



(3) Cash flows

|                          | Cash flows from operating activities<br>(Millions of Yen) | Cash flows from investing activities<br>(Millions of Yen) | Cash flows from financing activities<br>(Millions of Yen) | Cash and cash equivalent at the end of period<br>(Millions of Yen) |
|--------------------------|---|---|---|--|
| Year ended Mar. 31, 2005 | - 25,019  | - 1,026   | 57,552  | 61,251   |
| Year ended Mar. 31, 2004 | - 87,829  | - 1,290   | 113,875   | 29,744   |

(4) Scope of consolidation and equity method

Consolidated subsidiaries: 1 company

Affiliates applicable of equity method: None

(5) Change in scope of consolidation and equity method application: None

Forecast of business results

The business results of securities brokerage companies depend on the market situation considerably, which makes it difficult to forecast the future business results. Accordingly, the Company does not issue such forecast while it discloses its quarterly business results promptly instead of such forecasts.

Notice to readers:

The accompanying consolidated financial statements of the Company are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

## Consolidated Balance Sheets

( Millions of Yen )

| Item   | March 31, 2004 | March 31, 2005 |
|--|----------------|----------------|
| (Assets)   |                |                |
| Current assets   |                |                |
| Cash and bank deposits   | 29,744         | 61,251         |
| Cash segregated as deposits  | 183,002        | 223,003        |
| Cash in trust  | 4,400          | 9,000          |
| Trading assets   | 397            | 107            |
| Net receivables arising from pre-settlement date trades                                | 14             | 923            |
| Margin account assets:   | 261,154        | 389,358        |
| Loans receivable from customers  | 252,081        | 384,484        |
| Cash deposited as collateral for securities borrowed from securities finance companies | 9,073          | 4,875          |
| Receivable on collateralized securities transactions:                                  | -              | 1,610          |
| Cash deposits collateral for securities borrowed                                       | -              | 1,610          |
| Receivables from customers and others  | 23             | 133            |
| Advance paid for subscription  | 44             | -              |
| Short-term guarantee deposits  | 899            | 6,795          |
| Others   | 3,415          | 5,260          |
| Allowance for doubtful accounts  | (206)          | (171)          |
| Total current assets   | 482,887        | 697,270        |
| Fixed assets   |                |                |
| Tangible fixed assets  | 974            | 1,155          |
| Intangible assets  | 2,055          | 2,253          |
| Software   | 1,997          | 2,215          |
| Others   | 58             | 39             |
| Investments and others   | 2,250          | 2,777          |
| Investment securities  | 1,177          | 1,680          |
| Others   | 1,334          | 1,128          |
| Allowance for doubtful accounts  | (261)          | (31)           |
| Total fixed assets   | 5,279          | 6,185          |
| Total assets   | 488,166        | 703,456        |

( Millions of Yen )

| Item  | March 31, 2004 | March 31, 2005 |
|---|----------------|----------------|
| ( Liabilities )   |                |                |
| Current liabilities   |                |                |
| Trading assets  | 217            | 0              |
| Margin account liabilities:                                       | 101,342        | 142,920        |
| Loans from securities finance companies                           | 64,046         | 103,384        |
| Proceeds of securities sold on customers' account                 | 37,296         | 39,535         |
| Payables on collateralized securities transactions:               | 23,579         | 73,780         |
| Cash deposits as collateral for securities loaned                 | 23,579         | 73,780         |
| Deposits received   | 79,361         | 106,567        |
| Guarantee money received  | 112,977        | 137,467        |
| Suspense account for undelivered securities                       | 15             | 1              |
| Short-term borrowings   | 25,177         | 93,829         |
| Commercial paper  | 3,000          | 1,000          |
| Bond due within one year  | 500            |                |
| Accrued income taxes  | 6,112          | 6,342          |
| Accrued bonuses   |                | 301            |
| Others  | 1,650          | 2,202          |
| Total current liabilities   | 353,929        | 564,409        |
| Long-term liabilities   |                |                |
| Bond  | 20,000         | 40,000         |
| Convertible bond  | 40,000         | 40,000         |
| Long-term borrowings  | 33,532         | 7,203          |
| Reserve for directors' retirement bonuses                         | 281            | 241            |
| Others  | 0              | 0              |
| Total long-term liabilities                                       | 93,813         | 87,443         |
| Statutory reserves  |                |                |
| Reserve for securities transactions                               | 1,261          | 1,888          |
| Total Statutory reserves  | 1,261          | 1,888          |
| Total liabilities   | 449,004        | 653,740        |
| ( Shareholders' equity )  |                |                |
| Common stock  | 11,463         | 11,469         |
| Capital surplus   | 9,312          | 9,317          |
| Earned surplus  | 18,352         | 28,737         |
| Net unrealized gain (loss) on Investment securities, net of taxes | 52             | 213            |
| Treasury stock  | (17)           | (21)           |
| Total shareholders' equity  | 39,162         | 49,715         |
| Total liabilities and shareholders' equity                        | 488,166        | 703,456        |

## Consolidated Statements of Income

( Millions of Yen )

| Item   | Year ended<br>March 31, 2004 | Year ended<br>March 31, 2005 |
|--|------------------------------|------------------------------|
| Operating revenues                           |                              |                              |
| Commissions                                  | 20,206                       | 27,083                       |
| Net gain (loss) on trading                   | 30                           | (88)                         |
| Interest and dividend income                 | 4,800                        | 9,923                        |
| Total operating revenues                     | 25,036                       | 36,918                       |
| Interest expenses                            | 1,298                        | 2,295                        |
| Net operating revenues                       | 23,738                       | 34,623                       |
| Selling, general and administrative expenses | 9,453                        | 12,016                       |
| Transaction related expenses                 | 2,261                        | 3,339                        |
| Employees compensation and benefits          | 1,863                        | 1,927                        |
| Occupancy and rental                         | 369                          | 273                          |
| Data processing and office supplies          | 3,986                        | 5,373                        |
| Depreciation                                 | 689                          | 754                          |
| Duties and taxes other than income taxes     | 67                           | 195                          |
| Provision of allowance for doubtful accounts | 94                           |                              |
| Others                                       | 125                          | 154                          |
| Operating income                             | 14,285                       | 22,607                       |
| Non-operating income                         | 30                           | 73                           |
| Non-operating expenses                       | 298                          | 108                          |
| Ordinary income                              | 14,016                       | 22,571                       |
| Special profits                              | 2                            | 49                           |
| Special losses                               | 776                          | 653                          |
| Income before income taxes                   | 13,242                       | 21,967                       |
| Income taxes - current                       | 6,676                        | 9,487                        |
| Income taxes - deferred                      | (713)                        | (164)                        |
| Net income                                   | 7,280                        | 12,645                       |

## Summary of Quarterly Consolidated Statements of Income

( Millions of Yen )

| Item   | 1Q of the<br>Year ended<br>Mar. 31, 2004<br>( '03. 4. 1 )<br>( '03. 6.30 ) | 2Q of the<br>Year ended<br>Mar. 31, 2004<br>( '03. 7. 1 )<br>( '03. 9.30 ) | 3Q of the<br>Year ended<br>Mar. 31, 2004<br>( '03.10. 1 )<br>( '03.12.31 ) | 4Q of the<br>Year ended<br>Mar. 31, 2004<br>( '04. 1. 1 )<br>( '04. 3.31 ) | Total for the<br>year ended<br>Mar. 31, 2004<br>( '03. 4. 1 )<br>( '04. 3.31 ) |
|--|--|--|--|--|--|
| Operating revenues                           | 3,894  | 6,180  | 6,856  | 8,107  | 25,036   |
| Commissions                                  | 3,127  | 5,159  | 5,468  | 6,452  | 20,206   |
| Net gain (loss) on trading                   | 0  | (0)  | 1  | 29   | 30   |
| Interest and dividend income                 | 767  | 1,021  | 1,387  | 1,626  | 4,800  |
| Interest expenses                            | 295  | 293  | 316  | 393  | 1,298  |
| Net operating revenues                       | 3,599  | 5,886  | 6,539  | 7,713  | 23,738   |
| Selling, general and administrative expenses | 2,037  | 2,458  | 2,378  | 2,580  | 9,453  |
| Transaction related expenses                 | 414  | 589  | 586  | 672  | 2,261  |
| Employees' compensation and benefits         | 463  | 436  | 517  | 447  | 1,863  |
| Occupancy and rental                         | 84   | 82   | 81   | 123  | 369  |
| Data processing and office supplies          | 870  | 1,017  | 998  | 1,102  | 3,986  |
| Depreciation                                 | 157  | 172  | 176  | 185  | 689  |
| Duties and taxes other than income taxes     | 17   | 52   | (16)   | 14   | 67   |
| Provision of allowance for doubtful accounts | 9  | 76   | 10   | (1)  | 94   |
| Others                                       | 25   | 35   | 26   | 38   | 125  |
| Operating income                             | 1,562  | 3,428  | 4,161  | 5,134  | 14,285   |
| Non-operating income and expenses            | 10   | (44)   | (223)  | (12)   | (268)  |
| Ordinary income                              | 1,572  | 3,385  | 3,938  | 5,121  | 14,016   |
| Special profits and losses                   | (168)  | (135)  | (114)  | (358)  | (774)  |
| Income before income taxes                   | 1,405  | 3,249  | 3,824  | 4,764  | 13,242   |
| Income taxes-current                         | 709  | 1,750  | 1,848  | 2,369  | 6,676  |
| Income taxes-deferred                        | (61)   | (251)  | (168)  | (233)  | (713)  |
| Net income                                   | 757  | 1,751  | 2,144  | 2,628  | 7,280  |

( Millions of Yen )

| Item   | 1Q of the<br>Year ended<br>Mar. 31, 2005<br>( '04. 4. 1 )<br>( '04. 6.30 ) | 2Q of the<br>Year ended<br>Mar. 31, 2005<br>( '04. 7. 1 )<br>( '04. 9.30 ) | 3Q of the<br>Year ended<br>Mar. 31, 2005<br>( '04.10. 1 )<br>( '04.12.31 ) | 4Q of the<br>Year ended<br>Mar. 31, 2005<br>( '05. 1. 1 )<br>( '05. 3.31 ) | Total for the<br>year ended<br>Mar. 31, 2005<br>( '04. 4. 1 )<br>( '05. 3.31 ) |
|--|--|--|--|--|--|
| Operating revenues                           | 10,407   | 8,536  | 7,989  | 9,986  | 36,918   |
| Commissions                                  | 7,990  | 6,116  | 5,531  | 7,446  | 27,083   |
| Net gain (loss) on trading                   | 13   | (2)  | (7)  | (92)   | (88)   |
| Interest and dividend income                 | 2,403  | 2,421  | 2,466  | 2,633  | 9,923  |
| Interest expenses                            | 603  | 534  | 626  | 532  | 2,295  |
| Net operating revenues                       | 9,804  | 8,001  | 7,363  | 9,454  | 34,623   |
| Selling, general and administrative expenses | 3,162  | 2,683  | 2,950  | 3,221  | 12,016   |
| Transaction related expenses                 | 926  | 753  | 770  | 890  | 3,339  |
| Employees' compensation and benefits         | 522  | 399  | 489  | 517  | 1,927  |
| Occupancy and rental                         | 67   | 67   | 69   | 70   | 273  |
| Data processing and office supplies          | 1,329  | 1,248  | 1,348  | 1,449  | 5,373  |
| Depreciation                                 | 175  | 182  | 191  | 207  | 754  |
| Duties and taxes other than income taxes     | 56   | 47   | 40   | 51   | 195  |
| Provision of allowance for doubtful accounts | 48   | (48)   | -  | -  | -  |
| Others                                       | 38   | 35   | 44   | 37   | 154  |
| Operating income                             | 6,642  | 5,319  | 4,412  | 6,233  | 22,607   |
| Non-operating income and expenses            | (55)   | 12   | 22   | (15)   | (35)   |
| Ordinary income                              | 6,588  | 5,330  | 4,435  | 6,218  | 22,571   |
| Special profits and losses                   | (123)  | (112)  | (146)  | (223)  | (604)  |
| Income before income taxes                   | 6,465  | 5,218  | 4,289  | 5,995  | 21,967   |
| Income taxes-current                         | 2,375  | 2,449  | 1,741  | 2,922  | 9,487  |
| Income taxes-deferred                        | 315  | (190)  | 70   | (359)  | (164)  |
| Net income                                   | 3,775  | 2,959  | 2,478  | 3,433  | 12,645   |