



January 30, 2009

Summary of Financial Statements for the Nine Months Ended December 31, 2008

Listed company's name: **Shinko Securities Co., Ltd.**

Listed on: 1st sections of TSE, OSE, NSE

Stock code: 8606

URL: <http://www.shinko-sec.co.jp/>

Representative: Takashi Kusama, President

Contact: Akihiko Furuta, General Manager of Treasury Dept. on +81 3-5203-6000

The quarterly financial report is scheduled to be submitted on February 10, 2009

1. Consolidated Financial Results for the Nine Months Ended December 31, 2008

(April 1, 2008 to December 31, 2008)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2008	85,081	-	73,559	-	(9,669)	-	(8,307)	-
Nine months ended December 31, 2007	120,003	15.5	107,028	10.5	19,015	29.3	20,892	12.2

	Net income		Net income per share	Net income per share – fully diluted
	million yen	%	yen	yen
Nine months ended December 31, 2008	(6,396)	-	(8.27)	-
Nine months ended December 31, 2007	14,817	0.2	19.17	19.14

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2008	3,200,646	257,657	7.9	325.07
December 31, 2007	4,217,842	281,064	6.5	354.88

Note: Shareholders' equity: December 31, 2008: 251,290 million yen
 March 31, 2008: 274,389 million yen

2. Dividends

Record date	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of financial year	Full year
	yen	yen	yen	yen	yen
Year ended March 31, 2008	-	-	-	10.00	10.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (forecast)	-	-	-	-	-

Note: Revision of dividend forecast during the nine months ended December 31, 2008: None
Dividends for the year ending March 31, 2009, are yet to be determined.

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2009**(April 1, 2008 to March 31, 2009)**

Note: Revision of earnings forecast during the nine months ended December 31, 2008: None
Because the company's earnings are strongly influenced by market conditions, it does not produce forecasts of business results.

4. Other Information

- (1) Reclassification of significant subsidiaries (changes to the scope of consolidation) during the period:
None
- (2) Use of simplified accounting methods and/or accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
Note: For details, see "4. Other information" on page 6 in the "Business Results and Financial Statements" section.
- (3) Changes in accounting principles, procedures, and methods of presentation applicable to the preparation of quarterly consolidated financial statements:
 - 1) Changes in accordance with revisions to accounting standards: Yes
 - 2) Changes other than 1) above: Yes
Note: For details, see "4. Other information" on page 6 in the "Business Results and Financial Statements" section.
- (4) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued at end of the period (treasury stock included):

December 31, 2008:	811,118,683 shares
March 31, 2008:	811,118,683 shares
 - 2) Number of shares held in treasury at end of the period:

December 31, 2008:	38,078,922 shares
March 31, 2008:	37,935,846 shares
 - 3) Average number of shares outstanding (for the nine months):

Nine months ended December 31, 2008:	773,113,793 shares
Nine months ended December 31, 2007:	773,066,056 shares

* Appropriate Use of Financial Forecasts and Other Important Matters

1. The company's basic dividend policy calls for dividends to be determined flexibly based on earnings. However, producing adequate forecasts of earnings is difficult since the Group companies are mainly involved in the securities business, and earnings are significantly affected by changes in equity market conditions. Dividends forecasts are therefore not available as of the date of this report.
2. Effective this financial year, the Company adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). The consolidated financial statements are prepared in accordance with the "Regulations on the Terminology, Format, and Preparation of Quarterly Financial Statements" and the "Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements" (Cabinet Office Ordinance No. 80, December 12, 2008).

Business Results and Financial Statements

1. Analysis of consolidated business results

In the first nine months (April 1 – December 31, 2008) of the fiscal year ending March 31, 2009, the Japanese economy continued to decelerate. In the corporate sector, capital spending downshifted in response to an inventory correction in the IT sector and a deterioration in earnings due to rising prices of crude oil and other raw materials through the summer months. In the household sector, consumer spending stagnated as rising costs of food, gasoline, and other goods coincided with slower improvement in the employment situation. Although supported by demand from emerging economies, exports nonetheless continued to decelerate in the wake of the US and European economic slowdowns. Since the beginning of autumn, stagnation in both domestic and overseas demand intensified in response to the global financial crisis highlighted by the spread of the credit crunch triggered by the bankruptcy of a major US investment bank and the associated clear signs of downward pressure on the real economy. In the equity market, the Nikkei 225 Index recovered to a high above 14,400 yen in early June, buoyed by US equity market gains and revaluation of Japanese stocks, after beginning the fiscal year in vicinity of 12,600 yen. Subsequently, however, the equity market turned down in response to a steep selloff in US equities triggered by soaring crude oil prices and renewed anxiety about systemic risk in financial markets. In late October in particular, the Nikkei fell to 7,162 yen at one point, 26-year low harking back to October 1982. This steep drop was triggered by the deepening financial crisis as well as concern about corporate earnings stemming from the rapid appreciation of the yen.

Despite the market's slight pick-up towards the end of the calendar year, the Nikkei 225 Index ended 2008 at 8,859 yen. In the bond market, the 10-year JGB yield briefly rose above 1.85% in the fiscal first quarter in conjunction with the equity market's recovery and a rise in long-term US bond yields, but from the summer onwards the 10-year JGB yield retreated under the weight of the global equity market downturn. The Bank of Japan's moves to cut interest rates towards the end of the calendar year also brought yields down, and the benchmark 10-year JGB yield ended 2008 slightly below 1.2%.

Overseas, the US housing market downturn spawned anxiety about the solvency of financial institutions, which exacerbated the credit crunch and led to more pronounced signs of a recession in the US from the autumn months onward. Economic stagnation also spread in Europe, with exports decelerating and consumer spending dampened by inflation.

The US equity market recovered in the fiscal first half, rallying to a high for the year, but the market subsequently corrected in response to renewed jitters about the financial system, with key US equity indices dropping in late November to their lowest levels in 5 years and 8 months. European equity markets also sold off precipitously in September in tandem with their US counterparts. Overseas bond markets saw a rise in long-term yields during the middle of the period, partly in response to an ECB rate hike precipitated by a pick-up in inflation. In the second half of the period, however, long-term yields receded in both the US and Europe, as equity markets corrected and investors looked to avoid risk. This trend was amplified by both the US Federal Reserve Board's move to effectively implement a zero interest rate policy and an interest rate cut by the ECB.

Amid such an environment, in the first nine months of the fiscal year, the Shinko Group posted operating revenues of ¥85,081 million, 29.1% lower versus the nine months ended December 31, 2007, a consolidated ordinary loss of ¥8,307 million, and a net loss of ¥6,396 million. Further details follow.

(1) Commissions and fees received

Total commissions and fees for the nine months ended December 31, 2008, totaled ¥41,272 million, down 34.6% versus the nine months ended December 31, 2007. A breakdown of this income appears below.

• Brokerage commissions

Daily trading volume on the First and Second Sections of the Tokyo Stock Exchange averaged ¥2,196.8 billion in the nine months ended December 31, 2008, down 25.3% versus the nine months ended December 31, 2007. Shinko's brokerage trading volume was 3,647 million shares, down 25.2% year on year, with an aggregate value of ¥3,263.7 billion, down 40.3% year on year. Shinko's brokerage commissions on equity trades totaled ¥13,541 million, down 40.4% year on year.

• Underwriting and selling fees, and commissions from solicitation to qualifying investors

In the equity issuance market, Shinko participated as an underwriter in 14 IPOs, lead-managing three of those issues. Shinko was also an underwriter for four listed companies' secondary equity offerings, lead-managing two of those issues. Shinko also co-underwrote two J-REIT's secondary offerings. As a result, the Group's underwriting commissions on equity totaled ¥325 million, down 84.0% versus the nine months ended December 31, 2007.

In the bond issuance market, Shinko acted as lead manager on 20 offerings, including FILP (Fiscal Investment and Loan Program) agency, electric utility, and nonfinancial corporate issues. As a result, underwriting commissions on bonds totaled ¥1,492 million, up 112.8% versus the nine months ended December 31, 2007.

• Offering, selling, and other fees and commissions, and commissions from solicitation to qualifying investors

This income principally comes from distribution commissions on investment trusts.

We marketed three newly launched foreign equity investment trusts intended to profit from growth in emerging economies: Arabian Blue, which allow investors to benefit from growth in the Middle Eastern and North African economies; the Shinko India Infrastructure Equity Fund; and the DIAM Russia Equity Fund. In the area of foreign bond investment trusts, we marketed the newly launched, monthly distribution-type Shinko Brazil Bond Fund, and we also launched and began marketing the Shinko Japan Undervalued Equity Fund, which has an early redemption clause. We also newly marketed the Australian Dollar Principal-Guaranteed Millburn Performance Linked Fund (2008–09) and (2008-2011), a foreign investment trust that aims to earn CTA (Commodity Trading Advisor) returns and guarantees redemption of the original principal in Australian dollar terms at maturity.

We also launched Free Financial Fund II, a liquidity-focused fund marketed exclusively to institutional investors. Against a background of prolonged low interest rates, we also continued to market existing investment trusts, focusing on dividend-paying investment trusts, which have enjoyed strong demand from individual investors, and investment trusts related to emerging markets with high economic growth rates. In the nine months ended December 31, 2008, commissions and fees in this segment totaled ¥9,858 million, down 35.2% year on year.

• Other fees and commissions

Other fees and commissions include investment trust service fees, sales commissions on wrap accounts and annuities, and M&A and IPO advisory fees. During the quarter, we began marketing Tokio Marine & Nichido Fire Insurance's new Marine Wave II annuity and ING Life's One More Pocket annuity in order to meet customers' diverse needs for annuity products. In the nine months ended December 31, 2008, other commissions totaled ¥15,936 million, down 28.6% year on year.

(2) Trading profits

Net trading profits on equities were ¥6,610 million, down 44.4% year on year, and net trading profits on fixed-income securities were ¥26,106 million, down 18.3% year on year. Net trading profits for the first nine months of the fiscal year totaled ¥32,717 million, down 25.4% year on year.

(3) Financial profit and loss

Financial revenues amounted to ¥11,921 million, down 12.1% year on year, and financial expenses totaled ¥11,522 million, down 11.1% year on year, resulting in net financial income of ¥399 million, down 33.2% year on year.

(4) Selling, general and administrative expenses

Selling, general and administrative expenses declined 5.4% year on year to ¥83,228 million due to reductions in personnel expenses and other costs.

(5) Extraordinary profits and losses

Extraordinary income for the nine months ended December 31, 2008, includes a ¥5,596 million gain on the sale of investment securities and a ¥357 million draw down from a foreign exchange translation adjustment account due to the liquidation of an overseas subsidiary. Extraordinary losses in the period include ¥2,616 million in mark-to-market valuation losses on investment securities and ¥1,039 million in merger-related expenses. The net result was an extraordinary profit of ¥2,302 million.

2. Analysis of consolidated financial position

Total consolidated assets at December 31, 2008, stood at ¥3,200,646 million, a decrease of ¥1,017,196 million from the

end of last fiscal year (March 31, 2008). Despite the ¥105,007 million increase in cash and cash equivalents, the decline was mainly due to a ¥1,023,443 million decrease in collateralized short-term financing agreements as well as a ¥83,881 million decrease in receivables from brokers, dealers and customers.

Total consolidated liabilities at December 31, 2008, stood at ¥2,942,989 million, a decrease of ¥993,788 million from the end of last fiscal year. Despite a ¥103,245 million increase in short-term debt, there was a ¥1,018,319 million decrease in collateralized short-term financing agreements.

Net assets ended the period at ¥257,657 million, a decrease of ¥23,407 million from the end of last fiscal year. The decrease was mainly attributable to a ¥14,128 million decrease in retained earnings primarily due to the payment of dividends, and a ¥8,381 million decrease in net unrealized gains on other securities.

3. Consolidated earnings forecast

Because the main business of our corporate group is the securities business, our earnings are significantly influenced by market conditions and other factors. For this reason, we do not produce forecasts of our business results.

4. Other information

- (1) Reclassification of significant subsidiaries (changes to the scope of consolidation) during the period
None
- (2) Use of simplified accounting methods and/or accounting methods specific to the preparation of quarterly consolidated financial statements
 - 1) Use of simplified accounting methods
Depreciation of fixed assets
For fixed assets that are depreciated straight-line, we calculate quarterly depreciation expense by prorating annual depreciation expense.
 - 2) Accounting methods specific to the preparation of quarterly consolidated financial statements
None
- (3) Changes in accounting principles, procedures, and methods of presentation applicable to the preparation of quarterly consolidated financial statements
 - 1) Changes in accordance with revisions to accounting standards
 - (i) Effective this fiscal year, the Company adopted the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 14, 2007) and its accompanying “Guidance on the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14, March 14, 2007). We prepare quarterly consolidated financial statements in accordance with the “Regulations on the Terminology, Format, and Preparation of Quarterly Consolidated Financial Statements.” More specifically, we prepare quarterly consolidated financial statements in accordance with the “Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements” (Cabinet Office Ordinance No. 80 of December 12, 2008).
 - (ii) Reserve for securities transaction liabilities
We previously accounted for our reserve for securities transaction liabilities in accordance with Article 51 of the now-repealed Securities and Exchange Act and Article 35 of the now-repealed Cabinet Office Ordinance on Securities Companies. Due to the enforcement of the Financial Instruments and Exchange Act and effective from the first quarter of the current fiscal year, we now account for said reserve as a reserve for financial instrument transaction liabilities in accordance with Article 46, paragraph 5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instrument Businesses.
The effect of this change on earnings is not significant.
 - (iii) Adoption of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the first quarter of the current fiscal year, we have adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force Report No. 18, May 17, 2006).
The effect of this change on earnings is not significant.

2) Other changes

Adoption of accounting standard for lease transactions

Effective from the first quarter of the current fiscal year, we have early adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, issued June 17, 1993; last revised March 30, 2007) and its accompanying “Guidance on the Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, issued January 18, 1994; last revised March 30, 2007). Accordingly, we have changed how we account for non-ownership-transfer finance leases. We now treat such leases as sales transactions, whereas we previously treated them as operating leases. Assets leased in non-ownership-transfer leases are depreciated straight-line method over a useful life equivalent to the lease term to a residual value of zero.

The conventional accounting treatment will still apply to non-ownership-transfer finance leases that commenced on or before March 31, 2008.

The effect of this change on earnings is not significant.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of December 31, 2008	As of March 31, 2008
Assets		
Current assets		
Cash on hand and bank deposits	194,795	89,788
Cash segregated as deposits related to securities transactions	47,606	49,564
Trading assets	1,505,761	1,475,457
Trading securities, etc.	1,479,393	1,457,309
Derivatives	26,367	18,147
Receivables from brokers, dealers and customers	-	83,881
Investment securities for sale, etc.	10,458	10,457
Receivables related to margin transactions	30,775	57,372
Customers' loans receivable under margin transactions	15,852	43,394
Collateral for borrowed securities under margin transactions	14,923	13,978
Loans receivable secured by securities	1,256,236	2,279,680
Deposits paid for securities borrowed	1,186,278	2,066,241
Securities purchased under agreements to resell	69,958	213,438
Advances	945	196
Short-term loans receivable	55	79
Securities	4,026	10,923
Deferred tax assets	3,732	2,367
Other current assets	29,500	20,693
Less: Allowance for doubtful accounts	(381)	(47)
Total current assets	3,083,514	4,080,417
Fixed assets		
Tangible fixed assets	33,913	34,195
Intangible fixed assets	29,647	32,959
Investments and other assets	53,570	70,269
Investment securities	32,880	51,344
Log-term deposits	10,650	11,100
Deferred tax assets	737	497
Other	12,369	10,913
Less: Allowance for doubtful accounts	(3,068)	(3,586)
Total fixed assets	117,131	137,424
Total assets	3,200,646	4,217,842

(In million yen)		
	As of December 31, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Trading liabilities	901,495	966,543
Trading securities, etc.	876,214	955,455
Derivatives	25,281	11,087
Payables to brokers, dealers and customers	68,818	-
Payables related to margin transactions	11,013	18,124
Customers' loans payable under margin transactions	6,551	15,776
Collateral for loaned securities under margin transactions	4,462	2,347
Loans payable secured by securities	1,171,732	2,190,051
Deposits received for securities loaned	755,532	1,844,224
Securities sold under agreements to repurchase	416,200	345,827
Deposits received	37,467	39,785
Received margins	19,573	28,442
Accounts for non-received securities and others	-	0
Short-term borrowings	562,965	459,720
Commercial paper	72,200	126,500
Income taxes payable	167	1,450
Accrued employee's bonuses	1,342	4,290
Accrued directors' bonuses	-	243
Allowance for bonus points redemption	1,093	858
Other current liabilities	8,671	11,313
Total current liabilities	2,856,540	3,847,323
Fixed liabilities		
Corporate bonds	33,000	33,000
Long-term borrowings	40,650	40,650
Deferred tax liabilities	3,612	7,155
Accrued retirement benefits	5,466	5,149
Reserve for directors' retirement benefits	743	769
Reserve for executive officers' retirement benefits	993	878
Other fixed liabilities	1,566	1,165
Total fixed liabilities	86,031	88,768
Statutory reserve		
Reserve for securities transaction liabilities	-	685
Reserve for financial instrument transaction liabilities	416	-
Total statutory reserve	416	685
Total liabilities	2,942,989	3,936,777

(In million yen)

	As of December 31, 2008	As of March 31, 2008
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	82,973	82,969
Retained earnings	48,642	62,771
Treasury stock	(7,419)	(7,373)
	<u>249,363</u>	<u>263,534</u>
Total shareholders' equity		
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	1,953	10,334
Foreign currency translation adjustment	(26)	519
	<u>1,926</u>	<u>10,854</u>
Total valuation and translation adjustments		
Minority interests	6,366	6,675
Total net assets	<u>257,657</u>	<u>281,064</u>
Total net assets and liabilities	<u>3,200,646</u>	<u>4,217,842</u>

(2) Consolidated Statements of Income

(In million yen)

	Nine months ended December 31, 2008
Operating revenue	
Commissions and fees	41,272
Brokerage commissions	13,659
Underwriting and selling fees, and commissions from solicitation to qualifying investors	1,818
Offering, selling, and other fees and commissions, and commissions from solicitation to qualifying investors	9,858
Other commissions and fees	15,936
Gain (loss) on trading, net	32,717
Gain (loss) on sales of investment securities for sale, etc.	(829)
Interest and dividend income	11,921
	Total operating revenue
	85,081
Financial expenses	11,522
Net operating revenue	73,559
Operating costs and expenses	83,228
Transaction expenses	12,349
Personnel expenses	37,421
Real estate expenses	11,506
Office expenses	7,572
Depreciation and amortization	10,064
Taxes and dues	843
Provision of allowance for doubtful accounts	372
Other	3,097
Operating income (loss)	(9,669)
Non-operating income	2,881
Non-operating expenses	1,519
Ordinary income (loss)	(8,307)
Extraordinary gains	6,284
Gain on sale of investment securities, net	5,596
Gain on liquidation of affiliates	61
Reversal of translation adjustments due to liquidation of affiliates	357
Reversal of reserve for financial instruments transaction liabilities	268
Extraordinary losses	3,982
Loss on disposition of fixed assets	282
Loss on sale of investment securities, net	33
Loss on valuation of investment securities	2,616
Loss on valuation of golf club membership	10
Expenses related to merger	1,039
Income (loss) before income taxes and minority interests	(6,004)
Income taxes, etc.	331
Adjustment amount for income taxes	(109)
Total income taxes, etc.	221
Minority interests	170
Net income (loss)	(6,396)

(3) Consolidated Cash flow Statement

(In million yen)

Nine months ended
December 31, 2008

Cash flow from operating activities		
Income (loss) before income taxes and minority interests		(6,004)
Depreciation and amortization		10,151
Adjustment for extraordinary gains and loss		
Loss on disposition of fixed assets		282
(Gain) loss on sale of investment securities, net		(5,562)
(Gain) loss on valuation of investment securities, net		2,616
Loss on valuation of golf club membership		10
(Gain) loss on reversal of translation adjustments due to liquidation of affiliates		(357)
Interest and dividend income		(12,492)
Interest expense		11,522
Equity in (income) loss of non-consolidated subsidiaries and affiliates		35
(Increase) decrease in loans receivable		26
(Increase) decrease in trust cash fund for customer money		1,813
Increase (decrease) in advances and deposits received		(3,066)
(Increase) decrease in trading liabilities, net of trading assets		57,348
(Increase) decrease in receivables related to margin transactions		26,597
Increase (decrease) in payables related to margin transactions		(7,110)
(Increase) decrease in loans receivable secured by securities		1,023,443
Increase (decrease) in loans payable secured by securities		(1,018,319)
Increase (decrease) in allowance for doubtful accounts		(115)
Increase (decrease) in accrued employee's bonuses		(3,191)
Increase (decrease) in accrued retirement benefits		405
Increase (decrease) in reserve for financial instrument transaction liabilities		(268)
Other		(26,788)
	Subtotal	<u>50,973</u>
Interest and dividend income received		13,321
Interest expenses paid		(11,456)
Income taxes, etc. paid		(1,651)
Income taxes, etc. refunded		3,807
Net cash provided by (used in) operating activities		<u>54,994</u>
Cash flow from investing activities		
Increase in time deposits		(10,253)
Withdrawals from time deposits		3,403
Payments for investment securities		(2,550)
Proceeds from sale and redemption of investment securities		15,868
Payments for acquisition of tangible fixed assets		(1,331)
Proceeds from sale of tangible fixed assets		17
Payments for acquisition of intangible fixed assets		(4,383)
Payments for long-term deposits		(186)
Proceeds from long-term deposits		687
Other		32
Net cash provided by (used in) investing activities		<u>1,304</u>

(In million yen)

 Nine months ended
 December 31, 2008

Cash flow from financing activities	
Increase (decrease) in short-term borrowings	103,245
Increase (decrease) in commercial papers	(54,300)
Repurchase of treasury stocks	(55)
Proceeds from disposition of treasury stock	13
Dividend payment	(7,698)
Cash dividends to minority shareholders	(297)
Net cash provided by (used in) financing activities	<u>40,906</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>452</u>
Increase (decrease) in cash and cash equivalents	<u>97,657</u>
Cash and cash equivalents at beginning of period	<u>87,654</u>
Cash and cash equivalents at end of period	<u>185,312</u>

Effective this financial year, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (ASBJ, March 14, 2007; ASBJ Statement No. 12) and its accompanying “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ, March 14, 2007; ASBJ Guidance No. 14). The consolidated financial statements are prepared in accordance with the “Regulation for Terminology, Forms and Preparation Methods of Quarterly Financial Statements” and the “Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements” (Cabinet Office Ordinance No. 80, December 12, 2008).

(4) Note on the going-concern assumption: Not applicable

(5) Note on significant changes in the amount of shareholders' equity: None

For reference

Consolidated Statements of Income for the Nine Months Ended December 31, 2007

(In million yen)

	Nine months ended December 31, 2007
Operating revenue	120,003
Commissions and fees	63,126
Gain (loss) on trading, net	43,891
Gain (loss) on sales of investment securities for sale, etc.	(588)
Interest and dividend income	13,573
Financial expenses	12,974
Net operating revenue	107,028
Operating costs and expenses	88,013
Transaction expenses	13,340
Personnel expenses	42,937
Real estate expenses	11,706
Office expenses	6,744
Depreciation and amortization	9,247
Taxes and dues	1,078
Other	2,956
Operating income	19,015
Non-operating income	3,533
Non-operating expenses	1,655
Ordinary income	20,892
Extraordinary gains	3,385
Gain on sale of fixed assets	819
Gain on sale of investment securities, net	1,923
Gain on liquidation of affiliates	362
Reversal of reserve for securities transaction liabilities	218
Reversal of allowance for doubtful accounts	62
Extraordinary losses	1,288
Loss on sale of fixed assets	410
Loss on disposition of fixed assets	173
Loss on sale of investment securities, net	62
Write-down of investment securities	278
Expenses related to merger	363
Income before income taxes and minority interests	22,989
Income taxes, etc.	5,472
Adjustment amount for income taxes	1,933
Minority interests	765
Net income	14,817

Consolidated Cash flow Statement for the Nine Months Ended December 31, 2007

(In million yen)

	Nine months ended December 31, 2007
I Cash flow from operating activities	
Income before income taxes and minority interests	22,989
Depreciation and amortization	9,375
Adjustment for extraordinary gains and losses	
Gain on sale of fixed assets	(819)
Loss on sale or disposition of fixed assets	583
Gain on sale of investment securities, net	(1,923)
Write-down and loss on sale of investment securities	341
Reversal of reserve for securities transaction liabilities	(218)
Reversal of allowance for doubtful accounts	(62)
Interest and dividend income	(14,357)
Interest expense	12,974
Equity in income of non-consolidated subsidiaries and affiliates	(30)
(Increase) decrease in loans receivable	40
(Increase) decrease in trust cash fund for customer money	33,983
Increase (decrease) in advances and deposits received	5,218
(Increase) decrease in trading liabilities, net of trading assets	(304,386)
(Increase) decrease in receivables related to margin transactions	35,904
Increase (decrease) in payables related to margin transactions	(38,080)
(Increase) decrease in loans receivable secured by securities	33,431
Increase (decrease) in loans payable secured by securities	163,316
Increase (decrease) in allowance for doubtful accounts	(746)
Increase (decrease) in accrued employee's bonuses	(4,171)
Increase (decrease) in accrued retirement benefits	(1,342)
Other	(4,108)
Subtotal	(52,086)
Interest and dividend income	14,819
Interest expenses	(12,642)
Income taxes, etc. paid	(12,229)
Net cash provided by (used in) operating activities	(62,139)
II Cash flow from investing activities	
Payments for investment securities	(4,892)
Proceeds from sale and redemption of investment securities	10,358
Payments for acquisition of tangible fixed assets	(1,893)
Proceeds from sale of tangible fixed assets	1,267
Payments for acquisition of intangible fixed assets	(7,807)
Proceeds from sale of intangible fixed assets	147
Proceeds from long-term deposits	47
Other	(1,676)
Net cash provided by (used in) investing activities	(4,448)
III Cash flow from financing activities	
Increase (decrease) in short-term borrowings	40,031
Increase (decrease) in commercial papers	12,500
Repurchase of treasury stocks	(116)
Proceeds from disposition of treasury stock	147
Dividend payment	(9,230)
Proceeds from issuance of shares to minority shareholders	75
Cash dividends to minority shareholders	(688)
Net cash provided by (used in) financing activities	42,719
IV Effect of foreign exchange rate changes on cash and cash equivalents	(68)
V Increase (decrease) in cash and cash equivalents	(23,937)
VI Cash and cash equivalents at beginning of period	121,014
VII Cash and cash equivalents at end of period	97,076

6. Other information

(1) Commissions and fees

1) Breakdown by items

(In million yen)

	Nine months ended December 31, 2007 (A)	Nine months ended December 31, 2008 (B)	(B) - (A)	
			Amount	%
Brokerage commissions	22,820	13,659	(9,161)	59.9
Equities	22,722	13,541	(9,181)	59.6
Bonds	27	39	11	143.0
Underwriting and selling fees, and commissions from solicitation to qualifying investors	2,744	1,818	(925)	66.3
Equities	2,042	325	(1,717)	15.9
Bonds	701	1,492	791	212.9
Offering, selling, and other fees and commissions, and commissions from solicitation to qualifying investors	15,226	9,858	(5,368)	64.7
Other commissions and fees	22,334	15,936	(6,398)	71.4
Total	63,126	41,272	(21,853)	65.4

2) Breakdown by instruments

(In million yen)

	Nine months ended December 31, 2007 (A)	Nine months ended December 31, 2008 (B)	(B) - (A)	
			Amount	%
Equities	25,079	14,129	(10,950)	56.3
Bonds	1,287	1,940	652	150.7
Beneficiary securities	29,979	20,673	(9,305)	69.0
Others	6,778	4,527	(2,250)	66.8
Total	63,126	41,272	(21,853)	65.4

(2) Gain (loss) on trading, net

(In million yen)

	Nine months ended December 31, 2007 (A)	Nine months ended December 31, 2008 (B)	(B) - (A)	
			Amount	%
Equities	11,898	6,610	(5,287)	55.6
Bonds, others	31,993	26,106	(5,886)	81.6
Bonds	32,918	18,164	(14,754)	55.2
Others	(925)	7,942	8,868	-
Total	43,891	32,717	(11,174)	74.5

(3) Capital adequacy requirement ratio

(In million yen)

		As of December 31, 2008	As of March 31, 2008
Basic items	Total capital (A)	240,654	246,689
Supplemental items	Difference in valuation (valuation gains) of other securities	2,178	10,073
	Reserve for financial instrument transaction liabilities, etc.	392	648
	Allowance for doubtful accounts	83	50
	Subordinated long-term borrowings	18,000	18,000
	Subordinated short-term borrowings	42,000	42,000
	Total (B)	62,654	70,771
	Deducted assets (C)	89,444	91,298
	Equity after deduction (A) + (B) - (C) (D)	213,863	226,162
Amount equivalent to risk	Amount equivalent to market risk	24,952	23,736
	Amount equivalent to counterparty risk	7,881	7,330
	Amount equivalent to fundamental risk	28,035	29,019
	Total (E)	60,869	60,086
	Capital adequacy requirement ratio (D)/(E) * 100 (%)	351.3%	376.3%

Note: The capital adequacy requirement ratio above is based on non-consolidated figures.

(4) Consolidated Quarterly Statements of Operations

	(In million yen)				
	Third quarter ended December 2007	Fourth quarter ended March 2008	First quarter ended June 2008	Second quarter ended September 2008	Third quarter ended December 2008
	Oct. 1, 2007 - Dec. 31, 2007	Jan. 1, 2008 - Mar. 31, 2008	Apr. 1, 2008 - Jun. 30, 2008	Jul. 1, 2008 - Sep. 30, 2008	Oct. 1, 2008 - Dec. 31, 2008
Operating revenue	35,277	26,511	36,617	26,783	21,681
Commissions and fees	19,120	14,752	15,396	13,998	11,877
Brokerage commissions	6,308	4,505	5,748	3,769	4,142
Equities	6,263	4,473	5,727	3,749	4,064
Bonds	9	8	8	5	26
Underwriting and selling fees, and commissions from solicitation to qualifying investors	578	693	415	498	904
Equities	357	545	72	181	72
Bonds	220	147	343	316	832
Offering, selling, and other fees and commissions, and commissions from solicitation to qualifying investors	4,626	3,090	3,192	4,030	2,635
Other commissions and fees	7,607	6,462	6,040	5,700	4,195
Gain (loss) on trading, net	12,830	7,324	17,040	9,047	6,628
Equities	3,440	715	5,602	408	598
Bonds, other	9,390	6,609	11,438	8,638	6,030
Bonds	8,291	1,674	14,124	4,995	(955)
Other	1,098	4,934	(2,686)	3,643	6,985
Gain (loss) on sales of investment securities for sale, etc.	(769)	(1,716)	(17)	(533)	(278)
Interest and dividend income	4,095	6,151	4,197	4,270	3,454
Financial expenses	4,168	4,873	4,263	3,874	3,384
Net operating revenue	31,109	21,638	32,353	22,908	18,297
Operating costs and expenses	28,413	28,430	28,961	27,317	26,973
Transaction expenses	4,235	4,319	4,425	4,000	3,923
Personnel expenses	13,600	12,569	13,257	12,184	11,979
Real estate expenses	3,857	4,006	4,056	3,845	3,603
Office expenses	2,311	2,859	2,462	2,612	2,497
Depreciation and amortization	3,217	3,103	3,314	3,333	3,417
Taxes and dues	277	293	367	276	199
Other	913	1,277	1,077	1,064	1,352
Operating income	2,695	(6,791)	3,392	(4,408)	(8,676)
Non-operating income	1,028	978	1,153	1,162	564
Non-operating expenses	673	445	548	551	418
Ordinary income	3,051	(6,259)	3,997	(3,797)	(8,530)
Extraordinary gains	2,127	342	361	1,892	4,084
Extraordinary losses	717	3,157	316	1,805	1,890
Income before income taxes and minority interests	4,461	(9,074)	4,042	(3,710)	(6,335)
Income taxes, etc.	(454)	(2,860)	151	254	(74)
Adjustment amount for income taxes	2,344	(103)	1,086	(1,411)	215
Minority interests	223	(696)	99	94	(23)
Net income	2,347	(5,413)	2,704	(2,647)	(6,453)