciation and amortization	11,147	11,795
Taxes and dues	1,575	1,477
Other	7,853	9,506
Total selling, general and administrative expenses	125,882	135,451
Operating income	38,433	28,380
Non-operating income		
Dividends income	457	632
Foreign exchange gains	591	421
Other	766	387
Total non-operating income	1,815	1,442
Non-operating expenses		
Interest expenses	343	207
Loss on investments in partnership	1,998	237
Other	319	514
Total non-operating expenses	2,661	958
Ordinary income	37,588	28,864

(Millions of yen)

	For the 9 months ended Dec 31, 2010	For the 9 months ended Dec 31, 2011
Extraordinary income		
Gain on sales of noncurrent assets	68	143
Gain on sales of investment securities	464	727
Reversal of allowance for doubtful accounts	8	—
Gain on negative goodwill	149	—
Reversal of reserve for financial products transaction liabilities	1	5
Gain on change in equity	0	—
Total extraordinary income	693	876
Extraordinary loss		
Loss on sales of noncurrent assets	3	235
Loss on disposal of noncurrent assets	335	155
Loss on sales of investment securities	482	239
Loss on sales of stocks of subsidiaries and affiliates	80	235
Loss on valuation of investment securities	2,011	1,623
Loss on adjustment for changes of accounting standard for asset retirement obligations	882	—
Expenses for change in corporate name	—	787
Total extraordinary losses	3,795	3,276
Income before income taxes	34,486	26,463
Income taxes-current	2,206	1,179
Income taxes-deferred	8,058	16,127
Income taxes	10,264	17,306
Income before minority interests	24,222	9,156
Minority interests in income/(losses)	1	13
Net income	24,220	9,143

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the 9 months ended Dec 31, 2010	For the 9 months ended Dec 31, 2011
Income before minority interests	24,222	9,156
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,071)	(3,106)
Foreign currency translation adjustment	(1,162)	(2,300)
Share of other comprehensive income of associates accounted for using equity method	(41)	65
Total other comprehensive income	(3,275)	(5,340)
Comprehensive income	20,946	3,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,973	3,802
Comprehensive income attributable to minority interests	(27)	13

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 9 months ended Dec 31, 2010	For the 9 months ended Dec 31, 2011	Increase/(Decrease)	
			Amount	Rate of change
Brokerage commissions	11,685	9,488	(2,197)	(18.8) %
< Equities >	< 11,128 >	< 9,185 >	< (1,943) >	< (17.5) >
< Bonds >	< 89 >	< 63 >	< (25) >	< (29.1) >
< Other >	< 467 >	< 234 >	< (233) >	< (49.9) >
Underwriting and distribution commissions	15,251	10,781	(4,469)	(29.3)
< Equities >	< 6,674 >	< 3,788 >	< (2,886) >	< (43.2) >
< Bonds >	< 8,510 >	< 6,889 >	< (1,621) >	< (19.0) >
< Other >	< 66 >	< 103 >	< 37 >	< 56.2 >
Flotation and distribution fees	50,083	32,084	(17,998)	(35.9)
< Investment trusts >	< 49,593 >	< 30,468 >	< (19,124) >	< (38.6) >
Other fees received	31,525	28,828	(2,697)	(8.6)
< Investment trusts >	< 21,322 >	< 19,455 >	< (1,867) >	< (8.8) >
Total	108,545	81,182	(27,363)	(25.2)

(2) Breakdown by Products

(Millions of yen, except for percentages)

	For the 9 months ended Dec 31, 2010	For the 9 months ended Dec 31, 2011	Increase/(Decrease)	
			Amount	Rate of change
Equities	19,532	14,344	(5,188)	(26.6) %
Bonds	9,343	8,882	(460)	(4.9)
Investment trusts	71,383	50,158	(21,225)	(29.7)
Other	8,286	7,797	(489)	(5.9)
Total	108,545	81,182	(27,363)	(25.2)

2. Net Trading Income

(Millions of yen, except for percentages)

	For the 9 months ended Dec 31, 2010	For the 9 months ended Dec 31, 2011	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	343	286	(56)	(16.6) %
Net trading income on bonds/foreign exchanges	47,526	77,957	30,431	64.0
< Bonds, etc. >	< 41,208 >	< 64,651 >	< 23,443 >	< 56.9 >
< Foreign exchanges, etc. >	< 6,318 >	< 13,306 >	< 6,988 >	< 110.6 >
Total	47,869	78,243	30,374	63.5

3. Quarterly Consolidated Statements of Income

(Millions of yen)

	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	FY2011 3Q 10/01/11 12/31/11
Operating revenue					
Commission received	37,391	32,655	33,573	25,605	22,003
Brokerage commissions	4,130	5,499	3,045	3,610	2,831
< Equities >	< 3,943 >	< 5,288 >	< 2,948 >	< 3,478 >	< 2,758 >
Underwriting and distribution commissions	6,187	3,720	3,320	3,679	3,782
< Equities >	< 3,263 >	< 1,456 >	< 1,116 >	< 1,267 >	< 1,404 >
< Bonds >	< 2,897 >	< 2,264 >	< 2,143 >	< 2,368 >	< 2,377 >
Flotation and distribution fees	16,645	12,070	17,417	8,524	6,141
< Investment trusts >	< 16,555 >	< 11,949 >	< 16,740 >	< 8,336 >	< 5,391 >
Other fees received	10,428	11,364	9,790	9,790	9,247
< Investment trusts >	< 7,188 >	< 7,359 >	< 7,153 >	< 6,558 >	< 5,742 >
Net trading income	15,487	14,695	20,935	29,591	27,716
Net trading income on equities	472	(900)	455	(313)	144
Net trading income on bonds/foreign exchanges	15,015	15,596	20,479	29,905	27,572
< Bonds, etc. >	< 13,700 >	< 16,070 >	< 17,349 >	< 22,392 >	< 24,909 >
< Foreign exchanges, etc. >	< 1,314 >	< (474) >	< 3,129 >	< 7,513 >	< 2,663 >
Other net gain on goods trading	0	0	—	—	—
Financial revenue	5,369	5,265	4,335	4,947	3,920
Net sales	2,657	2,696	2,336	2,319	3,412
Total operating revenue	60,906	55,313	61,180	62,464	57,053
Financial expenses	3,717	3,840	3,795	3,528	3,562
Cost of sales	1,767	1,953	1,845	1,892	2,241
Net operating revenue	55,421	49,519	55,539	57,042	51,249
Selling, general and administrative expenses					
Trading related expenses	6,085	6,020	5,706	5,694	6,899
Personal expenses	22,740	22,017	22,969	23,844	21,964
Real estate expenses	4,864	5,284	4,960	4,785	4,756
Outsourcing and stationery expenses	2,938	4,579	3,680	3,735	3,674
Depreciation and amortization	3,832	3,944	3,902	3,905	3,986
Taxes and dues	514	514	533	525	417
Other	2,367	2,880	3,964	2,847	2,694
Total selling, general and administrative expenses	43,344	45,240	45,717	45,339	44,394
Operating income	12,076	4,278	9,822	11,703	6,855
Non-operating income	36	838	662	380	398
Non-operating expenses	575	(399)	347	392	218
Ordinary income	11,537	5,517	10,137	11,691	7,035
Extraordinary income	586	50	189	561	125
Extraordinary loss	355	2,220	1,227	525	1,523
Income before income taxes	11,768	3,347	9,099	11,727	5,636
Income taxes-current	455	608	161	241	777
Income taxes-deferred	4,809	1,469	4,908	4,755	6,463
Income/(losses) before minority interests	6,503	1,269	4,030	6,730	(1,604)
Minority interests in income	13	8	8	3	1
Net income/(losses)	6,489	1,260	4,021	6,727	(1,606)

V. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	December 31, 2011
Assets		
Current assets		
Cash and deposits	465,760	401,788
Cash segregated as deposits	120,192	127,913
Trading products	2,528,058	3,638,521
Trading securities and other	2,382,612	3,479,749
Derivatives	145,445	158,771
Trade date accrual	74,040	—
Margin transaction assets	32,243	35,473
Loans on margin transactions	31,127	33,958
Cash collateral pledged for securities borrowing on margin transactions	1,116	1,515
Loans secured by securities	4,296,738	3,807,207
Cash collateral pledged for securities borrowed	4,296,738	3,800,736
Loans on Gensaki transactions	—	6,471
Cash paid for offering	16,350	7,822
Short-term guarantee deposits	92,310	90,702
Accrued income	12,193	11,569
Deferred tax assets	26,245	22,836
Other	7,700	7,733
Allowance for doubtful accounts	(71)	(685)
Total current assets	7,671,763	8,150,885
Noncurrent assets		
Tangible assets	8,692	8,065
Intangible assets	46,337	42,611
Investments and other assets	194,916	173,543
Investment securities	67,218	42,255
Stocks of subsidiaries and affiliates	39,588	54,678
Long-term loans receivable	13,701	13,717
Long-term guarantee deposits	15,698	16,085
Deferred tax assets	52,735	41,660
Other	12,611	12,407
Allowance for doubtful accounts	(6,636)	(7,259)
Total noncurrent assets	249,946	224,221
Total assets	7,921,710	8,375,106

(Millions of yen)

	March 31, 2011	December 31, 2011
Liabilities		
Current liabilities		
Trading products	1,638,499	1,981,677
Trading securities and other	1,490,095	1,821,595
Derivatives	148,404	160,082
Trade date accrual	—	127,229
Margin transaction liabilities	5,611	4,173
Borrowings on margin transactions	1,560	928
Cash received for securities lending on margin transactions	4,050	3,244
Loans payable secured by securities	1,081,616	3,068,991
Cash received on debt credit transaction of securities	884,492	1,768,208
Borrowings on Gensaki transaction	197,124	1,300,783
Deposits received	114,016	129,490
Guarantee deposits received	17,753	15,027
Short-term loans payable	4,119,500	2,175,300
Commercial papers	339,800	167,500
Short-term bonds payable	—	1,450
Income taxes payable	618	384
Other	33,022	26,855
Total current liabilities	7,350,438	7,698,078
Noncurrent liabilities		
Bonds payable	30,000	61,500
Long-term loans payable	97,000	166,500
Lease obligations	926	558
Provision for retirement benefits	2,019	2,451
Asset retirement obligations	1,266	1,549
Other	778	677
Total current liabilities	131,991	233,236
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	64
Total reserves under the special laws	69	64
Total liabilities	7,482,500	7,931,379
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	57,959
Other retained earnings	50,269	57,959
Retained earnings brought forward	50,269	57,959
Total shareholders' equity	438,664	446,354
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	546	(2,627)
Total valuation and translation adjustments	546	(2,627)
Total net assets	439,210	443,727
Total liabilities and net assets	7,921,710	8,375,106

2. Non-consolidated Statements of Income

	(Millions of yen)	
	For the 9 months Dec 31, 2010	For the 9 months Dec 31, 2011
Operating revenue		
Commission received	104,679	77,890
Brokerage commissions	11,650	9,192
Underwriting and distribution commissions	15,251	10,776
Flotation and distribution fees	50,083	32,007
Other fees received	27,694	25,913
Net trading income	47,925	78,243
Net trading income on equities	396	286
Net trading income on bonds/foreign exchanges	47,528	77,957
Other net gain on goods trading	0	—
Financial revenue	15,462	11,711
Total operating revenue	168,068	167,845
Financial expenses	10,162	9,473
Net operating revenue	157,906	158,372
Selling, general and administrative expenses		
Trading related expenses	15,981	18,101
Personal expenses	59,424	62,129
Real estate expenses	13,361	13,385
Outsourcing and stationery expenses	21,257	23,843
Depreciation and amortization	4,991	5,601
Taxes and dues	1,285	1,182
Other	7,125	8,964
Total selling, general and administrative expenses	123,427	133,208
Operating income	34,479	25,164
Non-operating income		
Dividends income	749	393
Other	382	399
Total non-operating income	1,132	792
Non-operating expenses		
Loss on investments in partnership	1,987	237
Other	228	362
Total non-operating expenses	2,216	599
Ordinary income	33,395	25,357

(Millions of yen)

	For the 9 months Dec 31, 2010	For the 9 months Dec 31, 2011
Extraordinary income		
Gain on sales of investment securities	27	718
Gain on sales of stocks of subsidiaries and affiliates	29	47
Reversal of allowance for doubtful accounts	8	—
Reversal of reserve for financial products transaction liabilities	1	5
Total extraordinary income	67	771
Extraordinary loss		
Loss on disposal of noncurrent assets	271	106
Loss on sales of investment securities	458	199
Loss on valuation of investment securities	1,293	1,347
Loss on adjustment for changes of accounting standard for asset retirement obligations	774	—
Expenses for change in corporate name	—	787
Total extraordinary losses	2,797	2,440
Income before income taxes	30,665	23,688
Income taxes-current	451	114
Income taxes-deferred	8,231	15,884
Income taxes	8,682	15,998
Net income	21,983	7,690

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

(Millions of yen)

		March 31, 2011	December 31, 2011
Basic items	Total capital (A)	438,664	443,727
Supplementary items	Valuation difference on available-for-sale securities, etc.	546	—
	Reserves under the special laws	69	64
	Allowance for doubtful accounts	71	79
	Short-term subordinated borrowings	200,000	200,000
	Sub-total (B)	200,686	200,143
Deductible assets	(C)	225,181	201,322
Net capital	(A) + (B) - (C) (D)	414,169	442,547
Risk total	Market Risk	27,311	31,103
	Counterparty Risk	12,017	11,926
	Basic Risk	40,489	44,158
	Sub-total (E)	79,817	87,187
Capital adequacy ratio	(D) / (E)*100	518.8%	507.5%

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 3, 2011

Maturity date : March 31, 2014

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 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	FY2011 3Q 10/01/11 12/31/11
Operating revenue					
Commission received	36,165	31,207	32,336	24,718	20,834
Brokerage commissions	4,110	5,426	2,991	3,509	2,691
< Equities >	< 3,923 >	< 5,215 >	< 2,895 >	< 3,376 >	< 2,618 >
< Bonds >	< 42 >	< 25 >	< 8 >	< 43 >	< 11 >
< Other >	< 144 >	< 185 >	< 87 >	< 89 >	< 56 >
Underwriting and distribution commissions	6,187	3,720	3,320	3,674	3,781
< Equities >	< 3,263 >	< 1,456 >	< 1,116 >	< 1,267 >	< 1,404 >
< Bonds >	< 2,897 >	< 2,264 >	< 2,143 >	< 2,363 >	< 2,377 >
Flotation and distribution fees	16,645	12,070	17,357	8,508	6,140
< Investment trusts >	< 16,555 >	< 11,949 >	< 16,740 >	< 8,336 >	< 5,391 >
Other fees received	9,222	9,989	8,666	9,026	8,220
< Investment trusts >	< 6,444 >	< 6,470 >	< 6,484 >	< 5,986 >	< 5,185 >
Net trading income	15,466	14,681	20,935	29,591	27,716
Net trading income on equities	451	(914)	455	(313)	144
Net trading income on bonds/foreign exchanges	15,014	15,596	20,479	29,905	27,572
< Bonds, etc. >	< 13,700 >	< 16,081 >	< 17,349 >	< 22,392 >	< 24,909 >
< Foreign exchanges, etc. >	< 1,314 >	< (484) >	< 3,129 >	< 7,513 >	< 2,663 >
Other net gain on goods trading	0	0	—	—	—
Financial revenue	5,065	4,705	3,822	4,496	3,393
Total operating revenue	56,697	50,594	57,093	58,806	51,944
Financial expenses	3,453	3,311	3,311	3,100	3,061
Net operating revenue	53,244	47,282	53,782	55,706	48,883
Selling, general and administrative expenses					
Trading related expenses	5,764	5,920	5,561	5,621	6,919
Personal expenses	20,476	19,691	20,768	21,644	19,715
Real estate expenses	4,423	4,832	4,561	4,404	4,419
Outsourcing and stationery expenses	6,860	8,000	7,825	7,991	8,026
Depreciation and amortization	1,745	1,882	1,858	1,877	1,865
Taxes and dues	426	389	430	432	319
Other	2,117	2,501	3,754	2,704	2,505
Total selling, general and administrative expenses	41,814	43,219	44,760	44,676	43,771
Operating income	11,430	4,063	9,021	11,030	5,111
Non-operating income	(221)	345	224	337	230
Non-operating expenses	469	(532)	263	201	135
Ordinary income	10,739	4,940	8,982	11,166	5,207
Non-operating income	40	13	184	576	9
Non-operating expenses	10	1,902	1,061	396	981
Income before income taxes	10,768	3,051	8,105	11,346	4,235
Income taxes-current	40	65	10	39	64
Income taxes-deferred	4,884	1,444	4,661	4,554	6,669
Net income/(losses)	5,844	1,541	3,434	6,753	(2,497)