

Consolidated Balance Sheets

(Millions of Yen)

	2004	2005	3Q	2006	3Q	2007	1Q	2Q	3Q
	31st March	31st March	2005	31st March	2006	31st March	2007	2007	2007
			31st December		31st December		30th June	30th September	31st December
ASSETS									
CURRENT ASSETS:									
Cash and cash equivalents	¥34,361	¥106,460	¥137,886	¥132,545	¥148,579	¥115,092	¥144,309	¥123,253	¥129,523
Time deposits	61	2,904	6,975	399	4,027	616	626	488	485
Cash required to be segregated under regulations	95,608	188,150	305,988	332,876	321,133	340,090	355,800	319,998	319,189
Trade notes and accounts receivable	584	1,013	1,942	1,303	4,920	7,537	10,311	8,103	9,372
Operational investment securities	17,676	39,829	141,142	61,668	103,744	100,603	97,220	91,963	110,464
Valuation allowance for operational investment securities	(579)	(463)	(339)	(338)	(20,067)	(18,603)	(3,918)	(4,223)	(5,069)
Operational loans receivable	155	8,059	15,308	16,501	22,796	46,828	52,040	56,608	65,596
Real estate inventory	787		12,052	26,333	19,963	35,872	29,610	33,643	28,870
Trading assets	1,310	2,859	2,771	3,093	4,126	4,329	3,009	2,258	2,265
Margin transaction assets:									
Receivables from customers	168,485	317,801	583,236	562,693	425,658	489,269	521,339	406,205	394,338
Cash deposits as collateral for securities borrowed	12,558	15,680	5,278	18,547	12,415	11,303	7,950	11,584	4,249
Loans secured by securities				156	1,102	102	274	123	31
Short-term guarantee deposits	6,539	7,052	14,276	17,549	20,367	24,353	26,379	33,515	13,774
Deferred tax assets—current	2,014	986	1,869	1,959	6,375	2,271	2,564	3,296	1,855
Prepaid expenses and other current assets	3,900	11,930	40,792	30,993	35,912	40,324	57,031	57,018	44,344
Allowance for doubtful accounts	(205)	(401)	(736)	(691)	(1,089)	(1,070)	(1,501)	(1,819)	(2,406)
TOTAL CURRENT ASSETS	356,799	716,448	1,268,526	1,205,586	1,109,961	1,198,916	1,303,043	1,142,013	1,116,880
PROPERTY AND EQUIPMENT—Net:	3,998	4,715	4,125	4,144	5,370	4,602	4,944	5,166	5,770
LEASED ASSETS—Net:	8,964	8,281	8,860	11,225	10,359	10,096	9,841	8,769	8,446
INVESTMENTS AND OTHER ASSETS:									
Investment securities	17,749	11,686	21,447	28,127	42,522	19,390	24,758	20,642	20,442
Investments in unconsolidated subsidiaries and affiliated companies	112	807	20,861	23,534	35,429	60,420	31,626	35,647	32,198
Software, net of accumulated amortisation	2,877	4,017	4,680	5,169	5,792	6,559	7,357	8,390	8,645
Rental deposits	2,150	4,323	3,814	4,358	4,713	4,726	5,930	6,482	7,194
Goodwill	15	1,581	18,833	44,638	41,793	53,513	55,610	57,451	61,830
Long-term trade receivables	4,415	2,824	1,700	1,701	1,541	1,536	1,530	1,522	51
Deferred tax assets—non-current	510	880	1,332	1,310	1,756	1,915	2,243	4,408	7,477
Other assets	2,016	3,362	4,390	3,760	5,758	7,764	8,509	8,363	9,480
Allowance for doubtful accounts	(2,355)	(2,870)	(1,795)	(1,908)	(1,922)	(2,155)	(2,262)	(2,550)	(2,700)
TOTAL INVESTMENTS AND OTHER ASSETS	27,499	26,610	76,262	110,699	137,882	153,668	135,801	140,855	144,617
TOTAL	¥396,646	¥766,004	¥1,356,772	¥1,331,644	¥1,268,072	¥1,367,222	¥1,462,829	¥1,296,803	¥1,276,713
LIABILITIES AND SHAREHOLDERS' EQUITY									
CURRENT LIABILITIES:									
Short-term borrowings	¥9,630	¥8,732	¥7,437	¥11,398	¥17,899	¥56,142	¥82,762	¥72,096	¥55,201
Current portion of long-term debt	2,625	11,759	11,300	900	700	25,172	25,659	76,432	82,247
Income taxes payable	5,977	7,506	12,692	19,535	31,356	15,755	8,103	11,910	6,448
Margin transaction liabilities:									
Payables to financial institutions	126,722	238,766	419,497	302,283	159,745	231,211	188,383	120,483	114,445
Proceeds of securities sold for customers' accounts	33,661	45,824	51,856	65,030	71,308	62,961	64,850	60,941	44,408
Loans secured by securities	3,714	1,165	24,529	56,553	59,170	55,825	74,579	46,954	57,483
Consignment guarantee money received for margin transactions	84,111	151,652	290,121	303,385	298,113	297,448	322,141	292,104	302,906
Customers' deposits as collateral for commodity futures	7,254	19,309	28,911	32,072	37,846	45,356	61,639	59,588	39,848
Customers' deposits for securities transactions	7,631	15,427	21,722	21,495	19,442	16,234	21,548	20,571	18,882
Unearned income	1,307	2,615	5,782	3,671	1,957	3,030	3,030	1,840	1,577
Accrued expenses	1,708	2,654	3,040	3,594	3,347	3,189	4,083	3,337	3,726
Contingent reserve		5,219	—	5	—	—	—	—	—
Deferred tax liabilities—current	6	3,367	24,228	2,096	4,190	7,201	8,568	5,497	11,104
Other current liabilities	6,053	16,613	37,955	25,550	33,867	30,549	45,002	25,701	32,401
TOTAL CURRENT LIABILITIES	290,999	630,614	999,070	847,667	788,940	860,078	909,200	797,464	770,676
LONG-TERM LIABILITIES:									
Long-term debt, less current portion	23,400	36,000	73,990	152,410	173,960	159,603	157,932	109,102	103,388
Deferred tax liabilities—non-current	3,308	2,051	3,712	2,053	1,648	748	533	298	302
Other long-term liabilities	286	302	633	1,469	3,222	3,633	4,028	4,483	4,890
TOTAL LONG-TERM LIABILITIES	32,471	38,353	78,335	155,932	178,890	163,984	162,493	113,883	108,580
STATUTORY RESERVES:									
Reserve for liability for securities transactions	1,267	2,523	4,187	4,715	5,826	6,314	6,794	7,219	7,478
Reserve for liability for commodity transactions	104	152	216	213	212	210	209	209	42
TOTAL STATUTORY RESERVES	1,371	2,675	4,403	4,928	6,038	6,524	7,003	7,428	7,520
MINORITY INTERESTS:	24,989	58,943	98,907	55,094	—	—	—	—	—
NET ASSETS									
Common stock	8,393	34,765	51,923	54,229	54,567	54,914	54,955	55,026	55,069
Capital surplus	27,092	53,467	72,999	115,692	116,172	116,519	116,559	116,631	116,673
Retained earnings	9,772	33,377	68,628	90,345	122,484	122,167	120,829	123,536	118,644
Treasury stock—at cost	(216)	(239)	(3,001)	(5,908)	(53,062)	(53,062)	(53,062)	(53,063)	(53,062)
Unrealised gain on available-for-sale securities	2,399	7,633	44,724	12,830	5,795	5,436	5,534	7,861	14,129
Foreign currency translation adjustments	25	416	784	935	1,183	974	1,309	950	772
Deferred hedged profit/loss	—	—	—	—	2	2	4	10	10
Stock acquisition right	—	—	—	—	29	42	73	81	58
Minority interest	—	—	—	—	92,094	99,649	127,732	126,506	136,644
TOTAL NET ASSETS	47,465	129,419	236,057	268,123	339,264	346,641	373,933	377,598	388,937
TOTAL	¥396,646	¥766,004	¥1,356,772	¥1,331,644	¥1,268,072	¥1,367,222	¥1,462,829	¥1,296,803	¥1,276,713

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

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

(3) Due to the enforce of new Corporate Law effective from 1st May 2006, Minority interests, Stock acquisition right and Deferred hedged profit/loss are presented in NET ASSETS after 1st May 2006.

These are presented as MINORITY INTEREST between liabilities and shareholder's equity and liabilities respectively as at 31st March 2006.

Consolidated Statements of Operations with Segment Information

(Millions of Yen)

	Year Ended	Year Ended 31st March,2007				Year Ended	Year Ended 31st March,2008				Year Ended
	31st March,2006	1Q	2Q	3Q	4Q	31st March,2007	1Q	2Q	3Q	31st March,2008	
		Apr. - June	Jul - Sep	Oct. - Dec	Jan. - Mar.		Apr. - June	Jul - Sep	Oct. - Dec		
OPERATING REVENUES											
Asset Management	¥40,806	¥23,204	¥9,767	¥8,468	¥12,081	¥52,460	¥16,588	¥23,635	¥6,633	¥46,856	
A. Investment in Securities	24,798	21,018	6,818	2,751	4,443	35,090	15,316	23,197	5,816	44,320	
1) Revenue from Operational Investment Securities	18,668	4,527	18,488	2,060	3,708	28,783	15,025	22,829	5,533	43,387	
2) Fees from Funds	6,125	16,491	(11,670)	691	735	6,247	291	368	283	942	
<i>Fees from Funds consists of:</i>											
<i>Management Fee</i>	5,039	1,269	269	691	688	2,917	291	285	283	859	
<i>Establishment Fee</i>	531	348	232	0	26	606	-	50	-	50	
<i>Success Fee</i>	555	14,874	(12,171)	0	21	2,724	-	33	-	33	
B. Real Estate transactions	14,223	1,689	1,282	5,235	6,890	15,096					
1) Revenue from Operational Investment Securities	140	0	227	1,774	2,919	4,920					
2) Fees from Funds	10	0	12	34	5	51					
3) Other Real Estate Related Revenue	14,073	1,689	1,043	3,427	3,966	10,125					
C. Investment Advisory Service Fee and Others	1,790	497	667	472	698	2,334	1,272	438	817	2,527	
Brokerage and Investment Banking	¥90,815	¥18,089	¥4,886	¥16,073	¥17,371	¥66,419	¥17,377	¥18,809	¥17,409	¥53,595	
A. Revenue from Securities Transactions	79,513	17,802	14,632	15,836	17,151	65,421	17,126	18,589	17,182	52,897	
B. Revenue from Commodity Futures Transactions	1,302	287	254	237	220	998	251	220	227	698	
Financial Services	¥19,845	¥6,498	¥5,390	¥5,363	¥11,409	¥27,660	¥5,369	¥5,154	¥5,596	¥16,119	
Housing and Real Estate							¥17,226	¥14,731	¥22,830	¥54,787	
A. Real Estate Business							13,133	9,418	17,760	40,311	
B. Financial Real Estate Business							1,375	1,977	1,647	4,999	
C. Lifestyle Networks Business							2,718	3,336	3,423	9,477	
System Solution Business								¥59	¥35	¥94	
Eliminations/Corporate	(4,219)	(944)	(282)	(386)	(346)	(1,958)	(474)	(443)	(421)	(1,338)	
OPERATING REVENUE	137,247	45,847	28,761	29,508	40,465	144,581	56,086	61,945	52,082	170,113	
OPERATING COSTS											
Asset Management	26,885	4,709	27,842	6,399	9,021	47,971	11,002	19,839	3,193	34,034	
Brokerage and Investment Banking	4,142	854	1,008	1,144	1,289	4,295	1,400	2,063	1,531	4,994	
Financial Services	9,385	3,361	3,243	3,405	7,442	17,451	3,129	2,874	3,318	9,321	
Real Estate and Housing							12,918	10,424	17,825	41,167	
System Solution Business								41	33	74	
Eliminations/Corporate	(2,816)	(377)	(244)	(181)	(169)	(971)	(182)	(185)	(245)	(612)	
OPERATING COSTS	37,596	8,547	31,849	10,767	17,583	68,746	28,287	35,056	25,655	88,978	
GROSS PROFIT	99,651	37,300	(3,088)	18,741	22,882	75,835	27,819	26,889	26,427	81,135	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES											
Asset Management	3,501	1,317	1,310	997	1,965	5,589	1,039	494	968	2,501	
Brokerage and Investment Banking	38,137	9,807	9,031	9,004	9,907	37,749	10,399	11,039	10,399	31,837	
Financial Services	8,163	1,582	1,437	1,437	2,978	7,434	1,781	1,892	2,248	5,921	
Real Estate and Housing							2,138	2,028	2,362	6,528	
System Solution Business								300	124	424	
Eliminations/Corporate	255	410	105	466	987	1,968	(259)	447	844	1,032	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	50,066	13,116	11,883	11,904	15,837	52,740	15,098	16,200	16,945	48,243	
OPERATING INCOME											
Asset Management	10,420	17,178	(20,385)	1,062	1,045	(1,100)	4,547	3,302	2,472	10,321	
Brokerage and Investment Banking	38,536	7,428	4,847	5,925	6,175	24,375	5,578	5,707	5,479	16,764	
Financial Services	2,297	555	710	521	989	2,775	459	388	30	877	
Real Estate and Housing							2,170	2,279	2,643	7,092	
System Solution Business							0	(282)	(122)	(404)	
Eliminations/Corporate	(1,658)	(977)	(143)	(671)	(1,164)	(2,955)	(33)	(705)	(1,020)	(1,758)	
OPERATING INCOME	¥49,595	¥24,184	(¥14,971)	6,837	7,045	¥23,095	¥12,721	¥10,689	¥9,482	¥32,892	
OTHER INCOME (EXPENSES):											
Interest and dividends income	277	258	71	176	139	644	280	111	180	571	
Interest expense	(563)	(260)	(283)	(335)	(400)	(1,278)	(418)	(427)	(466)	(1,311)	
Foreign exchange gain (loss)/net	825	(63)	75	42	(20)	14	136	(99)	(44)	(7)	
Gain (loss) on sale of investment securities-net	4,308	38,398	(63,493)	384	1,196	(23,575)	5,439	1,076	265	6,780	
Dilution gain from change in equity interest	25,367	212	227	211	211	650	36	(102)	(1,637)	(1,709)	
Reversal of allowance for doubtful accounts	176					0	27	1	1	28	
Amortization of goodwill-net	1,443		69,094			69,094	266	(496)	0	(230)	
Provision for statutory reserves	(2,420)	(405)	(364)	(341)	(489)	(1,599)	(480)	(425)	(259)	(1,164)	
Share of net earnings in equity affiliates-net							(706)	(1,154)	(2,076)	(3,936)	
Other-net	(2,096)	(433)	(553)	(1,321)	(2,696)	(5,003)	(1,032)	(367)	93	(1,306)	
OTHER INCOME (EXPENSES) - NET	27,317	37,627	4,774	(1,395)	(2,059)	38,947	3,521	(1,856)	(3,943)	(2,278)	
INCOME BEFORE INCOME TAXES/MINORITY INTERESTS	76,912	61,811	(10,197)	5,442	4,986	62,042	16,242	8,833	5,539	30,614	
INCOME TAXES											
Current	22,990	32,458	4,708	4,245	(2,556)	38,855	6,892	5,578	2,762	15,232	
Reversal of the prior year's income taxes	1,280	(595)	(6)	9	9	(583)				0	
Deferred	(6,189)	(6,016)	(22,754)	(1,235)	6,558	(23,447)	922	(1,286)	(254)	(618)	
TOTAL INCOME TAXES	18,081	25,847	(18,052)	3,019	4,011	14,825	7,814	4,292	2,508	14,614	
MINORITY INTERESTS IN NET INCOME	(12,947)	(2,022)	3,559	(1,021)	(1,292)	(776)	(2,524)	(1,506)	(1,447)	(5,477)	
NET INCOME	¥45,884	¥35,942	¥11,414	¥1,402	(¥817)	¥46,441	¥5,904	¥3,035	¥1,584	¥10,523	
PER SHARE OF COMMON STOCK											
Basic net income	(Yen) ¥4,957.08	(Yen) ¥2,791.50	(Yen) ¥1,047.78	(Yen) ¥193.24	(Yen) ¥7.99	(Yen) ¥4,040.51	(Yen) ¥526.34	(Yen) ¥270.35	(Yen) ¥140.89	(Yen) ¥937.58	
Diluted net income	(Yen) ¥4,627.04	(Yen) ¥2,627.88	(Yen) ¥981.89	(Yen) ¥202.89	(Yen) ¥3.16	(Yen) ¥3,845.82	(Yen) ¥469.70	(Yen) ¥266.52	(Yen) ¥126.13	(Yen) ¥862.35	

Consolidated Statements of Cash Flows

(Millions of Yen)

(Millions of Yen)

	Year Ended	Year Ended 31st March,2007				Year Ended	Year Ended 31st March,2008				Year Ended
	31st March,2006	1Q	2Q	3Q	4Q	31st March,2007	1Q	2Q	3Q	31st March,2008	
		Apr. - June	Jul - Sep	Oct. - Dec	Jan. - Mar.		Apr. - June	Jul - Sep	Oct. - Dec		
OPERATING ACTIVITIES	(¥132,740)	(¥33,575)	(¥15,502)	(¥33,585)	(¥51,917)	(¥67,409)	(¥14,902)	(¥11,505)	(¥26,968)	(¥23,571)	
INVESTING ACTIVITIES	(¥33,137)	(24,470)	138,498	(7,653)	(20,361)	86,014	2,238	(10,543)	(1,485)	(9,790)	
FINANCING ACTIVITIES	¥200,746	26,613	(116,439)	(6,372)	38,022	(58,176)	18,972	(22,623)	(21,408)	(24,699)	
Newly consolidated subsidiaries and others	(¥8,784)	(107)	19,098	2,358	769	22,118	22,909	605	1,835	25,349	
CASH AND CASH EQUIVALENT - End of Period	¥132,545	¥101,006	¥126,661	¥148,579	¥115,092	¥115,092	¥144,309	¥123,253	¥129,523	¥129,523	

Note(1) 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.

(2) Due to the change of business segment, Housing and real estate segment got independent from Asset Management Business from 1st April 2007