

NOMURA HOLDINGS INC  
Form 6-K  
May 15, 2008  
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## **FORM 6-K**

### **U.S. SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of**

**the Securities Exchange Act of 1934**

**Commission File Number: 1-15270**

**Supplement for the month of May 2008.**

## **NOMURA HOLDINGS, INC.**

**(Translation of registrant's name into English)**

**9-1, Nihonbashi 1-chome**

**Chuo-ku, Tokyo 103-8645**

**Japan**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .

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Information furnished on this form:

**EXHIBIT**

**Exhibit  
Number**

1. (English Translation) Amendment to Interim Report Pursuant to the Financial Instruments and Exchange Act for The Six Months Ended September 30, 2007

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOMURA HOLDINGS, INC.

Date: May 15, 2008

By: /s/ Toshio Hirota  
Toshio Hirota  
Executive Managing Director

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### **1. Grounds for Amendment to the Interim Report**

This submission is due to the new accounting standard which the company decided to apply after submission of Interim Report Pursuant to the Financial Instruments and Exchange Act for The Six Months Ended September 30, 2007 and which requires retrospective application to the previous interim periods.

The American Institute of Certified Public Accountants (AICPA) issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ( SOP 07-1 ) in June 2007. SOP 07-1 addresses whether the accounting principles of the Audit and Accounting Guide for Investment Companies should be applied to an entity by clarifying the definition of an investment company, and whether those accounting principles should be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. All investments made by investment companies within the scope of the guide are carried at fair value, with changes in fair value recognized through earnings.

Despite that SOP 07-1 was aimed to be effective for fiscal years beginning on or after December 15, 2007, the Financial Accounting Standards Board (FASB) issued Staff Position No. SOP 07-1-1, Effective Date of AICPA Statement of Position 07-1 ( FSP SOP 07-1-1 ), which indefinitely deferred SOP 07-1. However, FSP SOP 07-1-1 permits continuous application of SOP 07-1 for entities that early adopted SOP 07-1.

Nomura decided early adoption of SOP 07-1 on December 14, 2007 and designated certain entities, including Nomura Principal Finance Co., Ltd. and Terra Firma Capital Partners I as investment companies. As our adoption of SOP 07-1 was made in other than the first interim period of the year of change, the change is reported by retrospective application to the previous interim periods of the year pursuant to SOP 07-1. And the adjusted amount due to the initial adoption was recorded in the retained earnings as of the beginning of the year.

In addition, the financial statements after retrospective application has been audited by Ernst & Young ShinNihon in accordance with semiannual auditing standards applied in Japan and the Semiannual Audit Report of Independent Auditors is attached to this report.

### **2. Amendment item**

#### PART I Corporate Information

#### Item 1. Information on the Company and Its Subsidiaries and Affiliates

1. Selected Financial Data\*

2. Business Overview\*

4. Employees

#### Item 2. Operating and Financial Review

1. Operating Results\*

#### Item 5. Financial Information

1. Consolidated Financial Statements and Other\*

\* Translations are attached to this form.

### **3. Amendment detail**

Amendment details are shown as underlined parts.

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## 1. Selected Financial Data

## (1) Selected consolidated financial data

&lt;Before retrospective application&gt;

		Six months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2006	Year ended March 31, 2007
Revenue	(Mil yen)	734,471	870,944	<u>1,147,160</u>	1,792,840	2,049,101
Net revenue	(Mil yen)	460,150	456,912	<u>600,937</u>	1,145,650	1,091,101
Income before income taxes	(Mil yen)	141,368	106,491	<u>96,374</u>	445,600	321,758
Net income	(Mil yen)	69,202	63,665	<u>66,226</u>	304,328	175,828
Shareholders' equity	(Mil yen)	1,869,148	2,125,028	<u>2,233,928</u>	2,063,327	2,185,919
Total assets	(Mil yen)	36,069,965	32,682,845	<u>29,333,718</u>	35,026,035	35,873,374
Shareholders' equity per share	(Yen)	981.51	1,114.88	<u>1,170.31</u>	1,083.19	1,146.23
Net income per share - basic	(Yen)	36.01	33.41	<u>34.70</u>	159.02	92.25
Net income per share - diluted	(Yen)	35.95	33.33	<u>34.59</u>	158.78	92.00
Shareholders' equity as a percentage of total assets	(%)	5.2	6.5	<u>7.6</u>	5.9	6.1
Cash flows from operating activities	(Mil yen)	(377,425)	(1,389,799)	<u>(666,068)</u>	(565,214)	(1,627,156)
Cash flows from investing activities	(Mil yen)	(1,111)	(144,285)	<u>(145,438)</u>	(4,678)	(533,813)
Cash flows from financing activities	(Mil yen)	558,055	868,178	<u>1,072,523</u>	829,219	1,568,703
Cash and cash equivalents at end of the period	(Mil yen)	768,303	330,804	<u>660,404</u>	991,961	410,028
Number of staffs		15,086	16,029	17,916	14,932	16,854
[Average number of temporary staffs, excluded from above]		[3,396]	[3,588]	[4,447]	[3,498]	[3,766]

(Notes) (Omitted)

- 9 In addition to the numbers presented above, the number of staffs in investee companies of private equity investments that were consolidated as subsidiaries on the consolidated financial statements as of September 30, 2007 was 6,227 and the average number of temporary staffs in those investee companies was 1,728.

&lt;After retrospective application&gt;

		Six months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2006	Year ended March 31, 2007
Revenue	(Mil yen)	734,471	870,944	<u>1,067,371</u>	1,792,840	2,049,101
Net revenue	(Mil yen)	460,150	456,912	<u>521,502</u>	1,145,650	1,091,101
Income before income taxes	(Mil yen)	141,368	106,491	<u>89,352</u>	445,600	321,758
Net income	(Mil yen)	69,202	63,665	<u>64,231</u>	304,328	175,828
Shareholders' equity	(Mil yen)	1,869,148	2,125,028	<u>2,232,556</u>	2,063,327	2,185,919
Total assets	(Mil yen)	36,069,965	32,682,845	<u>29,171,303</u>	35,026,035	35,873,374
Shareholders' equity per share	(Yen)	981.51	1,114.88	<u>1,169.59</u>	1,083.19	1,146.23

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Net income per share basic	(Yen)	36.01	33.41	<u>33.66</u>	159.02	92.25
Net income per share diluted	(Yen)	35.95	33.33	<u>33.55</u>	158.78	92.00
Shareholders' equity as a percentage of total assets	(%)	5.2	6.5	<u>7.7</u>	5.9	6.1
Cash flows from operating activities	(Mil yen)	(377,425)	(1,389,799)	<u>(600,257)</u>	(565,214)	(1,627,156)
Cash flows from investing activities	(Mil yen)	(1,111)	(144,285)	<u>(167,574)</u>	(4,678)	(533,813)
Cash flows from financing activities	(Mil yen)	558,055	868,178	<u>1,029,181</u>	829,219	1,568,703
Cash and cash equivalents at end of the period	(Mil yen)	768,303	330,804	<u>622,310</u>	991,961	410,028
Number of staffs		15,086	16,029	17,916	14,932	16,854
[Average number of temporary staffs, excluded from above]		[3,396]	[3,588]	[4,447]	[3,498]	[3,766]

(Notes) (Omitted)

9 (Deleted)

10 With the application of Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies, all investments made by investment companies within the scope of the guide are carried at fair value, with changes in fair value recognized through earnings for the six month ended September 30, 2007.

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2. Business Overview

<Before retrospective application>

There was no significant change for the business of Nomura Holdings, Inc. and its 338 consolidated subsidiaries and variable interest entities for the six months ended September 30, 2007. There are 45 affiliated companies which were accounted for by the equity method at September 30, 2007.

<After retrospective application>

There was no significant change for the business of Nomura Holdings, Inc. and its 285 consolidated subsidiaries and variable interest entities for the six months ended September 30, 2007. There are 20 affiliated companies which were accounted for by the equity method at September 30, 2007.

**Item 2. Operating and Financial Review**

1. Operating Results

(1) Summary

<Before retrospective application>

Nomura Holdings, Inc. and its consolidated subsidiaries ( Nomura ) reported net revenue of ¥600.9 billion for the six months ended September 30, 2007, an increase of 32% from the same period in the prior year. Non-interest expenses were ¥504.6 billion for the six months ended September 30, 2007, an increase of 44% from the same period in the prior year. As a result, income before income taxes was ¥96.4 billion for the six months ended September 30, 2007, a decrease of 10% from the same period in the prior year and net income for the six months ended September 30, 2007 was ¥66.2 billion, an increase of 4% from the same period in the prior year.

Cash and cash equivalents at September 30, 2007 increased by ¥250.4 billion compared with March 31, 2007 (an decrease of ¥661.2 billion for the same period in the prior year). Net cash used in operating activities was ¥666.1 billion (net cash used in operating activities for the same period in the prior year was ¥1,389.8 billion), mainly due to an increase in Securities purchased under agreements to resell, net of securities sold under agreements to repurchase, and an increase in Securities borrowed, net of securities loaned. Net cash used in investing activities was ¥145.4 billion (net cash used in investing activities for the same period in the prior year was ¥144.3 billion) mainly due to Payments for purchase of office buildings, land, equipment and facilities, Increase in loans receivables at banks and Increase in non-trading debt securities. Net cash provided by financing activities was ¥1,072.5 billion (net cash provided by financing activities for the same period in the prior year was ¥868.2 billion) mainly due to an increase in borrowings.



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The breakdown of Net revenue and Non-interest expenses on the consolidated income statements are as follows.

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Commissions	145,642	<u>219,849</u>
Brokerage commissions	77,153	128,824
Commissions for distribution of investment trust	48,972	73,395
Other	19,517	<u>17,630</u>
Fees from investment banking	41,252	46,066
Underwriting and distribution	29,511	20,903
M&A / financial advisory fees	11,538	23,878
Other	203	1,285
Asset management and portfolio service fees	65,208	98,221
Asset management fees	57,937	89,054
Other	7,271	9,167
Net gain on trading	103,312	<u>107,215</u>
Merchant banking	(2,198)	<u>1,044</u>
Equity trading	44,408	79,885
Fixed income and other trading	61,102	26,286
(Loss) gain on private equity investments	37,295	<u>63,652</u>
Net interest	26,139	<u>(5,492)</u>
Gain (loss) on investments in equity securities	(20,553)	(24,756)
Private equity entities product sales	42,705	<u>70,827</u>
Other	15,912	<u>25,355</u>
Net revenue	456,912	<u>600,937</u>

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Compensation and benefits	161,828	<u>203,223</u>
Commissions and floor brokerage	20,590	<u>46,351</u>
Information processing and communications	50,601	<u>64,204</u>
Occupancy and related depreciation	28,185	33,879
Business development expenses	17,658	<u>20,061</u>
Private equity entities cost of goods sold	23,208	<u>44,118</u>
Other	48,351	<u>92,727</u>
Non-interest expenses	350,421	<u>504,563</u>

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<After retrospective application>

Nomura Holdings, Inc. and its consolidated subsidiaries ( Nomura ) reported net revenue of ¥521.5 billion for the six months ended September 30, 2007, an increase of 14% from the same period in the prior year. Non-interest expenses were ¥432.2 billion for the six months ended September 30, 2007, an increase of 23% from the same period in the prior year. As a result, income before income taxes was ¥89.4 billion for the six months ended September 30, 2007, a decrease of 16% from the same period in the prior year and net income for the six months ended September 30, 2007 was ¥64.2 billion, an increase of 1% from the same period in the prior year.

Cash and cash equivalents at September 30, 2007 increased by ¥212.3 billion compared with March 31, 2007 (an decrease of ¥661.2 billion for the same period in the prior year). Net cash used in operating activities was ¥600.3 billion (net cash used in operating activities for the same period in the prior year was ¥1,389.8 billion), mainly due to an increase in Securities purchased under agreements to resell, net of securities sold under agreements to repurchase, and an increase in Securities borrowed, net of securities loaned. Net cash used in investing activities was ¥167.6 billion (net cash used in investing activities for the same period in the prior year was ¥144.3 billion) mainly due to Payments for purchase of office buildings, land, equipment and facilities, Increase in loans receivables at banks and Increase in non-trading debt securities. Net cash provided by financing activities was ¥1,029.2 billion (net cash provided by financing activities for the same period in the prior year was ¥868.2 billion) mainly due to an increase in borrowings.

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The breakdown of Net revenue and Non-interest expenses on the consolidated income statements are as follows.

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Commissions	145,642	<u>219,836</u>
Brokerage commissions	77,153	128,824
Commissions for distribution of investment trust	48,972	73,395
Other	19,517	<u>17,617</u>
Fees from investment banking	41,252	46,066
Underwriting and distribution	29,511	20,903
M&A / financial advisory fees	11,538	23,878
Other	203	1,285
Asset management and portfolio service fees	65,208	98,221
Asset management fees	57,937	89,054
Other	7,271	9,167
Net gain on trading	103,312	<u>108,436</u>
Merchant banking	(2,198)	<u>2,265</u>
Equity trading	44,408	79,885
Fixed income and other trading	61,102	26,286
(Loss) gain on private equity investments	37,295	<u>52,933</u>
Net interest	26,139	<u>(5,174)</u>
Gain (loss) on investments in equity securities	(20,553)	(24,756)
Private equity entities product sales	42,705	-
Other	15,912	<u>25,940</u>
Net revenue	456,912	<u>521,502</u>

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Compensation and benefits	161,828	<u>195,023</u>
Commissions and floor brokerage	20,590	<u>45,263</u>
Information processing and communications	50,601	<u>63,907</u>
Occupancy and related depreciation	28,185	<u>31,048</u>
Business development expenses	17,658	<u>18,677</u>
Private equity entities cost of goods sold	23,208	-
Other	48,351	<u>78,232</u>
Non-interest expenses	350,421	<u>432,150</u>

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## Business Segment Information

&lt;Before retrospective application&gt;

(Omitted)

## Net revenue

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Domestic Retail	200,127	225,100
Global Markets	117,374	125,672
Global Investment Banking	48,496	47,552
Global Merchant Banking	56,664	51,865
Asset Management	41,490	50,093
Other (Inc. elimination)	1,348	<u>52,416</u>
<b>Total</b>	<b>465,499</b>	<b><u>552,698</u></b>

(Omitted)

## Income (loss) before income taxes

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Domestic Retail	70,710	82,761
Global Markets	10,726	(41,647)
Global Investment Banking	21,843	16,816
Global Merchant Banking	51,280	45,528
Asset Management	16,290	19,880
Other (Inc. elimination)	(18,708)	<u>(2,790)</u>
<b>Total</b>	<b>152,141</b>	<b><u>120,548</u></b>

(Omitted)

## Other Operating Results

Other operating results include gain (loss) on investment securities, equity in earnings (losses) of affiliates and other financial adjustments. Loss before income taxes for Other was ¥18,708 million for the six months ended September 30, 2006 and ¥2,790 million for the six months ended September 30, 2007.

(Omitted)

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&lt;After retrospective application&gt;

(Omitted)

Net revenue

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Domestic Retail	200,127	225,100
Global Markets	117,374	125,672
Global Investment Banking	48,496	47,552
Global Merchant Banking	56,664	51,865
Asset Management	41,490	50,093
Other (Inc. elimination)	1,348	<u>47,302</u>
<b>Total</b>	<b>465,499</b>	<b><u>547,584</u></b>

(Omitted)

Income (loss) before income taxes

	Six months ended September 30, 2006 (Mil Yen)	Six months ended September 30, 2007 (Mil Yen)
Domestic Retail	70,710	82,761
Global Markets	10,726	(41,647)
Global Investment Banking	21,843	16,816
Global Merchant Banking	51,280	45,528
Asset Management	16,290	19,880
Other (Inc. elimination)	(18,708)	<u>(7,904)</u>
<b>Total</b>	<b>152,141</b>	<b><u>115,434</u></b>

(Omitted)

Other Operating Results

Other operating results include gain (loss) on investment securities, equity in earnings (losses) of affiliates and other financial adjustments. Loss before income taxes for Other was ¥18,708 million for the six months ended September 30, 2006 and ¥7,904 million for the six months ended September 30, 2007.

(Omitted)

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## (2) Trading Activities

Assets and liabilities for trading purposes

The balances of assets and liabilities for trading purposes at September 30, 2006 and 2007 are as follows.

&lt;Before retrospective application&gt;

	September 30, 2006 (Mil Yen)	September 30, 2007 (Mil Yen)
Trading assets and Private equity investments	12,817,424	<u>11,578,419</u>
Trading assets	12,482,177	<u>11,338,576</u>
Equity securities and convertible bonds	3,170,997	<u>2,632,139</u>
Government and government agency bonds	4,979,243	4,264,199
Bank and corporate debt securities	1,806,848	1,794,573
Commercial paper and certificates of deposit	205,698	265,737
Mortgage and mortgage-backed securities	1,335,354	1,024,767
Beneficiary certificates and other	223,018	195,656
Derivative contracts	761,019	1,161,505
Foreign exchange forwards	81,078	76,506
Forward rate agreements and other over the counter forwards	14,261	40,676
Swap agreements	350,850	628,489
Options securities purchased	129,029	190,433
Options other than securities options purchased	185,801	225,401
Private equity investments	335,247	<u>239,843</u>
Trading liabilities	4,179,129	5,559,848
Equity securities and convertible bonds	431,677	726,763
Government and government agency bonds	2,642,812	3,488,253
Bank and corporate debt securities	198,619	132,237
Beneficial certificates and other	63	5
Derivative contracts	905,958	1,212,590
Foreign exchange forwards	49,953	47,489
FRA and other OTC forwards	13,513	33,238
Swap agreements	470,911	615,031
Options securities written	232,671	301,456
Options other than securities options written	138,910	215,376

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&lt;After retrospective application&gt;

	September 30, 2006 (Mil Yen)	September 30, 2007 (Mil Yen)
Trading assets and Private equity investments	12,817,424	<u>11,701,838</u>
Trading assets	12,482,177	<u>11,329,299</u>
Equity securities and convertible bonds	3,170,997	<u>2,622,862</u>
Government and government agency bonds	4,979,243	4,264,199
Bank and corporate debt securities	1,806,848	1,794,573
Commercial paper and certificates of deposit	205,698	265,737
Mortgage and mortgage-backed securities	1,335,354	1,024,767
Beneficiary certificates and other	223,018	195,656
Derivative contracts	761,019	1,161,505
Foreign exchange forwards	81,078	76,506
Forward rate agreements and other over the counter forwards	14,261	40,676
Swap agreements	350,850	628,489
Options securities purchased	129,029	190,433
Options other than securities options purchased	185,801	225,401
Private equity investments	335,247	<u>372,539</u>
Trading liabilities	4,179,129	5,559,848
Equity securities and convertible bonds	431,677	726,763
Government and government agency bonds	2,642,812	3,488,253
Bank and corporate debt securities	198,619	132,237
Beneficial certificates and other	63	5
Derivative contracts	905,958	1,212,590
Foreign exchange forwards	49,953	47,489
FRA and other OTC forwards	13,513	33,238
Swap agreements	470,911	615,031
Options securities written	232,671	301,456
Options other than securities options written	138,910	215,376

**Table of Contents****Item 5. Financial Information**

## 1. Consolidated Financial Statements and Other

## (1) Consolidated Financial Statements

## 1) Consolidated Balance Sheets

&lt;Before retrospective application&gt;

	Notes	September 30, 2006 Millions of yen	(%)	September 30, 2007 Millions of yen	(%)	March 31, 2007 Millions of yen	(%)
<b>ASSETS</b>							
Cash and cash deposits:							
Cash and cash equivalents		330,804		<u>660,404</u>		410,028	
Time deposits		587,254		<u>955,859</u>		546,682	
Deposits with stock exchanges and other segregated cash		55,542		147,505		97,302	
		973,600	3.0	<u>1,763,768</u>	<u>6.0</u>	1,054,012	3.0
Loans and receivables:							
Loans receivable		1,049,570		<u>964,214</u>		935,711	
Receivables from customers		37,627		34,354		47,518	
Receivables from other than customers		1,245,984		<u>1,262,415</u>		637,209	
Allowance for doubtful accounts		(3,464)		<u>(1,526)</u>		(2,027)	
		2,329,717	7.1	<u>2,259,457</u>	<u>7.7</u>	1,618,411	4.5
Collateralized agreements:							
Securities purchased under agreements to resell		7,885,086		3,517,842		8,061,805	
Securities borrowed		7,124,886		7,886,590		9,776,422	
		15,009,972	45.9	11,404,432	<u>38.9</u>	17,838,227	49.7
Trading assets and private equity investments (including securities pledged as collateral of ¥5,428,545 million at September 30, 2006, ¥3,372,945 million at September 30, 2007 and ¥5,719,748 million at March 31, 2007, respectively):							
Trading assets	*3	12,482,177		<u>11,338,576</u>		12,830,826	
Private equity investments		335,247		<u>239,843</u>		347,394	
		12,817,424	39.2	<u>11,578,419</u>	<u>39.5</u>	13,178,220	36.7
Other assets:							
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥227,886 million at September 30, 2006, <u>¥255,979</u> million at September 30, 2007 and ¥249,592 million at March 31, 2007, respectively)		353,160		<u>449,209</u>		422,290	
Non-trading debt securities		229,379		<u>288,765</u>		255,934	
Investments in equity securities		207,650		162,280		195,238	
Investments in and advances to affiliated companies (including securities pledged as collateral of ¥7,502 million at September 30, 2006,		295,955		<u>438,610</u>		441,536	



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¥3,508 million at September 30, 2007 and ¥7,451 million at March 31, 2007, respectively)

Other	*5	465,988		<u>988,778</u>		869,506	
		1,552,132	4.8	<u>2,327,642</u>	<u>7.9</u>	2,184,504	6.1
Total assets		32,682,845	100.0	<u>29,333,718</u>	100.0	35,873,374	100.0

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	Notes	September 30, 2006 Millions of yen	(%)	September 30, 2007 Millions of yen	(%)	March 31, 2007 Millions of yen	(%)
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>							
Short-term borrowings		829,315	2.5	<u>1,346,591</u>	4.6	1,093,529	3.0
Payables and deposits:							
Payables to customers		423,758		<u>333,445</u>		304,462	
Payables to other than customers		363,132		<u>448,544</u>		623,143	
Deposits received at banks		402,526		<u>495,770</u>		418,250	
		1,189,416	3.6	<u>1,277,759</u>	4.3	1,345,855	3.8
Collateralized financing:							
Securities sold under agreements to repurchase		11,861,474		5,619,336		11,874,697	
Securities loaned		6,287,138		4,236,458		7,334,086	
Other secured borrowings		1,283,263		2,342,188		1,390,473	
		19,431,875	59.5	12,197,982	<u>41.6</u>	20,599,256	57.4
Trading liabilities:	*3	4,179,129	12.8	5,559,848	<u>19.0</u>	4,800,403	13.4
Other liabilities:	*5	493,624	1.5	<u>900,760</u>	<u>3.1</u>	845,522	2.4
Long-term borrowings	*6	4,434,458	13.6	<u>5,816,850</u>	<u>19.8</u>	5,002,890	13.9
Total liabilities		30,557,817	93.5	<u>27,099,790</u>	<u>92.4</u>	33,687,455	93.9
Commitments and contingencies	*13						
Shareholders' equity:	*11						
Common stock							
No par value share; Authorized		6,000,000,000 shares					
Issued		1,965,919,860 shares at September 30, 2006, September 30, 2007 and March 31, 2007					
Outstanding		1,906,067,957 shares at September 30, 2006, 1,908,831,093 shares at September 30, 2007 and 1,907,049,871 shares at March 31, 2007		182,800	0.6	182,800	0.6
				182,800	0.6	182,800	0.5
Additional paid-in capital		162,127	0.5	170,267	0.6	165,496	0.5
Retained earnings		1,852,207	5.7	<u>1,944,562</u>	<u>6.6</u>	1,910,978	5.3
Accumulated other comprehensive income		9,119	0.0	<u>13,911</u>	<u>0.1</u>	6,613	0.0
		2,206,253	6.8	<u>2,311,540</u>	7.9	2,265,887	6.3
Common stock held in treasury, at cost		59,851,903 shares at September 30, 2006, 57,088,767 shares at September 30, 2007 and 58,869,989 shares at March 31, 2007		(81,225)	(0.3)	(79,968)	(0.2)
				(77,612)	<u>(0.3)</u>	(79,968)	(0.2)
Total shareholders' equity		2,125,028	6.5	<u>2,233,928</u>	<u>7.6</u>	2,185,919	6.1
Total liabilities and shareholders' equity		32,682,845	100.0	<u>29,333,718</u>	100.0	35,873,374	100.0

The accompanying notes are an integral part of these consolidated financial statements.



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&lt;After retrospective application&gt;

	Notes	September 30, 2006 Millions of yen	(%)	September 30, 2007 Millions of yen	(%)	March 31, 2007 Millions of yen	(%)
<b>ASSETS</b>							
Cash and cash deposits:							
Cash and cash equivalents		330,804		<u>622,310</u>		410,028	
Time deposits		587,254		<u>945,879</u>		546,682	
Deposits with stock exchanges and other segregated cash		55,542		147,505		97,302	
		973,600	3.0	<u>1,715,694</u>	<u>5.9</u>	1,054,012	3.0
Loans and receivables:							
Loans receivable		1,049,570		<u>964,092</u>		935,711	
Receivables from customers		37,627		34,354		47,518	
Receivables from other than customers		1,245,984		<u>1,232,553</u>		637,209	
Allowance for doubtful accounts		(3,464)		<u>(1,217)</u>		(2,027)	
		2,329,717	7.1	<u>2,229,782</u>	<u>7.6</u>	1,618,411	4.5
Collateralized agreements:							
Securities purchased under agreements to resell		7,885,086		3,517,842		8,061,805	
Securities borrowed		7,124,886		7,886,590		9,776,422	
		15,009,972	45.9	11,404,432	<u>39.1</u>	17,838,227	49.7
Trading assets and private equity investments (including securities pledged as collateral of ¥5,428,545 million at September 30, 2006, ¥3,372,945 million at September 30, 2007 and ¥5,719,748 million at March 31, 2007, respectively):							
Trading assets	*3	12,482,177		<u>11,329,299</u>		12,830,826	
Private equity investments		335,247		<u>372,539</u>		347,394	
		12,817,424	39.2	<u>11,701,838</u>	<u>40.1</u>	13,178,220	36.7
Other assets:							
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥227,886 million at September 30, 2006, <u>¥245,977</u> million at September 30, 2007 and ¥249,592 million at March 31, 2007, respectively)		353,160		<u>382,457</u>		422,290	
Non-trading debt securities		229,379		<u>283,640</u>		255,934	
Investments in equity securities		207,650		162,280		195,238	
Investments in and advances to affiliated companies (including securities pledged as collateral of ¥7,502 million at September 30, 2006, ¥3,508 million at September 30, 2007 and ¥7,451 million at March 31, 2007, respectively)		295,955		<u>393,390</u>		441,536	
Other	*5	465,988		<u>897,790</u>		869,506	
		1,552,132	4.8	<u>2,119,557</u>	<u>7.3</u>	2,184,504	6.1
Total assets		32,682,845	100.0	<u>29,171,303</u>	100.0	35,873,374	100.0



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	Notes	September 30, 2006 Millions of yen	(%)	September 30, 2007 Millions of yen	(%)	March 31, 2007 Millions of yen	(%)
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>							
Short-term borrowings		829,315	2.5	<u>1,337,925</u>	4.6	1,093,529	3.0
Payables and deposits:							
Payables to customers		423,758		<u>333,375</u>		304,462	
Payables to other than customers		363,132		<u>430,468</u>		623,143	
Deposits received at banks		402,526		<u>496,792</u>		418,250	
		1,189,416	3.6	<u>1,260,635</u>	4.3	1,345,855	3.8
Collateralized financing:							
Securities sold under agreements to repurchase		11,861,474		5,619,336		11,874,697	
Securities loaned		6,287,138		4,236,458		7,334,086	
Other secured borrowings		1,283,263		2,342,188		1,390,473	
		19,431,875	59.5	12,197,982	<u>41.8</u>	20,599,256	57.4
Trading liabilities:	*3	4,179,129	12.8	5,559,848	<u>19.0</u>	4,800,403	13.4
Other liabilities:	*5	493,624	1.5	<u>831,951</u>	<u>2.9</u>	845,522	2.4
Long-term borrowings	*6	4,434,458	13.6	<u>5,750,406</u>	<u>19.7</u>	5,002,890	13.9
Total liabilities		30,557,817	93.5	<u>26,938,747</u>	<u>92.3</u>	33,687,455	93.9
Commitments and contingencies	*13						
Shareholders' equity:	*11						
Common stock							
No par value share; Authorized		6,000,000,000 shares					
Issued		1,965,919,860 shares at September 30, 2006, September 30, 2007 and March 31, 2007					
Outstanding		1,906,067,957 shares at September 30, 2006, 1,908,831,093 shares at September 30, 2007 and 1,907,049,871 shares at March 31, 2007		182,800	0.6	182,800	0.6
				182,800	0.6	182,800	0.5
Additional paid-in capital		162,127	0.5	170,267	0.6	165,496	0.5
Retained earnings		1,852,207	5.7	<u>1,944,616</u>	<u>6.7</u>	1,910,978	5.3
Accumulated other comprehensive income		9,119	0.0	<u>12,485</u>	<u>0.0</u>	6,613	0.0
		2,206,253	6.8	<u>2,310,168</u>	7.9	2,265,887	6.3
Common stock held in treasury, at cost		59,851,903 shares at September 30, 2006, 57,088,767 shares at September 30, 2007 and 58,869,989 shares at March 31, 2007		(81,225)	(0.3)	(77,612)	<u>(0.2)</u>
						(79,968)	(0.2)
Total shareholders' equity		2,125,028	6.5	<u>2,232,556</u>	<u>7.7</u>	2,185,919	6.1
Total liabilities and shareholders' equity		32,682,845	100.0	29,171,303	100.0	35,873,374	100.0

The accompanying notes are an integral part of these consolidated financial statements.



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## 2) Consolidated Statements of Income

&lt;Before retrospective application&gt;

	Notes	Six months ended September 30, 2006		Six months ended September 30, 2007		Year ended March 31, 2007	
		Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
<b>Revenue:</b>							
Commissions		145,642		<u>219,849</u>		337,458	
Fees from investment banking		41,252		46,066		99,276	
Asset management and portfolio service fees		65,208		98,221		145,977	
Net gain on trading		103,312		<u>107,215</u>		290,008	
Gain on private equity investments		37,295		<u>63,652</u>		47,590	
Interest and dividends		440,171		<u>540,731</u>		981,344	
(Loss) gain on investments in equity securities		(20,553)		(24,756)		(20,103)	
Private equity entities product sales		42,705		<u>70,827</u>		100,126	
Other		15,912		<u>25,355</u>		67,425	
<b>Total revenue</b>		<b>870,944</b>	<b>100.0</b>	<b><u>1,147,160</u></b>	<b>100.0</b>	<b>2,049,101</b>	<b>100.0</b>
Interest expense		414,032	47.5	<u>546,223</u>	<u>47.6</u>	958,000	46.8
<b>Net revenue</b>		<b>456,912</b>	<b>52.5</b>	<b><u>600,937</u></b>	<b><u>52.4</u></b>	<b>1,091,101</b>	<b>53.2</b>
<b>Non-interest expenses:</b>							
Compensation and benefits		161,828		<u>203,223</u>		345,936	
Commissions and floor brokerage		20,590		<u>46,351</u>		50,812	
Information processing and communications		50,601		<u>64,204</u>		109,987	
Occupancy and related depreciation		28,185		<u>33,879</u>		61,279	
Business development expenses		17,658		<u>20,061</u>		38,106	
Private equity entities cost of goods sold		23,208		<u>44,118</u>		57,184	
Other		48,351		<u>92,727</u>		106,039	
		350,421	40.3	<u>504,563</u>	<u>44.0</u>	769,343	37.5
<b>Income before income taxes</b>		<b>106,491</b>	<b>12.2</b>	<b><u>96,374</u></b>	<b>8.4</b>	<b>321,758</b>	<b>15.7</b>
Income tax expense		42,826	4.9	<u>30,148</u>	<u>2.6</u>	145,930	7.1
<b>Net income</b>		<b>63,665</b>	<b>7.3</b>	<b><u>66,226</u></b>	<b><u>5.8</u></b>	<b>175,828</b>	<b>8.6</b>

	Notes	Six months ended September 30, 2006		Six months ended September 30, 2007		Year ended March 31, 2007	
		Yen		Yen		Yen	
<b>Per share of common stock:</b>							
*8							
<b>Basic</b>							
Net income			33.41	<u>34.70</u>		92.25	
<b>Diluted</b>							
Net income			33.33	<u>34.59</u>		92.00	

The accompanying notes are an integral part of these consolidated financial statements.





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&lt;After retrospective application&gt;

	Notes	Six months ended September 30, 2006		Six months ended September 30, 2007		Year ended March 31, 2007	
		Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
<b>Revenue:</b>							
Commissions		145,642		<u>219,836</u>		337,458	
Fees from investment banking		41,252		46,066		99,276	
Asset management and portfolio service fees		65,208		98,221		145,977	
Net gain on trading		103,312		<u>108,436</u>		290,008	
Gain on private equity investments		37,295		<u>52,933</u>		47,590	
Interest and dividends		440,171		<u>540,695</u>		981,344	
(Loss) gain on investments in equity securities		(20,553)		(24,756)		(20,103)	
Private equity entities product sales		42,705		-		100,126	
Other		15,912		<u>25,940</u>		67,425	
<b>Total revenue</b>		<b>870,944</b>	<b>100.0</b>	<b><u>1,067,371</u></b>	<b>100.0</b>	<b>2,049,101</b>	<b>100.0</b>
Interest expense		414,032	47.5	<u>545,869</u>	51.1	958,000	46.8
<b>Net revenue</b>		<b>456,912</b>	<b>52.5</b>	<b><u>521,502</u></b>	<b>48.9</b>	<b>1,091,101</b>	<b>53.2</b>
<b>Non-interest expenses:</b>							
Compensation and benefits		161,828		<u>195,023</u>		345,936	
Commissions and floor brokerage		20,590		<u>45,263</u>		50,812	
Information processing and communications		50,601		<u>63,907</u>		109,987	
Occupancy and related depreciation		28,185		<u>31,048</u>		61,279	
Business development expenses		17,658		<u>18,677</u>		38,106	
Private equity entities cost of goods sold		23,208		-		57,184	
Other		48,351		<u>78,232</u>		106,039	
		350,421	40.3	<u>432,150</u>	40.5	769,343	37.5
<b>Income before income taxes</b>		<b>106,491</b>	<b>12.2</b>	<b><u>89,352</u></b>	<b>8.4</b>	<b>321,758</b>	<b>15.7</b>
Income tax expense		42,826	4.9	<u>25,121</u>	2.4	145,930	7.1
<b>Net income</b>		<b>63,665</b>	<b>7.3</b>	<b><u>64,231</u></b>	<b>6.0</b>	<b>175,828</b>	<b>8.6</b>

	Notes	Six months ended September 30, 2006		Six months ended September 30, 2007		Year ended March 31, 2007	
		Yen	Yen	Yen	Yen		
<b>Per share of common stock:</b>							
*8							
<b>Basic</b>							
Net income			33.41	<u>33.66</u>		92.25	
<b>Diluted</b>							
Net income			33.33	<u>33.55</u>		92.00	

The accompanying notes are an integral part of these consolidated financial statements.

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## 3) Consolidated Statements of Changes in Shareholders' Equity

&lt;Before retrospective application&gt;

	Six months ended September 30, 2006 Millions of yen	Six months ended September 30, 2007 Millions of yen	Year ended March 31, 2007 Millions of yen
<b>Common Stock</b>			
Balance at beginning of year	182,800	182,800	182,800
Balance at end of the period	182,800	182,800	182,800
<b>Additional paid-in capital</b>			
Balance at beginning of year	159,527	165,496	159,527
Loss on sales of treasury stock	(633)	(1,458)	(556)
Issuance of common stock options	3,233	6,229	6,525
Balance at end of the period	162,127	170,267	165,496
<b>Retained earnings</b>			
Balance at beginning of year	1,819,037	1,910,978	1,819,037
Net income	63,665	<u>66,226</u>	175,828
Cash dividends	(30,495)	(32,418)	(83,887)
Adjustment due to the initial adoption of FIN 48		1,266	
Adjustment due to the initial adoption of EITF 06-2		(1,119)	
Loss on sales of treasury stock		(371)	
Balance at end of the period	1,852,207	<u>1,944,562</u>	1,910,978
<b>Accumulated other comprehensive income:</b>			
<b>Cumulative translation adjustments</b>			
Balance at beginning of year	(1,129)	36,889	(1,129)
Net change during the period	24,276	<u>6,898</u>	38,018
Balance at end of the period	23,147	<u>43,787</u>	36,889
<b>Defined benefit pension plans</b>			
Balance at beginning of year	(14,096)	(30,276)	(14,096)
Pension liability adjustment <sup>(1)</sup>	68	400	(387)
Adjustment due to the initial adoption of SFAS 158 <sup>(2)</sup>			(15,793)
Balance at end of the period	(14,028)	(29,876)	(30,276)
<b>Balance at end of the period</b>	<b>9,119</b>	<b><u>13,911</u></b>	<b>6,613</b>
<b>Common stock held in treasury</b>			
Balance at beginning of year	(82,812)	(79,968)	(82,812)
Repurchases of common stock	(81)	(102)	(204)
Sales of common stock	23	42	25
Common stock issued to employees	1,677	2,415	2,910
Other net change in treasury stock	(32)	1	113
Balance at end of the period	(81,225)	(77,612)	(79,968)

<b>Total shareholders equity</b>	2,125,028	<u>2,233,928</u>	2,185,919
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- (1) The amounts of Pension liability adjustment for the six months ended September 30, 2006 and for the year ended March 31, 2007 are minimum pension liability adjustment.
- (2) For the initial year of application, the adjustments are not reflected on the consolidated statements of comprehensive income. The accompanying notes are an integral part of these consolidated financial statements.

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&lt;After retrospective application&gt;

	Six months ended September 30, 2006 Millions of yen	Six months ended September 30, 2007 Millions of yen	Year ended March 31, 2007 Millions of yen
<b>Common Stock</b>			
Balance at beginning of year	182,800	182,800	182,800
Balance at end of the period	182,800	182,800	182,800
<b>Additional paid-in capital</b>			
Balance at beginning of year	159,527	165,496	159,527
Loss on sales of treasury stock	(633)	(1,458)	(556)
Issuance of common stock options	3,233	6,229	6,525
Balance at end of the period	162,127	170,267	165,496
<b>Retained earnings</b>			
Balance at beginning of year	1,819,037	1,910,978	1,819,037
Net income	63,665	<u>64,231</u>	175,828
Cash dividends	(30,495)	(32,418)	(83,887)
Adjustment due to the initial adoption of FIN 48		1,266	
Adjustment due to the initial adoption of EITF 06-2		(1,119)	
<u>Adjustment due to the initial adoption of SOP 07-1</u>	-	<u>2,049</u>	-
Loss on sales of treasury stock		(371)	
Balance at end of the period	1,852,207	<u>1,944,616</u>	1,910,978
<b>Accumulated other comprehensive income:</b>			
<b>Cumulative translation adjustments</b>			
Balance at beginning of year	(1,129)	36,889	(1,129)
Net change during the period	24,276	<u>5,472</u>	38,018
Balance at end of the period	23,147	<u>42,361</u>	36,889
<b>Defined benefit pension plans</b>			
Balance at beginning of year	(14,096)	(30,276)	(14,096)
Pension liability adjustment <sup>(1)</sup>	68	400	(387)
Adjustment due to the initial adoption of SFAS 158 <sup>(2)</sup>			(15,793)
Balance at end of the period	(14,028)	(29,876)	(30,276)
<b>Balance at end of the period</b>	<b>9,119</b>	<b><u>12,485</u></b>	<b>6,613</b>
<b>Common stock held in treasury</b>			
Balance at beginning of year	(82,812)	(79,968)	(82,812)
Repurchases of common stock	(81)	(102)	(204)
Sales of common stock	23	42	25
Common stock issued to employees	1,677	2,415	2,910
Other net change in treasury stock	(32)	1	113
Balance at end of the period	(81,225)	(77,612)	(79,968)

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<b>Total shareholders equity</b>	2,125,028	<u>2,232,556</u>	2,185,919
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- (1) The amounts of Pension liability adjustment for the six months ended September 30, 2006 and for the year ended March 31, 2007 are minimum pension liability adjustment.
- (2) For the initial year of application, the adjustments are not reflected on the consolidated statements of comprehensive income. The accompanying notes are an integral part of these consolidated financial statements.

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## 4) Consolidated Statements of Comprehensive Income

&lt;Before retrospective application&gt;

	Six months ended September 30, 2006 Millions of yen	Six months ended September 30, 2007 Millions of yen	Year ended March 31, 2007 Millions of yen
Net income	63,665	<u>66,226</u>	175,828
Other comprehensive income <sup>(1)</sup> :			
Change in cumulative translation adjustments, net of tax	24,276	<u>6,898</u>	38,018
Defined benefit pension plans:			
Pension liability adjustment <sup>(2)</sup>	215	693	(608)
Deferred income taxes	(147)	(293)	221
<b>Total</b>	<b>68</b>	<b>400</b>	<b>(387)</b>
Total other comprehensive income	24,344	<u>7,298</u>	37,631
<b>Comprehensive income</b>	<b>88,009</b>	<b><u>73,524</u></b>	<b>213,459</b>

(1) Adjustments due to the initial adoption of SFAS 158 are not reflected on the consolidated statements of comprehensive income.

(2) The amounts of Pension liability adjustment for the six months ended September 30, 2006 and for the year ended March 31, 2007 are minimum pension liability adjustment.

The accompanying notes are an integral part of these consolidated financial statements.

&lt;After retrospective application&gt;

	Six months ended September 30, 2006 Millions of yen	Six months ended September 30, 2007 Millions of yen	Year ended March 31, 2007 Millions of yen
Net income	63,665	<u>64,231</u>	175,828
Other comprehensive income <sup>(1)</sup> :			
Change in cumulative translation adjustments, net of tax	24,276	<u>5,472</u>	38,018
Defined benefit pension plans:			
Pension liability adjustment <sup>(2)</sup>	215	693	(608)
Deferred income taxes	(147)	(293)	221
<b>Total</b>	<b>68</b>	<b>400</b>	<b>(387)</b>
Total other comprehensive income	24,344	<u>5,872</u>	37,631
<b>Comprehensive income</b>	<b>88,009</b>	<b><u>70,103</u></b>	<b>213,459</b>

(1) Adjustments due to the initial adoption of SFAS 158 are not reflected on the consolidated statements of comprehensive income.

(2) The amounts of Pension liability adjustment for the six months ended September 30, 2006 and for the year ended March 31, 2007 are minimum pension liability adjustment.

The accompanying notes are an integral part of these consolidated financial statements.



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## 5) Consolidated Statements of Cash Flows

&lt;Before retrospective application&gt;

Notes	Six months ended September 30, 2006 Millions of yen	Six months ended September 30, 2007 Millions of yen	Year ended March 31, 2007 Millions of yen
<b>Cash flows from operating activities:</b>			
Net income	63,665	<u>66,226</u>	175,828
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	24,243	<u>31,757</u>	50,432
Loss on investments in equity securities	20,553	24,756	20,103
Deferred income tax benefit	(3,094)	<u>(107,286)</u>	(256)
Changes in operating assets and liabilities:			
Time deposits	(40,169)	<u>(413,006)</u>	24,395
Deposits with stock exchanges and other segregated cash	(8,613)	<u>(51,972)</u>	(30,186)
Trading assets and private equity investments	1,165,486	<u>1,599,032</u>	1,039,123
Trading liabilities	(2,485,422)	751,368	(1,986,980)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	1,439,454	(1,707,073)	1,243,337
Securities borrowed, net of securities loaned	1,408,199	(1,204,864)	(177,234)
Other secured borrowings	(1,719,363)	951,733	(1,612,879)
Loans and receivables, net of allowance for doubtful accounts	(815,525)	<u>(589,575)</u>	95,843
Payables	(157,594)	<u>(121,164)</u>	(154,665)
Accrued income taxes, net	(170,424)	<u>74,818</u>	(184,036)
Other, net	(111,195)	<u>29,182</u>	(129,981)
Net cash used in operating activities	(1,389,799)	<u>(666,068)</u>	(1,627,156)
<b>Cash flows from investing activities:</b>			
Payments for purchases of office buildings, land, equipment and facilities	(32,795)	<u>(79,933)</u>	(101,784)
Proceeds from sales of office buildings, land, equipment and facilities	142	<u>6,420</u>	634
Payments for purchases of investments in equity securities	(5,602)	(641)	(9,284)
Proceeds from sales of investments in equity securities	8,800	4,565	25,109
Increase in Loans receivable at banks, net	(52,792)	(54,010)	(73,611)
Increase in non-trading debt securities, net	(13,291)	<u>(33,476)</u>	(37,861)
Business dispositions or acquisitions, net	16,312	<u>11,576</u>	(172,019)
<u>Decrease (increase) in investments in affiliated companies, net</u>	(64,679)	<u>1,298</u>	(164,700)
Other, net	(380)	<u>(1,237)</u>	(297)
Net cash used in investing activities	(144,285)	<u>(145,438)</u>	(533,813)
<b>Cash flows from financing activities:</b>			
Increase in long-term borrowings	1,187,261	<u>1,611,754</u>	2,736,688
Decrease in long-term borrowings	(389,097)	<u>(805,668)</u>	(1,451,500)
Increase in short-term borrowings, net	132,605	<u>248,861</u>	377,788
Increase in deposits received at banks, net	20,299	<u>71,445</u>	17,947
Proceeds from sales of common stock	1,067	628	2,379
Payments for repurchases of common stock	(81)	(102)	(204)
Payments for cash dividends	(83,876)	(54,395)	(114,395)

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Net cash provided by financing activities	868,178	<u>1,072,523</u>	1,568,703
Effect of exchange rate changes on cash and cash equivalents	4,749	(10,641)	10,333
Net increase (decrease) in cash and cash equivalents	(661,157)	<u>250,376</u>	(581,933)
Cash and cash equivalents at beginning of the period	991,961	410,028	991,961
Cash and cash equivalents at end of the period	330,804	<u>660,404</u>	410,028
Supplemental information:			
Cash paid during the period for-			
Interest	467,659	<u>631,180</u>	1,056,820
Income tax payments, net	216,343	<u>62,617</u>	330,222

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Non cash activities

Business acquisitions

Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥14,821 million and ¥17,360 million, respectively, for the six months ended September 30, 2006. There were no business acquisitions for the six months ended September 30, 2007. Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥344,299 million and ¥151,106 million, respectively, for the year ended March 31, 2007.

Business disposition

Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥5,616 million and ¥6,983 million, respectively, for the six months ended September 30, 2006. Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥14,660 million and ¥8,523 million, respectively, for the six months ended September 30, 2007. Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥7,958 million and ¥8,211 million, respectively, for the year ended March 31, 2007.

Reclassifications

All prior year amounts have been reclassified to conform to the current year presentation.

The accompanying notes are an integral part of these consolidated financial statements.

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&lt;After retrospective application&gt;

Notes	Six months ended September 30, 2006 Millions of yen	Six months ended September 30, 2007 Millions of yen	Year ended March 31, 2007 Millions of yen
<b>Cash flows from operating activities:</b>			
Net income	63,665	<u>64,231</u>	175,828
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	24,243	<u>30,201</u>	50,432
Loss on investments in equity securities	20,553	24,756	20,103
Deferred income tax benefit	(3,094)	<u>(103,221)</u>	(256)
Changes in operating assets and liabilities:			
Time deposits	(40,169)	<u>(411,300)</u>	24,395
Deposits with stock exchanges and other segregated cash	(8,613)	<u>(52,101)</u>	(30,186)
Trading assets and private equity investments	1,165,486	<u>1,694,369</u>	1,039,123
Trading liabilities	(2,485,422)	751,368	(1,986,980)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	1,439,454	(1,707,073)	1,243,337
Securities borrowed, net of securities loaned	1,408,199	(1,204,864)	(177,234)
Other secured borrowings	(1,719,363)	951,733	(1,612,879)
Loans and receivables, net of allowance for doubtful accounts	(815,525)	<u>(590,025)</u>	95,843
Payables	(157,594)	<u>(124,305)</u>	(154,665)
Accrued income taxes, net	(170,424)	<u>69,590</u>	(184,036)
Other, net	(111,195)	<u>6,384</u>	(129,981)
Net cash used in operating activities	(1,389,799)	<u>(600,257)</u>	(1,627,156)
<b>Cash flows from investing activities:</b>			
Payments for purchases of office buildings, land, equipment and facilities	(32,795)	<u>(74,855)</u>	(101,784)
Proceeds from sales of office buildings, land, equipment and facilities	142	<u>1,171</u>	634
Payments for purchases of investments in equity securities	(5,602)	(641)	(9,284)
Proceeds from sales of investments in equity securities	8,800	4,565	25,109
Increase in Loans receivable at banks, net	(52,792)	(54,010)	(73,611)
Increase in non-trading debt securities, net	(13,291)	<u>(30,324)</u>	(37,861)
Business dispositions or acquisitions, net	16,312	-	(172,019)
<u>Increase in investments in affiliated companies, net</u>	(64,679)	<u>(12,571)</u>	(164,700)
Other, net	(380)	<u>(909)</u>	(297)
Net cash used in investing activities	(144,285)	<u>(167,574)</u>	(533,813)
<b>Cash flows from financing activities:</b>			
Increase in long-term borrowings	1,187,261	<u>1,564,604</u>	2,736,688
Decrease in long-term borrowings	(389,097)	<u>(802,663)</u>	(1,451,500)
Increase in short-term borrowings, net	132,605	<u>248,642</u>	377,788
Increase in deposits received at banks, net	20,299	<u>72,467</u>	17,947
Proceeds from sales of common stock	1,067	628	2,379
Payments for repurchases of common stock	(81)	(102)	(204)
Payments for cash dividends	(83,876)	(54,395)	(114,395)
Net cash provided by financing activities	868,178	<u>1,029,181</u>	1,568,703
	-	<u>(38,427)</u>	-

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Effect of initial adoption of SOP 07-1 on cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents	4,749	(10,641)	10,333
Net increase (decrease) in cash and cash equivalents	(661,157)	<u>212,282</u>	(581,933)
Cash and cash equivalents at beginning of the period	991,961	410,028	991,961
Cash and cash equivalents at end of the period	330,804	<u>622,310</u>	410,028
<u>Supplemental information:</u>			
Cash paid during the period for-			
Interest	467,659	<u>630,958</u>	1,056,820
Income tax payments, net	216,343	<u>58,751</u>	330,222

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Non cash activities

Business acquisitions

Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥14,821 million and ¥17,360 million, respectively, for the six months ended September 30, 2006. There were no business acquisitions for the six months ended September 30, 2007. Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥344,299 million and ¥151,106 million, respectively, for the year ended March 31, 2007.

Business dispositions

Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥5,616 million and ¥6,983 million, respectively, for the six months ended September 30, 2006. There were no business dispositions for the six months ended September 30, 2007. Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥7,958 million and ¥8,211 million, respectively, for the year ended March 31, 2007.

Reclassifications

All prior year amounts have been reclassified to conform to the current year presentation.

The accompanying notes are an integral part of these consolidated financial statements.

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[Notes to the Consolidated Financial Statements]

### **1. Basis of accounting:**

<Before retrospective application>

(Omitted)

### **Scope of consolidation**

Under U.S. GAAP, the scope of consolidation is mainly determined by the ownership of a majority of the voting interest in an entity or pursuant to Financial Accounting Standards Board Interpretation No. 46, Consolidation of Variable Interest Entities as revised in 2003. Under Japanese GAAP, the scope of consolidation is determined by Financial controlling model, taking into account of factors other than ownership level of voting interest in an entity.

(Not applicable)

(Omitted)

### **Amortization of goodwill and equity method goodwill**

Under U.S. GAAP, goodwill and equity method goodwill shall not be amortized and shall be tested for impairment regularly. Under Japanese GAAP, goodwill and equity method goodwill shall be amortized over certain periods within 20 years based on the straight-line method. Under U.S. GAAP, negative goodwill and equity method negative goodwill shall be written off at once when negative goodwill arises. Under Japanese GAAP, negative goodwill shall be amortized over certain periods within 20 years based on the straight-line method. Therefore, compare to Japanese GAAP, the difference has a positive impact of ¥4,652 million and a positive impact of 5,670 million on income before income taxes for the six months ended September 30, 2007 and for the year ended March 31, 2007. The impact on income before income taxes for the six months ended September 30, 2006 was not so significant.

(Omitted)

<After retrospective application>

(Omitted)

### **Scope of consolidation**

Under U.S. GAAP, the scope of consolidation is mainly determined by the ownership of a majority of the voting interest in an entity or pursuant to Financial Accounting Standards Board Interpretation No. 46, Consolidation of Variable Interest Entities as revised in 2003. Under Japanese GAAP, the scope of consolidation is determined by Financial controlling model, taking into account of factors other than ownership level of voting interest in an entity.

Also under U.S. GAAP, Investment Company is defined in the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide (guide), and all investments made by investment companies within the scope of the guide are carried at fair value, with changes in fair value recognized through earnings. Under Japanese GAAP, if their equity investments are for the purpose of incubation businesses, as its operating activities, reporting entities which are venture capitals are able to regard their investees as other than subsidiaries even in conditions that their investees shall be deemed their subsidiaries.

(Omitted)

### **Amortization of goodwill and equity method goodwill**

Under U.S. GAAP, goodwill and equity method goodwill shall not be amortized and shall be tested for impairment regularly. Under Japanese GAAP, goodwill and equity method goodwill shall be amortized over certain periods within 20 years based on the straight-line method. Under

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U.S. GAAP, negative goodwill and equity method negative goodwill shall be written off at once when negative goodwill arises. Under Japanese GAAP, negative goodwill shall be amortized over certain periods within 20 years based on the straight-line method. Therefore, compare to Japanese GAAP, the difference has a positive impact of ¥5,427 million and a positive impact of 5,670 million on income before income taxes for the six months ended September 30, 2007 and for the year ended March 31, 2007. The impact on income before income taxes for the six months ended September 30, 2006 was not so significant.

(Omitted)



**Table of Contents****2. Summary of accounting policies:**

<Before retrospective application>

(Omitted)

**Basis of presentation**

The consolidated financial statements include the accounts of the Company and other entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a variable interest entity (VIE) or not in accordance with Financial Accounting Standards Board ( FASB ) Interpretation No. 46, Consolidation of Variable Interest Entities as revised ( FIN 46-R ). VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. The Company consolidates VIEs where Nomura is the primary beneficiary, generally defined as the enterprise that will absorb a majority of the expected losses or receive a majority of the expected residual returns of the entity, or both. For entities other than VIEs, Nomura is generally determined to have a controlling financial interest in an entity when it owns a majority of the voting interest. Therefore, the Company consolidates these entities in which it has a majority voting interest. Additionally, the Company does not consolidate certain special purpose entities utilized for securitization transactions if they meet the qualifying special purpose entities QSPE criteria in accordance with Statement of Financial Accounting Standards ( SFAS ) No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ( SFAS 140 ).

(Not applicable)

(Omitted)

**Private equity business**

The investments in private equity business are accounted for at fair value, by the equity method of accounting or as consolidated subsidiaries, depending on the attributes of each investment. The consolidated subsidiaries in private equity business are referred to as private equity entities.

(Omitted)

**Office buildings, land, equipment and facilities**

Office buildings, land, equipment and facilities, including those held by private equity entities, which consist mainly of office buildings, land and software, are stated at cost, net of accumulated depreciation and amortization, except for land, which is stated at cost. Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are charged currently to income.

(Not applicable)

Depreciation (including charge to income resulting from amortization of assets recorded under capital leases) is generally computed by the straight-line method and at rates based on estimated useful lives of each asset according to general class, type of construction and use. Amortization is generally computed by the straight-line method over the estimated useful lives. The estimated useful lives are generally as follows:

Office buildings	15 to 50 years
Equipment and installations	<u>2</u> to 10 years
Software	5 years

Depreciation and amortization are included in *Information processing and communications* in the amount of ¥19,061 million, ¥23,256 million and ¥39,265 million, and are included in *Occupancy and related depreciation* in the amount of ¥5,183 million, ¥8,501 million and ¥11,167 million for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively.

(Omitted)



## **Table of Contents**

### **Investments in equity securities and non-trading debt securities**

(Omitted)

Investments in equity securities for other than operating purposes included investments in equity securities held by private equity entities, which are included in the consolidated balance sheets in *Other assets - Other*. Such investments are comprised of listed equity securities and unlisted equity securities in the amounts of ¥13,279 million and ¥10,060 million, respectively, at September 30, 2006, ¥16,997 million and ¥8,682 million, respectively, at September 30, 2007 and ¥34,895 million and ¥9,763 million, respectively, at March 31, 2007. (Not applicable)

(Omitted)

### **New accounting pronouncements**

(Omitted)

#### *Accounting for Investment companies*

In June 2007, the AICPA issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ( SOP 07-1 ). SOP 07-1 addresses whether the accounting principles of the Audit and Accounting Guide for Investment Companies should be applied to an entity by clarifying the definition of an investment company, and whether those accounting principles should be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting, for those entities that are investment companies under this SOP. However, the FASB proposed an indefinite postponement to the adoption of this SOP. After the conclusion of its discussion, Nomura will assess the impact of adopting SOP 07-1 on Nomura's consolidated financial statements.

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<After retrospective application>

(Omitted)

**Basis of presentation**

The consolidated financial statements include the accounts of the Company and other entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a variable interest entity (VIE) or not in accordance with Financial Accounting Standards Board ( FASB ) Interpretation No. 46, Consolidation of Variable Interest Entities as revised ( FIN 46-R ). VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. The Company consolidates VIEs where Nomura is the primary beneficiary, generally defined as the enterprise that will absorb a majority of the expected losses or receive a majority of the expected residual returns of the entity, or both. For entities other than VIEs, Nomura is generally determined to have a controlling financial interest in an entity when it owns a majority of the voting interest. Therefore, the Company consolidates these entities in which it has a majority voting interest. Additionally, the Company does not consolidate certain special purpose entities utilized for securitization transactions if they meet the qualifying special purpose entities QSPE criteria in accordance with Statement of Financial Accounting Standards ( SFAS ) No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ( SFAS 140 ).

The Company designates certain entities in which Nomura operates the investment business as investment companies in accordance with AICPA Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ( SOP 07-1 ). SOP 07-1 addresses whether the accounting principles of the Audit and Accounting Guide for Investment Companies should be applied to an entity by clarifying the definition of an investment company, and whether those accounting principles should be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. These entities, including subsidiaries such as Nomura Principal Finance Co., Ltd. carry all of their investments at fair value, with changes in fair value recognized through earnings, rather than apply the equity method of accounting or consolidation.

(Omitted)

**Private equity business**

Before the application of SOP 07-1, for the six months ended September 30, 2006 and for the year ended March 31, 2007, certain investments in private equity business were consolidated and these investments were referred to as private equity entities.

(Omitted)

**Office buildings, land, equipment and facilities**

Office buildings, land, equipment and facilities, (deleted), which consist mainly of office buildings, land and software, are stated at cost, net of accumulated depreciation and amortization, except for land, which is stated at cost. Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are charged currently to income.

For the period before the application of SOP 07-1, that is, the six months ended September 30, 2006 and the year ended March 31, 2007, the amount includes land, equipment and facilities which were held by private equity entities. See Note 2 New accounting pronouncements Accounting for Investment companies for further information regarding SOP 07-1.

Depreciation (including charge to income resulting from amortization of assets recorded under capital leases) is generally computed by the straight-line method and at rates based on estimated useful lives of each asset according to general class, type of construction and use. Amortization is generally computed by the straight-line method over the estimated useful lives. The estimated useful lives are generally as follows:

Office buildings	15 to 50 years
Equipment and installations	3 to 10 years

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Software

5 years

Depreciation and amortization are included in *Information processing and communications* in the amount of ¥19,061 million, ¥23,220 million and ¥39,265 million, and are included in *Occupancy and related depreciation* in the amount of ¥5,183 million, ¥6,981 million and ¥11,167 million for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively.

(Omitted)

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**Investments in equity securities and non-trading debt securities**

(Omitted)

Investments in equity securities for other than operating purposes (~~deleted~~) are included in the consolidated balance sheets in *Other assets* *Other*. Such investments are comprised of listed equity securities and unlisted equity securities in the amounts of ¥13,279 million and ¥10,060 million, respectively, at September 30, 2006, ¥9,609 million and ¥8,512 million, respectively, at September 30, 2007 and ¥34,895 million and ¥9,763 million, respectively, at March 31, 2007. For the period before the application of SOP 07-1, that is, the six months ended September 30, 2006 and the year ended March 31, 2007, the amount includes land, equipment and facilities which were held by private equity entities. See Note 2 New accounting pronouncements *Accounting for Investment companies* for further information regarding SOP 07-1.

(Omitted)

**New accounting pronouncements**

(Omitted)

*Accounting for Investment companies*

AICPA issued SOP 07-1 in June 2007. SOP 07-1 addresses whether the accounting principles of the Audit and Accounting Guide for Investment Companies should be applied to an entity by clarifying the definition of an investment company, and whether those accounting principles should be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. All investments made by investment companies within the scope of the guide are carried at fair value, with changes in fair value recognized through earnings.

Despite that SOP 07-1 was aimed to be effective for fiscal years beginning on or after December 15, 2007, the FASB issued Staff Position No. SOP 07-1-1, Effective Date of AICPA Statement of Position 07-1 ( FSP SOP 07-1-1 ), which indefinitely deferred SOP 07-1. However, FSP SOP 07-1-1 permits continuous application of SOP 07-1 for entities that early adopted SOP 07-1.

Nomura decided early adoption of SOP 07-1 on December 14, 2007 and designated certain entities, including Nomura Principal Finance Co., Ltd. and Terra Firma Capital Partners I as investment companies. As our adoption of SOP 07-1 was made in other than the first interim period of the year of change, the change is reported by retrospective application to the previous interim periods of the year pursuant to SOP 07-1. And the adjusted amount due to the initial adoption was recorded in the retained earnings as of the beginning of the year.

**Table of Contents****3. Trading assets and Trading liabilities:**

*Trading assets*, including ones that are disclosed parenthetically as *Securities pledged as collateral*, and *Trading liabilities* are classified as follows:

<Before retrospective application>

	Millions of yen September 30		Millions of yen March 31
	2006	2007	2007
	Trading assets	Trading assets	Trading assets
Equities and convertible bonds	¥ 3,170,997	¥ <u>2,632,139</u>	¥ 3,088,440
Government and government agency bonds	4,979,243	4,264,199	5,200,419
Bank and corporate debt securities	1,806,848	1,794,573	2,065,509
Commercial paper and certificates of deposit	205,698	265,737	382,801
Mortgage and mortgage-backed securities	1,335,354	1,024,767	1,109,058
Beneficiary certificates and other	223,018	195,656	154,962
Derivative contracts	761,019	1,161,505	829,637
	¥ 12,482,177	¥ <u>11,338,576</u>	¥ 12,830,826

(Omitted)

<After retrospective application>

	Millions of yen September 30		Millions of yen March 31
	2006	2007	2007
	Trading assets	Trading assets	Trading assets
Equities and convertible bonds	¥ 3,170,997	¥ <u>2,622,862</u>	¥ 3,088,440
Government and government agency bonds	4,979,243	4,264,199	5,200,419
Bank and corporate debt securities	1,806,848	1,794,573	2,065,509
Commercial paper and certificates of deposit	205,698	265,737	382,801
Mortgage and mortgage-backed securities	1,335,354	1,024,767	1,109,058
Beneficiary certificates and other	223,018	195,656	154,962
Derivative contracts	761,019	1,161,505	829,637
	¥ 12,482,177	¥ <u>11,329,299</u>	¥ 12,830,826

(Omitted)

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**Table of Contents**

**4. Variable Interest Entities (VIEs):**

<Before retrospective application>

(Omitted)

As permitted by FIN 46-R, Nomura has not applied its provisions to non-registered investment companies that account for their investments in accordance with the Audit Guide, FASB Staff Position No. FIN 46(R)-7, Application of FASB Interpretation No. 46(R) to Investment Companies, will provide these entities with a permanent scope exception from the application of FIN 46-R upon adoption of the Investment Company SOP 07-1 if the requirements of SOP 07-1 are met. However, FASB decided to defer indefinitely the effective date of SOP 07-1, and so, Nomura suspends to evaluate which entities meet SOP 07-1's requirements until FASB reach some consensus. The most significant of these entities are the investments managed and controlled by Terra Firma Investments (GP) Limited (collectively referred to as Terra Firma investments ) which is independent of Nomura and the general partner of Terra Firma Capital Partners I ( TFCP I ), a limited partnership which is engaged in the private equity business. On March 27, 2002, Nomura restructured its Principal Finance Group and, as a result, contributed its investments in certain of its remaining investee companies to TFCP I. Nomura's interest in these investments totals ¥174 billion, which is already recorded on the consolidated balance sheet at September 30, 2007. This amount represents Nomura's maximum exposure to loss at that date. Depending on the results of Nomura's review, it is possible that either all or some of the Terra Firma investments could require re-consolidation, thus FIN 46-R could have a material impact on Nomura's consolidated financial statements in the future. However, adopting FIN 46-R for such entities will not materially change Nomura's economic exposure with respect to these investments.

<After retrospective application>

(Omitted)

Despite that SOP 07-1 was aimed to be effective for fiscal years beginning on or after December 15, 2007, the Financial Accounting Standards Boards (FASB) issued Staff Position No. SOP 07-1-1, Effective Date of AICPA Statement of Position 07-1 ( FSP SOP 07-1-1 ), which indefinitely deferred SOP 07-1. However, FSP SOP 07-1-1 permits continuous application of SOP 07-1 for entities that early adopted SOP 07-1.

Nomura decided early adoption of SOP 07-1 on December 14, 2007 and designated certain entities, including Nomura Principal Finance Co., Ltd. and Terra Firma Capital Partners I as investment companies. FASB Staff Position No. FIN 46(R)-7, Application of FASB Interpretation No. 46(R) to Investment Companies, will provide those entities that meet criteria for investment companies under SOP 07-1 with a permanent scope exception from the application of FIN 46-R.



**Table of Contents****5. Other assets Other / Other liabilities Other:**

The following table sets forth *Other assets-Other* and *Other liabilities* in the consolidated balance sheets by type.

<Before retrospective application>

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
<i>Other assets-Other:</i>			
Securities received as collateral	¥ 105,316	¥ 364,512	¥ 309,571
Goodwill and other intangible assets	13,575	<u>171,303</u>	177,481
Deferred tax assets	142,178	<u>239,436</u>	156,255
Investments in equity securities for other than operating purposes	23,339	<u>25,679</u>	44,658
Other	181,580	<u>187,848</u>	181,541
<b>Total</b>	<b>465,988</b>	<b><u>988,778</u></b>	<b>869,506</b>
<i>Other liabilities:</i>			
Obligation to return securities received as collateral	¥ 105,316	¥ 364,512	¥ 309,571
Accrued income taxes	32,253	<u>92,575</u>	27,923
Other accrued expenses	259,800	<u>306,500</u>	344,274
Minority interests	27,475	<u>39,384</u>	37,040
Other	68,780	<u>97,789</u>	126,714
<b>Total</b>	<b>493,624</b>	<b><u>900,760</u></b>	<b>845,522</b>

<After retrospective application>

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
<i>Other assets-Other:</i>			
Securities received as collateral	¥ 105,316	¥ 364,512	¥ 309,571
Goodwill and other intangible assets	13,575	<u>120,244</u>	177,481
Deferred tax assets	142,178	<u>234,627</u>	156,255
Investments in equity securities for other than operating purposes	23,339	<u>18,121</u>	44,658
Other	181,580	<u>160,286</u>	181,541
<b>Total</b>	<b>465,988</b>	<b><u>897,790</u></b>	<b>869,506</b>
<i>Other liabilities:</i>			
Obligation to return securities received as collateral	¥ 105,316	¥ 364,512	¥ 309,571
Accrued income taxes	32,253	<u>85,236</u>	27,923
Other accrued expenses	259,800	<u>296,047</u>	344,274
Minority interests	27,475	<u>20,840</u>	37,040
Other	68,780	<u>65,316</u>	126,714
<b>Total</b>	<b>493,624</b>	<b><u>831,951</u></b>	<b>845,522</b>



**Table of Contents****6. Long-term borrowings:**

Long-term borrowings of Nomura at September 30, 2006 and 2007 and March 31, 2007 are shown below:

<Before retrospective application>

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
<b>Long-term borrowings:</b>			
Long-term loans from banks and other financial institutions	¥ 959,145	¥ <u>1,317,499</u>	¥ 1,144,932
Bonds and notes issued <sup>(1)</sup>	2,910,016	<u>3,616,947</u>	3,381,502
Trading balances of secured borrowings	565,297	<u>882,404</u>	476,456
<b>Total</b>	<b>¥ 4,434,458</b>	<b>¥ <u>5,816,850</u></b>	<b>¥ 5,002,890</b>

(1) Include hybrid financial instruments at fair value of ¥26,996 million at September 30, 2006, ¥79,353 million at September 30, 2007 and ¥20,545 million at March 31, 2007 based on SFAS 155.

Long-term borrowings consisted of the following:

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
Debt issued by the Company	¥ 849,637	¥ 1,278,209	¥ 1,084,873
Debt issued by subsidiaries guaranteed by the Company	2,414,725	2,813,297	2,710,533
Debt issued by subsidiaries not guaranteed by the Company <sup>(1)</sup>	1,170,096	<u>1,725,344</u>	1,207,484
<b>Total</b>	<b>¥ 4,434,458</b>	<b>¥ <u>5,816,850</u></b>	<b>¥ 5,002,890</b>

(1) Includes trading balances of secured borrowings.  
(Omitted)

<After retrospective application>

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
<b>Long-term borrowings:</b>			
Long-term loans from banks and other financial institutions	¥ 959,145	¥ <u>1,252,261</u>	¥ 1,144,932
Bonds and notes issued <sup>(1)</sup>	2,910,016	<u>3,614,577</u>	3,381,502
Trading balances of secured borrowings	565,297	<u>883,568</u>	476,456
<b>Total</b>	<b>¥ 4,434,458</b>	<b>¥ <u>5,750,406</u></b>	<b>¥ 5,002,890</b>

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(1) Include hybrid financial instruments at fair value of ¥26,996 million at September 30, 2006, ¥79,353 million at September 30, 2007 and ¥20,545 million at March 31, 2007 based on SFAS 155.

Long-term borrowings consisted of the following:

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
Debt issued by the Company	¥ 849,637	¥ 1,278,209	¥ 1,084,873
Debt issued by subsidiaries guaranteed by the Company	2,414,725	2,813,297	2,710,533
Debt issued by subsidiaries not guaranteed by the Company <sup>(1)</sup>	1,170,096	<u>1,658,900</u>	1,207,484
Total	¥ 4,434,458	¥ <u>5,750,406</u>	¥ 5,002,890

(1) Includes trading balances of secured borrowings.  
(Omitted)

**Table of Contents****7. Assets pledged:**

&lt;Before retrospective application&gt;

(Omitted)

Assets subject to lien, except for those disclosed above, are as follows:

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
Loans and receivables	¥ 48,705	¥ <u>87,382</u>	¥ 50,473
Trading securities	1,633,587	2,141,091	1,423,113
Office buildings, land, equipment and facilities	14,556	<u>35,693</u>	13,504
Non-trading debt securities	59,038	69,273	77,257
Other	1,695	<u>2,032</u>	7,084
	¥ 1,757,581	¥ <u>2,335,471</u>	¥ 1,571,431

(Omitted)

&lt;After retrospective application&gt;

(Omitted)

Assets subject to lien, except for those disclosed above, are as follows:

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
Loans and receivables	¥ 48,705	¥ <u>87,379</u>	¥ 50,473
Trading securities	1,633,587	2,141,091	1,423,113
Office buildings, land, equipment and facilities	14,556	<u>20,868</u>	13,504
Non-trading debt securities	59,038	69,273	77,257
Other	1,695	<u>1,191</u>	7,084
	¥ 1,757,581	¥ <u>2,319,802</u>	¥ 1,571,431

(Omitted)

**Table of Contents****8. Earnings per share:**

The reconciliation of the amounts and the numbers used in the basic and diluted earnings per share ( EPS ) computations is as follows:

<Before retrospective application>

	Millions of yen except per share data presented in yen		
	Six months ended 2006	September 30 2007	Year ended March 31 2007
<b>Basic</b>			
Income from applicable to common stock	¥ 63,665	¥ <u>66,226</u>	¥ 175,828
Weighted average number of shares outstanding	1,905,579,864	1,908,270,970	1,906,011,723
Net income	¥ 33.41	¥ <u>34.70</u>	¥ 92.25
<b>Diluted</b>			
Net income applicable to common stock	¥ 63,663	¥ <u>66,223</u>	¥ 175,819
Weighted average number of shares outstanding used in diluted EPS computations	1,910,111,666	1,914,362,429	1,911,093,936
Net income	¥ 33.33	¥ <u>34.59</u>	¥ 92.00

(Omitted)

<After retrospective application>

	Millions of yen except per share data presented in yen		
	Six months ended 2006	September 30 2007	Year ended March 31 2007
<b>Basic</b>			
Income from applicable to common stock	¥ 63,665	¥ <u>64,231</u>	¥ 175,828
Weighted average number of shares outstanding	1,905,579,864	1,908,270,970	1,906,011,723
Net income	¥ 33.41	¥ <u>33.66</u>	¥ 92.25
<b>Diluted</b>			
Net income applicable to common stock	¥ 63,663	¥ <u>64,228</u>	¥ 175,819
Weighted average number of shares outstanding used in diluted EPS computations	1,910,111,666	1,914,362,429	1,911,093,936
Net income	¥ 33.33	¥ <u>33.55</u>	¥ 92.00

(Omitted)



**Table of Contents****13. Credit and investment commitments, contingencies and guarantees:**

&lt;Before retrospective application&gt;

(Omitted)

**Lease**

(Omitted)

Presented below is a schedule of future minimum lease payments under capital leases as of September 30, 2007:

	Millions of yen September 30, 2007	
Year ending September 30,		
2008	¥	<u>1,826</u>
2009		<u>1,509</u>
2010		<u>1,101</u>
2011		<u>874</u>
2012		<u>571</u>
2013 and thereafter		<u>743</u>
<u>Total minimum lease payments</u>		<u>6,624</u>
<u>Less: Amount representing interest</u>		<u>(1)</u>
<u>Present value of minimum lease payments</u>	¥	<u>6,623</u>

*Office buildings, land, equipment and facilities* on the consolidated balance sheet includes capital leases in the amount of ¥7,471 million at September 30, 2007.

Presented below is a schedule of future minimum rental payments under non-cancelable operating leases with remaining terms exceeding one year as of September 30, 2007:

	Millions of yen September 30, 2007	
Year ending September 30,		
2008	¥	<u>13,272</u>
2009		<u>10,973</u>
2010		9,393
2011		8,420
2012		6,463
2013 and thereafter		19,086
<u>Total minimum lease payments</u>		<u>67,607</u>
<u>Less: Sublease rental income</u>		<u>(21,021)</u>
<u>Net minimum lease payments</u>	¥	<u>46,586</u>

(Omitted)

**Guarantees**



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(Omitted)

The following table sets forth information about Nomura's derivative contracts that could meet the definition of a guarantee and certain other guarantees:

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
Derivative contracts <sup>(1)</sup>	¥ 35,160,996	¥ 65,615,626	¥ 49,618,605
Standby letters of credit and other guarantees <sup>(2)</sup>	7,191	<u>8,114</u>	18,509

- (1) Carrying value of the derivative contracts were ¥924,082 million, ¥1,522,939 million and ¥972,547 million as of September 30, 2006 and 2007, and March 31, 2007, respectively.
- (2) Carrying value of the standby letters of credit and other guarantees were ¥1,503 million, ¥1,185 million and ¥1,373 million as of September 30, 2006 and 2007, and March 31, 2007, respectively.

**Table of Contents**

&lt;After retrospective application&gt;

(Omitted)

**Lease**

(Omitted)

Presented below is a schedule of future minimum lease payments under capital leases as of September 30, 2007:

	Millions of yen September 30, 2007	
Year ending September 30,		
2008	¥	<u>351</u>
2009		<u>253</u>
2010		<u>105</u>
2011		<u>58</u>
2012		<u>19</u>
2013 and thereafter		<u>0</u>
<u>(Deleted)</u>		<u>(Deleted)</u>
<u>(Deleted)</u>		<u>(Deleted)</u>
<u>Present value of minimum lease payments<sup>(1)</sup></u>	¥	<u>786</u>

(1) As interest is not material, it is not shown separately.

*Office buildings, land, equipment and facilities* on the consolidated balance sheet includes capital leases in the amount of ¥1,059 million at September 30, 2007.

Presented below is a schedule of future minimum rental payments under non-cancelable operating leases with remaining terms exceeding one year as of September 30, 2007:

	Millions of yen September 30, 2007	
Year ending September 30,		
2008	¥	<u>13,243</u>
2009		<u>10,924</u>
2010		9,393
2011		8,420
2012		6,463
2013 and thereafter		19,086
Total minimum lease payments		<u>67,529</u>
Less: Sublease rental income		<u>(21,021)</u>
Net minimum lease payments	¥	<u>46,508</u>

(Omitted)

**Guarantees**

(Omitted)

The following table sets forth information about Nomura's derivative contracts that could meet the definition of a guarantee and certain other guarantees:

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
Derivative contracts <sup>(1)</sup>	¥ 35,160,996	¥ 65,615,626	¥ 49,618,605
Standby letters of credit and other guarantees <sup>(2)</sup>	7,191	<u>7,591</u>	18,509

- (1) Carrying value of the derivative contracts were ¥924,082 million, ¥1,522,939 million and ¥972,547 million as of September 30, 2006 and 2007, and March 31, 2007, respectively.
- (2) Carrying value of the standby letters of credit and other guarantees were ¥1,503 million, ¥1,185 million and ¥1,373 million as of September 30, 2006 and 2007, and March 31, 2007, respectively.

**Table of Contents****14. Segment and geographic information:****Operating segments**

<Before retrospective application>

(Omitted)

The investments in private equity business are treated as private equity positions for management reporting purposes, as management views these entities as investments held for ultimate sale and the realization of capital gains. Any changes in management's estimate of fair value of these investments are included in the non-interest revenue line under Global Merchant Banking. These investments are accounted for at fair value, under the equity method of accounting or as consolidated subsidiaries, depending on the attributes of each investment under U.S. GAAP. The impact of consolidating and deconsolidating these investments is not included in the segment information but is described in the reconciliation table.

(Omitted)

Business segments' results for the six months ended September 30, 2006 and 2007 and for the year ended March 31, 2007 are shown in the following table. *Net interest revenue* is disclosed because management views interest revenue net of interest expense for its operating decisions. Business segments' information on total assets is not disclosed because management does not utilize such information for its operating decisions and therefore, it is not reported to management.

	Millions of yen							
	Domestic Retail	Global Markets	Global Investment Banking	Global Merchant Banking	Asset Management	Other (Inc. elimination)	Total	
<b>Six months ended September 30, 2006</b>								
Non-interest revenue	¥ 197,495	¥ 101,350	¥ 47,530	¥ 62,141	¥ 39,939	¥ (9,228)	¥ 439,227	
Net interest revenue	2,632	16,024	966	(5,477)	1,551	10,576	26,272	
Net revenue	200,127	117,374	48,496	56,664	41,490	1,348	465,499	
Non-interest expenses	129,417	106,648	26,653	5,384	25,200	20,056	313,358	
Income (loss) before income taxes	¥ 70,710	¥ 10,726	¥ 21,843	¥ 51,280	¥ 16,290	¥ (18,708)	¥ 152,141	
<b>Six months ended September 30, 2007</b>								
Non-interest revenue	¥ 221,852	¥ 160,190	¥ 46,245	¥ 57,475	¥ 47,854	¥ <u>24,657</u>	¥ <u>558,273</u>	
Net interest revenue	3,248	(34,518)	1,307	(5,610)	2,239	<u>27,759</u>	<u>(5,575)</u>	
Net revenue	225,100	125,672	47,552	51,865	50,093	<u>52,416</u>	<u>552,698</u>	
Non-interest expenses	142,339	167,319	30,736	6,337	30,213	55,206	432,150	
Income (loss) before income taxes	¥ 82,761	¥ (41,647)	¥ 16,816	¥ 45,528	¥ 19,880	¥ <u>(2,790)</u>	¥ <u>120,548</u>	
<b>Year ended March 31, 2007</b>								
Non-interest revenue	¥ 434,701	¥ 285,088	¥ 97,427	¥ 77,325	¥ 87,241	¥ 52,298	¥ 1,034,080	
Net interest revenue	5,417	4,940	1,760	(12,356)	2,865	21,040	23,666	
Net revenue	440,118	290,028	99,187	64,969	90,106	73,338	1,057,746	
Non-interest expenses	279,253	231,222	54,783	12,153	53,649	49,397	680,457	

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Income (loss) before income taxes                    ¥ 160,865   ¥ 58,806   ¥ 44,404   ¥ 52,816   ¥ 36,457   ¥ 23,941   ¥ 377,289

Transactions between operating segments are recorded within segment results on commercial terms and conditions and are eliminated in the Other column.

**Table of Contents**

The following table presents the major components of income/(loss) before income taxes in Other.

	Millions of yen		
	Six months ended September 30 2006	September 30 2007	Year ended March 31 2007
Net (loss) on trading related to economic hedging transactions	¥ (25,418)	¥ (11,617)	¥ (38,383)
Realized gain on investments in equity securities held for relationship purpose	4,898	1,326	18,129
Equity in earnings of affiliates	9,445	7,684	53,169
Corporate items	(3,456)	(21,939)	(11,111)
Others	(4,177)	<u>21,756</u>	2,137
<b>Total</b>	<b>¥ (18,708)</b>	<b>¥ (2,790)</b>	<b>¥ (23,941)</b>

The table below presents reconciliation of the combined business segments results included in the preceding table to Nomura's reported net revenue, non-interest expenses and income before income taxes in the consolidated income statements.

	Millions of yen		
	Six months ended September 30 2006	September 30 2007	Year ended March 31 2007
Net revenue	¥ 465,499	¥ <u>552,698</u>	¥ 1,057,746
Unrealized gain (loss) on investments in equity securities held for operating purpose	(25,451)	(26,082)	(38,232)
Effect of consolidation/deconsolidation of the private equity investee companies	16,864	<u>74,321</u>	71,587
<b>Consolidated net revenue</b>	<b>¥ 456,912</b>	<b>¥ <u>600,937</u></b>	<b>¥ 1,091,101</b>
Non-interest expenses	¥ 313,358	¥ 432,150	¥ 680,457
Unrealized gain (loss) on investments in equity securities held for operating purpose			
Effect of consolidation/deconsolidation of the private equity investee companies	37,063	<u>72,413</u>	88,886
<b>Consolidated non-interest expenses</b>	<b>¥ 350,421</b>	<b>¥ <u>504,563</u></b>	<b>¥ 769,343</b>
Income before income taxes	¥ 152,141	¥ <u>120,548</u>	¥ 377,289
Unrealized gain (loss) on investments in equity securities held for operating purpose	(25,451)	(26,082)	(38,232)
Effect of consolidation/deconsolidation of the private equity investee companies	(20,199)	<u>1,908</u>	(17,299)
<b>Consolidated income before income taxes</b>	<b>¥ 106,491</b>	<b>¥ <u>96,374</u></b>	<b>¥ 321,758</b>

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&lt;After retrospective application&gt;

(Omitted)

The investments in private equity business are treated as private equity positions for management reporting purposes, as management views these entities as investments held for ultimate sale and the realization of capital gains. Any changes in management's estimate of fair value of these investments are included in the non-interest revenue line under Global Merchant Banking. On the other hand, these investments are accounted for at fair value, under the equity method of accounting or as consolidated subsidiaries, depending on the attributes of each investment under U.S. GAAP for the six months ended September 30, 2006 and for the year ended March 31, 2007. The impact of consolidating and deconsolidating these investments is not included in the segment information but is described in the reconciliation table. With the application of SOP 07-1, all investments made by investment companies within the scope of the guide are carried at fair value for the six months ended September 30, 2007, with changes in fair value recognized in the non-interest revenue line under Global Merchant Banking treated the same way as management reporting.

(Omitted)

Business segments' results for the six months ended September 30, 2006 and 2007 and for the year ended March 31, 2007 are shown in the following table. *Net interest revenue* is disclosed because management views interest revenue net of interest expense for its operating decisions. Business segments' information on total assets is not disclosed because management does not utilize such information for its operating decisions and therefore, it is not reported to management.

	Millions of yen							
	Domestic Retail	Global Markets	Global Investment Banking	Global Merchant Banking	Asset Management	Other (Inc. elimination)	Total	
<b>Six months ended September 30, 2006</b>								
Non-interest revenue	¥ 197,495	¥ 101,350	¥ 47,530	¥ 62,141	¥ 39,939	¥ (9,228)	¥ 439,227	
Net interest revenue	2,632	16,024	966	(5,477)	1,551	10,576	26,272	
Net revenue	200,127	117,374	48,496	56,664	41,490	1,348	465,499	
Non-interest expenses	129,417	106,648	26,653	5,384	25,200	20,056	313,358	
Income (loss) before income taxes	¥ 70,710	¥ 10,726	¥ 21,843	¥ 51,280	¥ 16,290	¥ (18,708)	¥ 152,141	
<b>Six months ended September 30, 2007</b>								
Non-interest revenue	¥ 221,852	¥ 160,190	¥ 46,245	¥ 57,475	¥ 47,854	¥ 19,142	¥ 552,758	
Net interest revenue	3,248	(34,518)	1,307	(5,610)	2,239	28,160	(5,174)	
Net revenue	225,100	125,672	47,552	51,865	50,093	47,302	547,584	
Non-interest expenses	142,339	167,319	30,736	6,337	30,213	55,206	432,150	
Income (loss) before income taxes	¥ 82,761	¥ (41,647)	¥ 16,816	¥ 45,528	¥ 19,880	¥ (7,904)	¥ 115,434	
<b>Year ended March 31, 2007</b>								
Non-interest revenue	¥ 434,701	¥ 285,088	¥ 97,427	¥ 77,325	¥ 87,241	¥ 52,298	¥ 1,034,080	
Net interest revenue	5,417	4,940	1,760	(12,356)	2,865	21,040	23,666	
Net revenue	440,118	290,028	99,187	64,969	90,106	73,338	1,057,746	
Non-interest expenses	279,253	231,222	54,783	12,153	53,649	49,397	680,457	
Income (loss) before income taxes	¥ 160,865	¥ 58,806	¥ 44,404	¥ 52,816	¥ 36,457	¥ 23,941	¥ 377,289	

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Transactions between operating segments are recorded within segment results on commercial terms and conditions and are eliminated in the Other column.



**Table of Contents**

The following table presents the major components of income/(loss) before income taxes in Other.

	Millions of yen		
	Six months ended 2006	September 30 2007	Year ended March 31 2007
Net (loss) on trading related to economic hedging transactions	¥ (25,418)	¥ (11,617)	¥ (38,383)
Realized gain on investments in equity securities held for relationship purpose	4,898	1,326	18,129
Equity in earnings of affiliates	9,445	7,684	53,169
Corporate items	(3,456)	(21,939)	(11,111)
Others	(4,177)	<u>16,642</u>	2,137
<b>Total</b>	<b>¥ (18,708)</b>	<b>¥ (7,904)</b>	<b>¥ (23,941)</b>

The table below presents reconciliation of the combined business segments results included in the preceding table to Nomura's reported net revenue, non-interest expenses and income before income taxes in the consolidated income statements.

	Millions of yen		
	Six months ended 2006	September 30 2007	Year ended March 31 2007
Net revenue	¥ 465,499	¥ <u>547,584</u>	¥ 1,057,746
Unrealized gain (loss) on investments in equity securities held for operating purpose	(25,451)	(26,082)	(38,232)
Effect of consolidation/deconsolidation of the private equity investee companies	16,864	-	71,587
<b>Consolidated net revenue</b>	<b>¥ 456,912</b>	<b>¥ <u>521,502</u></b>	<b>¥ 1,091,101</b>
Non-interest expenses	¥ 313,358	¥ 432,150	¥ 680,457
Unrealized gain (loss) on investments in equity securities held for operating purpose	-	-	-
Effect of consolidation/deconsolidation of the private equity investee companies	37,063	-	88,886
<b>Consolidated non-interest expenses</b>	<b>¥ 350,421</b>	<b>¥ <u>432,150</u></b>	<b>¥ 769,343</b>
Income before income taxes	¥ 152,141	¥ <u>115,434</u>	¥ 377,289
Unrealized gain (loss) on investments in equity securities held for operating purpose	(25,451)	(26,082)	(38,232)
Effect of consolidation/deconsolidation of the private equity investee companies	(20,199)	-	(17,299)
<b>Consolidated income before income taxes</b>	<b>¥ 106,491</b>	<b>¥ <u>89,352</u></b>	<b>¥ 321,758</b>

**Table of Contents****Geographic information**

&lt;Before retrospective application&gt;

(Omitted)

	Millions of yen		
	Six months ended 2006	September 30 2007	Year ended March 31 2007
<b>Net revenue:</b>			
Americas	¥ 57,275	¥ (791)	¥ 99,476
Europe	54,941	<u>120,124</u>	96,507
Asia and Oceania	7,867	<u>22,774</u>	24,906
Sub-total	120,083	<u>142,107</u>	220,889
Japan	336,829	<u>458,830</u>	870,212
Consolidated	¥ 456,912	¥ <u>600,937</u>	¥ 1,091,101
<b>Income (loss) before income taxes:</b>			
Americas	¥ 1,525	¥ (120,177)	¥ (38,876)
Europe	14,448	<u>62,244</u>	17,042
Asia and Oceania	(642)	<u>7,574</u>	2,922
Sub-total	15,331	<u>(50,359)</u>	(18,912)
Japan	91,160	<u>146,733</u>	340,670
Consolidated	¥ 106,491	¥ <u>96,374</u>	¥ 321,758

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
<b>Long-lived assets:</b>			
Americas	¥ 11,577	¥ <u>122,076</u>	¥ 134,200
Europe	60,599	<u>68,334</u>	66,586
Asia and Oceania	6,390	<u>14,023</u>	7,962
Sub-total	78,566	<u>204,433</u>	208,748
Japan	291,207	<u>419,336</u>	394,838
Consolidated	¥ 369,773	¥ <u>623,769</u>	¥ 603,586

(Omitted)

**Table of Contents**

&lt;After retrospective application&gt;

(Omitted)

	Millions of yen		
	Six months ended 2006	September 30 2007	Year ended March 31 2007
<b>Net revenue:</b>			
Americas	¥ 57,275	¥ (2,594)	¥ 99,476
Europe	54,941	<u>117,686</u>	96,507
Asia and Oceania	7,867	<u>20,244</u>	24,906
Sub-total	120,083	<u>135,336</u>	220,889
Japan	336,829	<u>386,166</u>	870,212
Consolidated	¥ 456,912	¥ <u>521,502</u>	¥ 1,091,101
<b>Income (loss) before income taxes:</b>			
Americas	¥ 1,525	¥ (120,355)	¥ (38,876)
Europe	14,448	<u>61,982</u>	17,042
Asia and Oceania	(642)	<u>8,571</u>	2,922
Sub-total	15,331	<u>(49,802)</u>	(18,912)
Japan	91,160	<u>139,154</u>	340,670
Consolidated	¥ 106,491	¥ <u>89,352</u>	¥ 321,758

	Millions of yen		
	September 30 2006	September 30 2007	March 31 2007
<b>Long-lived assets:</b>			
Americas	¥ 11,577	¥ <u>118,617</u>	¥ 134,200
Europe	60,599	<u>65,492</u>	66,586
Asia and Oceania	6,390	<u>8,165</u>	7,962
Sub-total	78,566	<u>192,274</u>	208,748
Japan	291,207	<u>313,153</u>	394,838
Consolidated	¥ 369,773	¥ <u>505,427</u>	¥ 603,586

(Omitted)

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Semiannual Audit Report of Independent Auditors

April 25, 2008

The Board of Directors  
Nomura Holdings, Inc.

Ernst & Young ShinNihon  
Koichi Hanabusa  
Certified Public Accountant  
Designated and Operating Partner  
Hiroki Matsumura  
Certified Public Accountant  
Designated and Operating Partner  
Yuichiro Sakurai  
Certified Public Accountant  
Designated and Operating Partner  
Junko Kamei  
Certified Public Accountant  
Designated and Operating Partner

We have performed a semiannual audit of the amended consolidated semiannual financial statements of Nomura Holdings, Inc. (the Company) included in Item 5. Financial Information for the semiannual period (from April 1, 2007 to September 30, 2007) within the fiscal period from April 1, 2007 to March 31, 2008 which include the consolidated semiannual balance sheet, and the consolidated semiannual statements of income, changes in shareholders' equity, comprehensive income and cash flows pursuant to the semiannual audit requirements of the rules specified in Article 193-2, Section 1 of the Financial Instruments and Exchange Law. These amended consolidated semiannual financial statements are the responsibility of the Company's management and our responsibility is to independently express an opinion on these amended consolidated semiannual financial statements.

We conducted our semiannual audit in accordance with semiannual auditing standards applied in Japan. Those standards require that we obtain reasonable assurance about whether the amended consolidated semiannual financial statements taken as a whole are free of material misstatement with regard to the presentation of relevant information which may result in misinterpretation by investors. A semiannual audit consists, primarily of analytical review procedures with additional audit procedures as considered necessary. We believe that our semiannual audit provides a reasonable basis for our opinion.

In our opinion, the amended consolidated semiannual financial statements referred to above present relevant information about the consolidated financial position of Nomura Holdings, Inc. and subsidiaries as of September 30, 2007, and the consolidated results of their operations and their cash flows for the semiannual period then ended (from April 1, 2007 to September 30, 2007) in conformity with accounting principles generally accepted in the United States of America (see Note 1 to the amended consolidated semiannual financial statements).

**Additional information**

As described in Grounds for Amendment to the Interim Report and Note 2 of the amended consolidated semiannual financial statements, the Company decided early adoption of the American Institute of Certified Public Accountants Statement of Position 07-1 (the SOP) on December 14, 2007. As a result of the early adoption, the SOP was applied retrospectively from the beginning of the year, and the Company issued the amended consolidated semiannual financial statements.

We have no interest in the Company which should be disclosed under the provisions of the Certified Public Accountants Law.

\* Above is an electronic version of the original report of auditors and the Company maintains the original report.

