

Consolidated Balance Sheets

(Millions of Yen)

ASSETS	2004	2005	2006			
	31st March	31st March	1Q	2Q	3Q	4Q
CURRENT ASSETS:						
Cash and cash equivalents	¥34,361	¥106,460	¥68,038	¥119,470	¥137,886	¥132,545
Time deposits	61	2,904	2,969	5,861	6,975	6,918
Cash required to be segregated under regulations	95,608	188,150	201,269	249,631	305,988	326,121
Trade notes and accounts receivable	584	1,013	1,062	1,766	1,942	1,303
Operational investment securities	17,676	39,829	104,355	93,628	141,142	61,668
Valuation allowance for operational investment securities	(579)	(463)	(233)	(359)	(339)	(338)
Operational loans receivable	155	8,059	9,512	10,008	15,308	16,501
Real estate inventory	787			7,656	12,052	26,333
Trading assets	1,310	2,859	4,193	5,091	2,771	3,093
Margin transaction assets:						
Receivables from customers	168,485	317,801	323,339	338,392	583,236	562,692
Cash deposits as collateral for securities borrowed	12,558	15,680	11,179	32,930	5,278	18,547
Loans secured by securities:						
Resale agreement transactions	13,545	13,545	8,102			
Others		14	98	144	85	156
Short-term guarantee deposits	6,539	7,052	8,152	8,824	14,276	17,549
Deferred tax assets—current	2,014	986	741	2,441	1,869	1,959
Prepaid expenses and other current assets	3,900	11,960	17,760	26,306	40,792	31,229
Allowance for doubtful accounts	(205)	(401)	(497)	(562)	(736)	(691)
TOTAL CURRENT ASSETS	356,799	715,448	760,039	901,227	1,268,525	1,205,585
PROPERTY AND EQUIPMENT—Net:	3,893	4,715	4,769	3,928	4,125	4,144
LEASED ASSETS—Net:	8,964	8,231	7,704	9,133	8,860	9,964
INVESTMENTS AND OTHER ASSETS:						
Investment securities	17,749	11,686	18,285	19,150	21,447	28,126
Investments in unconsolidated subsidiaries and affiliated companies	112	807	1,927	18,813	20,861	23,474
Software, net of accumulated amortisation	2,877	4,017	3,970	4,344	4,680	5,169
Rental deposits	2,150	4,323	4,305	3,691	3,814	4,358
Goodwill	15	1,581	2,392	16,383	18,833	44,637
Long-term trade receivables	4,415	2,824	1,839	1,702	1,700	1,702
Deferred tax assets—non-current	510	880	1,002	1,102	1,332	1,310
Other assets	2,016	3,362	4,067	4,405	4,390	5,082
Allowance for doubtful accounts	(2,355)	(2,870)	(2,156)	(1,942)	(1,795)	(1,908)
TOTAL INVESTMENTS AND OTHER ASSETS	27,489	26,610	35,631	67,648	75,262	111,950
TOTAL	¥396,645	¥755,004	¥808,143	¥981,936	¥1,356,772	¥1,331,643
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Short-term borrowings	¥9,630	¥8,732	¥20,805	¥6,536	¥7,437	¥11,398
Current portion of long-term debt	2,625	11,759	11,759	30,300	11,300	900
Income taxes payable	5,977	7,506	4,331	8,829	12,692	19,534
Margin transaction liabilities:						
Payables to financial institutions	126,722	238,766	223,303	217,476	419,497	302,283
Proceeds of securities sold for customers' accounts	33,661	45,824	43,584	80,689	51,856	65,030
Loans secured by securities—repurchase agreement transactions	3,714	1,165	3,377	5,300	24,529	56,553
Consignment guarantee money received for margin transactions	84,111	151,652	186,264	237,164	290,121	303,385
Customers' deposits as collateral for commodity futures	7,254	19,309	20,675	24,538	28,911	32,072
Customers' deposits for securities transactions	7,631	15,427	15,948	18,601	21,722	21,495
Unearned income	1,307	2,615	1,363	6,588	5,782	3,436
Accrued expenses	1,708	2,654	2,301	2,277	3,040	2,998
Contingent reserve		5,219	4,949	5	0	5
Warranty Reserve				17	16	17
Deferred tax liabilities—current	6	3,367	2,914	5,038	24,228	2,096
Other current liabilities	6,053	16,619	16,488	27,455	37,939	26,364
TOTAL CURRENT LIABILITIES	290,399	530,614	558,061	670,813	939,070	847,566
LONG-TERM LIABILITIES:						
Long-term debt, less current portion	23,400	36,000	55,750	77,550	73,990	152,410
Negative goodwill	5,477					
Deferred tax liabilities—non-current	3,308	2,051	1,963	3,763	3,712	2,053
Other long-term liabilities	286	302	316	507	633	1,469
TOTAL LONG-TERM LIABILITIES	32,471	38,353	58,029	81,820	78,335	155,932
STATUTORY RESERVES:						
Reserve for liability for securities transactions	1,267	2,523	2,904	3,458	4,187	4,715
Reserve for liability for commodity transactions	104	152	164	191	216	213
TOTAL STATUTORY RESERVES	1,371	2,675	3,068	3,649	4,403	4,928
MINORITY INTERESTS:	24,939	53,943	56,732	70,481	98,907	55,094
SHAREHOLDERS' EQUITY:						
Common stock	8,393	34,765	35,080	42,158	51,923	54,229
Capital surplus	27,092	53,467	53,781	60,858	72,999	115,692
Retained earnings	9,772	33,377	36,042	40,250	68,628	90,345
Unrealised gain on available-for-sale securities	2,399	7,633	7,127	14,383	44,724	12,830
Foreign currency translation adjustments	25	416	462	524	784	935
Treasury stock—at cost	(216)	(239)	(239)	(3,000)	(3,001)	(5,908)
TOTAL SHAREHOLDERS' EQUITY	47,465	129,419	132,253	155,173	236,057	263,123
TOTAL	¥396,645	¥755,004	¥808,143	¥981,936	¥1,356,772	¥1,331,643

Note) The above financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.

Quarterly financial statements are not reviewed or audited by Deloitte Touche Tohmatsu.

Consolidated Statements of Operations with Segment Information

(Millions of Yen)

	Year Ended 31st March, 2006				
	1Q	2Q	3Q	4Q	Total
OPERATING REVENUES					
Asset Management	¥16,090	¥4,650	¥12,408	¥7,658	¥40,806
A. Investment in Securities	15,852	3,002	7,087	(1,148)	24,793
1) Revenue from Operational Investment Securities	13,827	1,635	5,561	(2,355)	18,668
2) Fees from Funds	2,025	1,367	1,526	1,207	6,125
<i>Fees from Funds consists of:</i>					
- Management Fee	1,632	1,170	1,111	1,126	5,039
- Establishment Fee	393	66	0	72	531
- Success Fee	0	131	415	9	555
B. Real Estate transactions	17	1,260	4,828	8,118	14,223
1) Revenue from Operational Investment Securities	0	21	85	34	140
2) Fees from Funds	0	11	33	-34	10
3) Other Real Estate Related Revenue	17	1,228	4,710	8,118	14,073
C. Investment Advisory Service Fee and Others	221	388	493	688	1,790
Brokerage and Investment Banking	¥14,678	¥18,523	¥23,304	¥24,310	¥80,815
A. Revenue from Securities Transactions	14,342	18,209	22,982	23,980	79,513
B. Revenue from Commodity Futures Transactions	336	314	322	330	1,302
Financial Services	¥3,890	¥4,693	¥5,572	¥5,690	¥19,845
Eliminations/Corporate	(268)	(326)	(2,846)	(779)	(4,219)
OPERATING REVENUE	34,390	27,540	38,438	36,879	137,247
OPERATING COSTS					
Asset Management	9,588	3,031	5,647	8,619	26,885
Brokerage and Investment Banking	760	1,472	830	1,080	4,142
Financial Services	1,880	2,254	2,796	2,455	9,385
Eliminations/Corporate	(94)	(132)	(2,159)	-431	(2,816)
OPERATING COSTS	12,134	6,625	7,114	11,723	37,596
GROSS PROFIT	22,256	20,915	31,324	25,156	99,651
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES					
Asset Management	255	1,030	1,234	982	3,501
Brokerage and Investment Banking	9,238	9,091	9,478	10,330	38,137
Financial Services	1,778	1,863	2,308	2,214	8,163
Eliminations/Corporate	281	(29)	(167)	170	255
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	11,552	11,955	12,853	13,696	50,056
OPERATING INCOME					
Asset Management	6,247	589	5,527	(1,943)	10,420
Brokerage and Investment Banking	4,680	7,960	12,996	12,900	38,536
Financial Services	232	576	468	1,021	2,297
Eliminations/Corporate	(455)	(165)	(520)	(518)	(1,658)
OPERATING INCOME	¥10,704	¥8,960	¥18,471	¥11,460	¥49,595
OTHER INCOME (EXPENSES):					
Interest and dividends income	136	21	59	61	277
Interest expense	(30)	(182)	(180)	(171)	(563)
Foreign exchange gain (loss)-net	55	467	311	(8)	825
Gain (loss) on sale of investment securities-net	493	(182)	735	3,262	4,308
Dilution gain from change in equity interest	1,983	185	21,273	1,926	25,367
Reversal of allowance for doubtful accounts				176	176
Loss on transfer of stock within the group					0
Amortisation of goodwill -net	468	358	218	399	1,443
Provision for statutory reserves	(398)	(709)	(756)	(557)	(2,420)
Other-net	(536)	(350)	(405)	(805)	(2,096)
OTHER INCOME (EXPENSES) - NET	2,171	(392)	21,255	4,283	27,317
INCOME BEFORE INCOME TAXES/MINORITY INTERESTS	12,875	8,568	39,726	15,743	76,912
INCOME TAXES					
Current	4,158	4,467	8,674	5,691	22,990
Reversal of the prior year's income taxes	(220)		0	1,500	1,280
Deferred	(137)	(2,813)	(1,526)	(1,713)	(6,189)
TOTAL INCOME TAXES	3,801	1,654	7,148	5,478	18,081
MINORITY INTERESTS IN NET INCOME	(2,682)	(2,573)	(4,126)	(3,566)	(12,947)
NET INCOME	¥6,392	¥4,341	¥28,452	¥6,699	¥45,884
PER SHARE OF COMMON STOCK					
Basic net income	¥748.35	¥502.74	¥3,233.17	¥472.82	¥4,957.08
Diluted net income	¥686.16	¥473.38	¥3,007.28	¥777.87	¥4,944.69

Consolidated Statements of Cash Flows

(Millions of Yen)

OPERATING ACTIVITIES	(¥62,447)	¥18,831	(¥20,125)	(¥68,999)	(¥132,740)
INVESTING ACTIVITIES	(6,999)	(6,746)	(5,844)	(13,548)	(¥33,137)
FINANCING ACTIVITIES	30,986	50,025	43,384	76,351	¥200,746
Newly consolidated subsidiaries and others	38	(10,678)	1,001	855	(¥8,784)
CASH AND CASH EQUIVALENT - End of Period	¥68,038	¥119,470	¥137,886	¥132,545	¥132,545

Note(1) The above financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.

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 (2) In 4th quarter, Revenue from Operational Investment Securities is recorded Δ 2,355Million because of change in classification for accounting. Profit of 2,830Million (revenue 3,196Million ,cost of sales 366Million)in 3rd quarter is transferred to Other income in 4th quarter, considering that it is related to the share sales of subsidiary in our fund.