

Consolidated Balance Sheets

(Millions of Yen)

	2005 31st March	2006 31st March	2007 31st March	2008 31st March	1Q			
					2008 30th June	2Q 2008 30th September	3Q 2008 31st December	
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	¥106,460	¥132,545	¥115,092	¥159,007	¥114,722	¥152,554	¥185,451	
Time deposits	2,904	399	616	1,518	12,307	62	375	
Cash required to be segregated under regulations	188,150	332,876	340,090	313,817	361,723	317,242	304,270	
Trade notes and accounts receivable	1,013	1,303	7,537	10,985	27,853	9,973	8,314	
Operational investment securities	39,829	61,668	100,603	115,717	118,317	112,766	104,030	
Valuation allowance for operational investment securities	(463)	(338)	(18,603)	(4,967)	(5,853)	(5,895)	(6,185)	
Operational loans receivable	8,059	16,501	46,828	66,261	63,837	54,874	53,111	
Real estate inventory	—	26,333	35,872	32,895	38,608	36,245	36,661	
Trading assets	2,859	3,093	4,329	1,728	3,302	340	424	
Margin transaction assets:								
Receivables from customers	317,801	562,693	489,269	274,887	298,296	228,462	151,274	
Cash deposits as collateral for securities borrowed	15,680	18,547	11,303	17,995	12,556	21,031	23,545	
Loans secured by securities	—	156	102	—	1,012	9	19	
Short-term guarantee deposits	7,052	17,549	24,353	13,414	14,660	10,505	23,466	
Deferred tax assets—current	986	1,959	2,271	1,053	1,176	6,270	11,469	
Prepaid expenses and other current assets	11,960	30,993	40,324	66,723	75,030	89,440	81,755	
Allowance for doubtful accounts	(401)	(691)	(1,070)	(1,762)	(2,290)	(1,926)	(2,036)	
TOTAL CURRENT ASSETS	715,448	1,205,586	1,198,916	1,069,271	1,135,256	1,031,952	975,943	
PROPERTY AND EQUIPMENT—Net:	4,715	4,144	4,602	5,728	5,212	7,001	8,099	
LEASED ASSETS—Net:	8,231	11,225	10,096	7,877	—	5	4	
INVESTMENTS AND OTHER ASSETS:								
Investment securities	11,686	28,127	19,390	15,972	17,002	13,418	11,582	
Investments in unconsolidated subsidiaries and affiliated companies	807	23,534	60,420	25,923	21,814	23,114	22,282	
Software, net of accumulated amortisation	4,017	5,169	6,559	8,816	8,740	9,007	9,163	
Rental deposits	4,323	4,358	4,726	6,801	6,916	6,887	7,111	
Goodwill	1,581	44,638	53,513	60,874	58,653	140,088	138,221	
Long-term trade receivables	2,824	1,701	1,536	50	49	48	48	
Deferred tax assets—non-current	880	1,310	1,915	10,595	13,729	7,811	6,290	
Other assets	3,362	3,760	7,764	12,109	24,564	24,815	24,712	
Allowance for doubtful accounts	(2,870)	(1,908)	(2,155)	(4,769)	(4,727)	(4,638)	(5,567)	
TOTAL INVESTMENTS AND OTHER ASSETS	26,610	110,689	153,668	136,371	146,740	220,550	213,842	
TOTAL	¥755,004	¥1,331,644	¥1,367,222	¥1,219,247	¥1,287,208	¥1,259,508	¥1,197,868	
LIABILITIES AND SHAREHOLDERS' EQUITY								
CURRENT LIABILITIES:								
Short-term borrowings	¥8,732	¥11,398	¥56,142	¥53,832	¥98,389	¥128,755	¥104,756	
Current portion of long-term debt	11,759	900	25,172	112,743	125,643	104,866	98,220	
Income taxes payable	7,506	19,535	15,755	9,352	2,458	7,358	2,433	
Margin transaction liabilities:								
Payables to financial institutions	238,766	302,283	231,211	81,583	86,431	55,832	29,878	
Proceeds of securities sold for customers' accounts	45,824	65,030	62,961	62,531	70,533	64,475	67,854	
Loans secured by securities	1,165	56,553	55,825	35,441	35,778	38,947	41,874	
Consignment guarantee money received for margin transactions	151,652	303,385	297,448	272,006	297,804	266,672	255,790	
Customers' deposits as collateral for commodity futures	19,309	32,072	45,356	39,574	44,857	46,492	46,979	
Customers' deposits for securities transactions	15,427	21,495	16,234	20,147	22,945	21,555	20,547	
Unearned income	2,615	3,671	3,030	1,893	2,120	2,393	1,625	
Accrued expenses	2,654	3,594	3,189	3,280	3,297	3,178	3,638	
Contingent reserve	5,219	5	—	22	22	—	—	
Deferred tax liabilities—current	3,367	2,096	7,201	8,867	6,607	3	12	
Other current liabilities	16,619	25,550	30,549	39,363	34,518	18,821	45,313	
TOTAL CURRENT LIABILITIES	530,614	847,567	850,073	740,634	831,402	759,347	718,919	
LONG-TERM LIABILITIES:								
Long-term debt, less current portion	36,000	152,410	159,603	77,149	62,807	31,227	30,407	
Deferred tax liabilities—non-current	2,051	2,053	748	300	526	536	541	
Other long-term liabilities	302	1,469	3,633	5,431	14,026	14,523	14,836	
TOTAL LONG-TERM LIABILITIES	38,353	155,932	163,984	82,880	77,359	46,286	45,784	
STATUTORY RESERVES	2,675	4,928	6,524	7,967	7,277	7,252	7,256	
MINORITY INTERESTS:	53,943	55,094	—	—	—	—	—	
NET ASSETS								
Common stock	34,765	54,229	54,914	55,158	55,189	55,195	55,201	
Capital surplus	53,467	115,692	116,519	116,762	115,947	219,001	219,008	
Retained earnings	33,377	90,345	122,167	112,339	99,580	103,965	93,593	
Treasury stock—at cost	(239)	(5,908)	(53,062)	(53,064)	(50,309)	(653)	(653)	
Unrealized gain on available-for-sale securities	7,633	12,830	5,436	10,134	7,121	561	(6,405)	
Foreign currency translation adjustments	416	935	974	(122)	13	(290)	(1,392)	
Deferred hedged profit/loss	—	—	2	9	2	13	13	
Stock acquisition right	—	—	42	4	13	12	12	
Minority interest	—	—	99,649	146,546	143,614	68,819	66,552	
TOTAL NET ASSETS	129,419	268,123	346,641	387,766	371,170	446,623	425,929	
TOTAL	¥755,004	¥1,331,644	¥1,367,222	¥1,219,247	¥1,287,208	¥1,259,508	¥1,197,868	

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 2007.

Consolidated Statements of Operations with Segment Information

(Millions of Yen)

	Year Ended 31st March, 2007	Year Ended 31st March, 2008				Year Ended 31st March, 2008	Year Ending 31st March, 2009			Nine-month period ended Dec. 31, 2008
		1Q Apr. - Jun.	2Q Jul. - Sep.	3Q Oct. - Dec.	4Q Jan. - Mar.		1Q Apr. - Jun.	2Q Jul. - Sep.	3Q Oct. - Dec.	
OPERATING REVENUES										
Asset Management	¥52,460	¥16,598	¥23,635	¥6,688	¥11,152	¥58,008	¥2,935	¥5,802	¥3,898	¥12,635
A. Investment in Securities	35,030	15,316	23,197	5,816	10,341	54,670	2,110	4,743	3,975	10,228
1) Revenue from Operational Investment Securities	28,783	15,025	22,829	5,533	10,060	53,447	1,828	4,460	3,096	9,384
2) Fees from Funds	6,247	291	368	283	281	1,223	282	283	279	844
<i>Fees from Funds consists of:</i>										
- Management Fee	2,917	291	285	283	282	1,141	282	283	279	844
- Establishment Fee	606	-	50	-	-	50	-	-	-	0
- Success Fee	2,724	-	33	-	(1)	32	-	-	-	0
B. Real Estate transactions	15,096									
1) Revenue from Operational Investment Securities	4,920									
2) Fees from Funds	51									
3) Other Real Estate Related Revenue	10,125									
C. Investment Advisory Service Fee and Others	2,384	1,272	488	817	811	3,388	825	1,059	523	2,407
Brokerage and Investment Banking	¥66,419	¥17,377	¥18,809	¥17,409	¥14,936	¥68,531	¥14,100	¥12,852	¥10,923	¥37,875
A. Revenue from Securities Transactions	65,421	17,126	18,589	17,182	14,729	67,626	13,935	12,701	10,787	37,423
B. Revenue from Commodity Futures Transactions	998	251	220	227	207	905	165	151	136	452
Financial Services	¥27,660	¥5,369	¥5,154	¥5,596	¥6,376	¥22,495	¥5,633	¥5,513	¥5,548	¥16,694
Housing and Real Estate		¥17,226	¥14,731	¥22,830	¥20,284	¥75,071	¥11,230	¥12,617	¥8,257	¥32,104
A. Real Estate Business		13,133	9,418	17,760	14,815	55,126	6,022	6,765	2,192	14,979
B. Financial Real Estate Business		1,375	1,977	1,647	1,728	6,727	1,738	1,989	2,316	6,043
C. Lifestyle Networks Business		2,718	3,336	3,423	3,741	13,218	3,470	3,863	3,749	11,082
System Solution Business			¥69	¥35	¥229	¥323	¥1,456	¥1,500	¥1,937	¥4,893
Eliminations/Corporate	(1,958)	(474)	(448)	(421)	(522)	(1,860)	(751)	(1,140)	(1,188)	(3,029)
OPERATING REVENUE	144,681	56,086	61,945	52,082	52,455	222,568	34,608	37,144	29,425	101,172
OPERATING COSTS										
Asset Management	47,971	11,002	19,839	3,193	4,307	38,341	1,909	2,626	3,700	8,235
Brokerage and Investment Banking	4,295	1,400	2,063	1,531	1,622	6,616	1,342	1,616	1,143	4,101
Financial Services	17,451	3,129	2,874	3,318	3,839	13,160	3,378	3,428	3,542	10,348
Real Estate and Housing	-	12,918	10,424	17,825	16,667	57,834	7,681	9,439	5,548	22,728
System Solution Business	-	-	41	33	175	249	1,122	1,229	1,518	3,869
Eliminations/Corporate	(971)	(182)	(185)	(245)	(244)	(856)	(165)	(165)	(127)	(457)
OPERATING COSTS	68,746	28,287	35,056	25,855	26,366	115,344	15,287	18,233	15,324	48,824
GROSS PROFIT	75,935	27,819	26,889	26,427	26,089	107,224	19,336	18,911	14,101	52,348
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES										
Asset Management	5,589	1,039	494	968	684	3,185	694	983	715	2,392
Brokerage and Investment Banking	37,749	10,399	11,039	10,399	9,567	41,404	9,369	9,970	9,547	28,886
Financial Services	7,434	1,781	1,892	2,248	2,565	8,486	1,883	1,702	1,647	5,232
Real Estate and Housing	-	2,138	2,028	2,362	2,615	9,143	2,698	2,619	2,606	7,923
System Solution Business	-	-	300	124	123	547	438	409	320	1,167
Eliminations/Corporate	1,968	(259)	447	844	820	1,852	345	807	449	1,601
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	52,740	15,098	16,200	16,945	16,874	64,617	15,427	16,490	15,284	47,201
OPERATING INCOME										
Asset Management	(1,100)	4,547	3,302	2,472	6,161	16,482	332	2,193	(517)	2,008
Brokerage and Investment Banking	24,375	5,578	5,707	5,479	3,747	20,511	3,389	1,266	233	4,888
Financial Services	2,775	459	388	30	(28)	849	372	383	359	1,114
Real Estate and Housing	-	2,170	2,279	2,643	1,092	8,094	851	499	103	1,453
System Solution Business	-	0	(282)	(122)	(69)	(473)	(104)	(138)	99	(143)
Eliminations/Corporate	(2,955)	(33)	(705)	(1,020)	(1,098)	(2,856)	(931)	(1,782)	(1,460)	(4,173)
OPERATING INCOME	¥23,095	¥12,721	¥10,689	¥9,482	¥9,715	¥42,607	¥3,909	¥2,421	(¥1,188)	¥5,147
OTHER INCOME (EXPENSES):										
Interest and dividends income	644	280	111	180	77	648	460	577	281	1,318
Interest expense	(1,278)	(418)	(427)	(466)	(474)	(1,785)	(486)	(561)	(737)	(1,784)
Foreign exchange gain (loss)-net	14	136	(99)	(44)	(719)	245	245	(226)	(777)	(758)
Gain (loss) on sale of investment securities-net	(23,575)	5,439	1,076	265	0	6,780	(1,328)	(236)	54	(1,510)
appraisal loss of investment securities	(752)	(17)	(13)	-	(647)	(677)	(9,470)	9,102	(5,962)	(6,330)
Dilution gain from change in equity interest	650	36	(102)	(1,637)	1	(1,702)	261	49	29	339
Reversal of allowance for doubtful accounts	0	-	27	1	0	28	-	-	-	-
Amortization of goodwill-net	69,094	266	(496)	0	(1,891)	(2,121)	-	-	-	-
Provision for statutory reserves	(1,599)	(480)	(425)	(259)	(447)	(1,611)	(0)	(5)	(0)	(5)
Equity in losses of subsidiaries and associated companies	-	(706)	(1,154)	(2,076)	(7,473)	(11,409)	(1,003)	(802)	(582)	(2,387)
Other-net	(4,251)	(1,015)	(354)	93	63	(1,213)	85	(1,717)	(2,482)	(4,114)
OTHER INCOME (EXPENSES) - NET	38,947	3,521	(1,856)	(3,943)	(11,510)	(13,788)	(11,236)	6,181	(10,176)	(15,231)
INCOME BEFORE INCOME TAXES/MINORITY INTERESTS	62,042	16,242	8,833	5,539	(1,795)	28,819	(7,327)	8,602	(11,859)	(10,084)
INCOME TAXES										
Current	38,855	6,892	5,578	2,762	4,079	19,311	2,221	7,597	682	10,500
Reversal of the prior year's income taxes	(583)	-	-	-	-	-	-	-	-	-
Deferred	(23,447)	922	(1,286)	(254)	(1,420)	(2,038)	(3,365)	(2,506)	55	(5,816)
TOTAL INCOME TAXES	14,825	7,814	4,292	2,508	2,659	17,273	(1,144)	5,091	737	4,684
MINORITY INTERESTS IN NET INCOME	(776)	(2,524)	(1,506)	(1,447)	(1,840)	(7,317)	275	874	1,771	2,920
NET INCOME (LOSS)	¥46,441	¥5,904	¥3,035	¥1,584	(¥6,294)	¥4,229	(¥5,908)	¥4,385	(¥10,325)	(¥11,848)
PER SHARE OF COMMON STOCK										
Basic net income	(Yen) ¥4,040.51					(Yen) ¥376.63				(Yen) ¥827.67
Diluted net income	¥3,845.82					¥344.65				-

Consolidated Statements of Cash Flows

(Millions of Yen)

(Millions of Yen)

	Year Ended 31st March, 2007	Year Ended 31st March, 2008				Year Ended 31st March, 2008	Year Ending 31st March, 2009			Nine-month period ended Dec. 31, 2008
		1Q Apr. - Jun.	2Q Jul. - Sep.	3Q Oct. - Dec.	4Q Jan. - Mar.		1Q Apr. - Jun.	2Q Jul. - Sep.	3Q Oct. - Dec.	
OPERATING ACTIVITIES	(¥67,409)	(¥14,902)	¥11,505	¥26,968	¥26,502	¥50,073	(¥41,554)	¥38,140	¥63,484	¥60,070
INVESTING ACTIVITIES	86,014	2,238	(10,543)	(1,485)	(10,820)	(20,610)	(21,325)	19,384	1,812	(29)
FINANCING ACTIVITIES	(58,176)	18,972	(22,623)	(21,048)	14,742	(9,957)	16,043	(19,473)	(32,060)	(35,490)
Newly consolidated subsidiaries and others	22,118	22,909	605	1,835	(940)	24,409	2,451	(219)	(339)	1,893
CASH AND CASH EQUIVALENT - End of Period	¥115,082	¥144,309	¥123,253	¥129,523	¥159,007	¥159,007	¥114,722	¥152,554	¥185,451	¥185,451

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.