

NOMURA HOLDINGS INC  
Form 6-K  
October 30, 2003  
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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 October 2003.

Total number of pages: 40.

The exhibit index is located on page 2.

## 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)

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

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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  Yes 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**

**Page Number**

1. [Financial Highlights - Six months ended September 2003]

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October 30, 2003

**Financial Highlights Six months ended September 2003**

We are pleased to report the following consolidated financial highlights based on consolidated financial information under US GAAP for the six months ended September 2003.

For further information, please contact:

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**Table of Contents****Financial Summary For the Six Months Ended September 30, 2003**

Date: October 30, 2003  
Company name (code number): **Nomura Holdings, Inc. (8604)**  
Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8011, Japan  
Stock exchange listings: (In Japan) Tokyo, Osaka, Nagoya  
(Overseas) New York, Amsterdam, Singapore  
Representative: Nobuyuki Koga  
President and Chief Executive Officer, Nomura Holdings, Inc.  
For inquiries: Koichi Ikegami  
General Manager, Investor Relations Department, Nomura Group Headquarters, Nomura Securities Co., Ltd.  
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URL(<http://www.nomura.com>)

## (1) Operating Results

|   | For the six months ended September 30 |                    | For the year ended March 31 |
|---|---------------------------------------|--------------------|-----------------------------|
|   | 2003                                  | 2002               | 2003                        |
| (Yen amounts in millions, except per share data)                      |                                       |                    |                             |
| Total revenue   | ¥ 573,378                             | ¥ 430,253          | ¥ 840,919                   |
| Change from the six months ended September 30, 2002                   | 33.3%                                 |                    |                             |
| Net revenue   | ¥ 414,774                             | ¥ 283,415          | ¥ 566,274                   |
| Change from the six months ended September 30, 2002                   | 46.3%                                 |                    |                             |
| Income before income taxes and cumulative effect of accounting change | ¥ 159,251                             | ¥ 40,637           | ¥ 47,409                    |
| Change from the six months ended September 30, 2002                   | 291.9%                                |                    |                             |
| Net income  | ¥ 86,686                              | ¥ 131,070          | ¥ 119,913                   |
| Change from the six months ended September 30, 2002                   | (33.9)%                               |                    |                             |
| Basic net income per share  | ¥ 44.71                               | ¥ 66.68            | ¥ 61.26                     |
| Diluted net income per share  | ¥ 44.71                               | ¥ 66.68            | ¥ 61.26                     |
| Return on shareholders' equity (ROE)                                  | 10.4% *                               | 9.1% *             | 7.4%                        |
| Equity in earnings of affiliates                                      | ¥ 2,341                               | ¥ 470              | ¥ (3,013)                   |
| Average number of shares outstanding                                  | 1,938,752 thousand                    | 1,965,537 thousand | 1,957,316 thousand          |

\* ROE for the six months ended September 30, 2003 and 2002 are calculated as follows:

(Income before cumulative effect of accounting change x 2 + Cumulative effect of accounting change, if any)

(Shareholders' equity at the beginning of period + Shareholders' equity at the end of period) / 2

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(2) Financial Position

|  | At September 30    |                    | At March 31        |
|--|--------------------|--------------------|--------------------|
|  | 2003               | 2002               | 2003               |
| (Yen amounts in millions, except per share data)     |                    |                    |                    |
| Total assets   | ¥ 27,238,887       | ¥ 18,963,616       | ¥ 21,169,446       |
| Shareholders' equity                                 | ¥ 1,705,548        | ¥ 1,732,621        | ¥ 1,642,328        |
| Shareholders' equity as a percentage of total assets | 6.3%               | 9.1%               | 7.8%               |
| Book value per share                                 | ¥ 878.34           | ¥ 881.56           | ¥ 846.40           |
| Number of shares outstanding                         | 1,941,782 thousand | 1,965,409 thousand | 1,940,364 thousand |

(3) Scope of consolidation and equity method application

Number of consolidated subsidiaries and variable interest entities: 115

Number of affiliated companies, which were accounted for by the equity method: 12

(4) Movement in the scope of consolidation and equity method application for this period

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| Number of consolidation             | Inclusion 3 | Exclusion 1 |
| Number of equity method application | Exclusion 1 |             |

Nomura provides investment, financing and related services in the capital markets on a global basis. In the global capital markets there exist various uncertainties due to, but not limited to, economic and market conditions. Nomura, therefore, releases its results on a more frequent quarterly basis, and does not present earnings forecasts.

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## NOMURA HOLDINGS, INC.

## FINANCIAL HIGHLIGHTS

(UNAUDITED)

|  | For the six months ended/ as of                             |                              |                              | Translation<br>into<br>U.S. dollars | For the year<br>ended/ as of |
|--|---|------------------------------|------------------------------|-------------------------------------|------------------------------|
|  | September<br>30,<br>2002 (A)                                | September<br>30,<br>2003 (B) | % Change<br><u>(B-A)/(A)</u> | September 30,<br>2003               |                              |
|  | (yen and dollar amounts in millions, except per share data) |                              |                              |                                     |                              |
| <b><u>FOR THE PERIOD ENDED</u></b>                                       |   |                              |                              |                                     |                              |
| Total revenue  | ¥ 430,253   | ¥ 573,378                    | 33.3%                        | \$ 5,146                            | ¥ 840,919                    |
| Net revenue  | 283,415   | 414,774                      | 46.3                         | 3,722                               | 566,274                      |
| Non-interest expenses  | 242,778   | 255,523                      | 5.2                          | 2,293                               | 518,865                      |
| Income before income taxes and<br>cumulative effect of accounting change | 40,637  | 159,251                      | 291.9                        | 1,429                               | 47,409                       |
| Income before cumulative effect of<br>accounting change                  | 21,271  | 86,686                       | 307.5                        | 778                                 | 10,114                       |
| Cumulative effect of accounting change                                   | 109,799   |                              |                              |                                     | 109,799                      |
| Net income   | 131,070   | 86,686                       | (33.9)                       | 778                                 | 119,913                      |
| Per share data :   |   |                              |                              |                                     |                              |
| Basic-   |   |                              |                              |                                     |                              |
| Income before cumulative effect of<br>accounting change                  | 10.82   | 44.71                        | 313.2                        | 0.40                                | 5.17                         |
| Cumulative effect of accounting change                                   | 55.86   |                              |                              |                                     | 56.09                        |
| Net income   | 66.68   | 44.71                        | (32.9)                       | 0.40                                | 61.26                        |
| Diluted-   |   |                              |                              |                                     |                              |
| Income before cumulative effect of<br>accounting change                  | 10.82   | 44.71                        | 313.2                        | 0.40                                | 5.17                         |
| Cumulative effect of accounting change                                   | 55.86   |                              |                              |                                     | 56.09                        |
| Net income   | 66.68   | 44.71                        | (32.9)                       | 0.40                                | 61.26                        |
| Cash dividends   |   | 7.50                         |                              | 0.07                                | 15.00                        |
| Return on equity (ROE):  | 9.1% *  | 10.4% *                      |                              |                                     | 7.4%                         |
| <b><u>AT PERIOD-END</u></b>  |   |                              |                              |                                     |                              |
| Total Assets   | ¥ 18,963,616  | ¥ 27,238,887                 |                              | \$ 244,448                          | ¥ 21,169,446                 |
| Shareholders equity  | 1,732,621   | 1,705,548                    |                              | 15,306                              | 1,642,328                    |
| Per share data :   |   |                              |                              |                                     |                              |
| Shareholders equity  | 881.56  | 878.34                       |                              | 7.88                                | 846.40                       |

\* ROE for the interim period is calculated as below:

(Income before cumulative effect of accounting change x 2 + Cumulative effect of accounting change, if any)

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(Shareholders' equity at the beginning of period + Shareholders' equity at the end of period) / 2

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**Table of Contents****Results of Operations****Financial Overview**

The following table provides selected consolidated income statement information for the six months ended September 30, 2002 and 2003.

|   | Millions of yen          |                    |
|---|--------------------------|--------------------|
|   | For the six months ended |                    |
|   | September 30, 2002       | September 30, 2003 |
| Non-interest revenue                        | ¥ 223,340                | ¥ 355,498          |
| Net interest revenue                        | 60,075                   | 59,276             |
| Net revenue                                 | 283,415                  | 414,774            |
| Non-interest expenses                       | 242,778                  | 255,523            |
| Income before income taxes                  | 40,637                   | 159,251            |
| Income tax expense                          | 19,366                   | 72,565             |
| Cumulative effect of accounting change (*1) | 109,799                  |                    |
| Net income                                  | ¥ 131,070                | ¥ 86,686           |
| Return on equity (ROE)                      | 9.1%                     | 10.4%              |

(\*1) Cumulative effect of accounting change represents writing off the remaining unamortized negative goodwill associated with the acquisition of Nomura Asset Management Co., Ltd.

Nomura Holdings, Inc. and its consolidated subsidiaries ( Nomura ) reported net revenue of ¥ 414.8 billion for the six months ended September 30, 2003, an increase of ¥ 131.4 billion or 46% from ¥ 283.4 billion for the six months ended September 30, 2002. Non-interest expenses were ¥ 255.5 billion for the six months ended September 30, 2003, an increase of ¥ 12.7 billion or 5% from the same period in the prior year.

Income before income taxes and net income were ¥ 159.3 billion and ¥ 86.7 billion, respectively, for the six months ended September 30, 2003. This compares to income before income taxes and net income of ¥ 40.6 billion and ¥ 131.1 billion respectively for the same period in the prior year.

Total assets were ¥ 27.2 trillion at September 30, 2003, an increase of ¥ 6.1 trillion from March 31, 2003 and total shareholders' equity increased by ¥ 63.2 billion from March 31, 2003 to ¥ 1.7 trillion at September 30, 2003. Nomura's return on equity was 10.4% for the six months ended September 30, 2003.



**Table of Contents****Business Segments****Operating Results of Domestic Retail**

|                            | Millions of yen          |                    |
|----------------------------|--------------------------|--------------------|
|                            | For the six months ended |                    |
|                            | September 30, 2002       | September 30, 2003 |
| Non-interest revenue       | ¥ 122,573                | ¥ 149,787          |
| Net interest revenue       | 1,204                    | 775                |
| Net revenue                | 123,777                  | 150,562            |
| Non-interest expenses      | 108,429                  | 111,117            |
| Income before income taxes | ¥ 15,348                 | ¥ 39,445           |

Domestic Retail has further strengthened its capabilities to provide personalized investment consultation services with customers in order to meet their various investment needs in the current low interest rate environment. Net revenue increased by 22% from ¥ 123,777 million for the six months ended September 30, 2002 to ¥ 150,562 million for the six months ended September 30, 2003. Non-interest expenses increased by 2% from ¥ 108,429 million for the six months ended September 30, 2002 to ¥ 111,117 million for the six months ended September 30, 2003. As a result, Income before income taxes increased by 157% from ¥ 15,348 million for the six months ended September 30, 2002 to ¥ 39,445 million for the six months ended September 30, 2003.

**Operating Results of Global Wholesale**

|                            | Millions of yen          |                    |
|----------------------------|--------------------------|--------------------|
|                            | For the six months ended |                    |
|                            | September 30, 2002       | September 30, 2003 |
| Non-interest revenue       | ¥ 97,645                 | ¥ 163,829          |
| Net interest revenue       | 47,510                   | 45,279             |
| Net revenue                | 145,155                  | 209,108            |
| Non-interest expenses      | 99,707                   | 113,756            |
| Income before income taxes | ¥ 45,448                 | ¥ 95,352           |

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Global Wholesale has made an effort to manage its business portfolio based on global customers' order-flow and Fixed Income and Equity increased net gain on trading. Net revenue increased by 44% from ¥ 145,155 million for the six months ended September 30, 2002 to ¥ 209,108 million for the six months ended September 30, 2003. Non-interest expenses increased by 14% from ¥ 99,707 million for the six months ended September 30, 2002 to ¥ 113,756 million for the six months ended September 30, 2003. As a result, Income before income taxes increased by 110% from ¥ 45,448 million for the six months ended September 30, 2002 to ¥ 95,352 million for the six months ended September 30, 2003.

### *Fixed Income*

Net revenue increased by 45% from ¥ 76,363 million for the six months ended September 30, 2002 to ¥ 110,379 million for the six months ended September 30, 2003, mainly due to an increase in net gain on trading relating to foreign currency bonds. Non-interest expenses increased by 34% from ¥ 35,278 million for the six months ended September 30, 2002 to ¥ 47,367 million for the six months ended September 30, 2003. As a result, Income before income taxes increased by 53% from ¥ 41,085 million for the six months ended September 30, 2002 to ¥ 63,012 million for the six months ended September 30, 2003.

**Table of Contents***Equity*

Net revenue increased by 39% from ¥ 42,770 million for the six months ended September 30, 2002 to ¥ 59,331 million for the six months ended September 30, 2003, mainly due to an increase in customers' order-flow, such as block trading. Non-interest expenses increased by 9% from ¥ 32,670 million for the six months ended September 30, 2002 to ¥ 35,672 million for the six months ended September 30, 2003. As a result, Income before income taxes increased by 134% from ¥ 10,100 million for the six months ended September 30, 2002 to ¥ 23,659 million for the six months ended September 30, 2003.

*Investment Banking*

Net revenue for Investment Banking increased by 1% from ¥ 33,283 million for the six months ended September 30, 2002 to ¥ 33,476 million for the six months ended September 30, 2003, partly due to a revitalization in equity capital markets. Non-interest expenses for Investment Banking decreased by 7% from ¥ 27,487 million for the six months ended September 30, 2002 to ¥ 25,544 million for the six months ended September 30, 2003. As a result, Income before income taxes for Investment Banking increased by 37% from ¥ 5,796 million for the six months ended September 30, 2002 to ¥ 7,932 million for the six months ended September 30, 2003.

*Merchant Banking*

Net loss for Merchant Banking was ¥ 7,261 million for the six months ended September 30, 2002 and Net revenue for Merchant Banking was ¥ 5,922 million for the six months ended September 30, 2003, mainly due to gains from exit transactions and a rise in the fair value of investments. Non-interest expenses for Merchant Banking increased by 21% from ¥ 4,272 million for the six months ended September 30, 2002 to ¥ 5,173 million for the six months ended September 30, 2003. As a result, Loss before income taxes for Merchant Banking was ¥ 11,533 million for the six months ended September 30, 2002 and Income before income taxes for Merchant Banking was ¥ 749 million for the six months ended September 30, 2003.

*Operating Results of Asset Management*

|                                   | Millions of yen          |                    |
|-----------------------------------|--------------------------|--------------------|
|                                   | For the six months ended |                    |
|                                   | September 30, 2002       | September 30, 2003 |
| Non-interest revenue              | ¥ 20,138                 | ¥ 15,231           |
| Net interest (expense) revenue    | (32)                     | 1,071              |
| Net revenue                       | 20,106                   | 16,302             |
| Non-interest expenses             | 17,677                   | 18,709             |
| Income (loss) before income taxes | ¥ 2,429                  | ¥ (2,407)          |

Net revenue decreased by 19% from ¥ 20,106 million for the six months ended September 30, 2002 to ¥ 16,302 million for the six months ended September 30, 2003, due to a decrease in asset management and portfolio service fees reflecting declines in the outstanding balance of bond investment trusts. Non-interest expenses increased by 6% from ¥ 17,677 million for the six months ended September 30, 2002 to ¥ 18,709 million for the six months ended September 30, 2003, mainly due to a special withdrawal charge paid to the Japan Securities Dealers Employees Pension Fund by Nomura Asset Management Co., Ltd. As a result, Income before income taxes was ¥ 2,429 million for the six months ended September 30, 2002 and Loss before income taxes was ¥ 2,407 million for the six months ended September 30, 2003.

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***Other Operating Results***

Other operating results include gain (loss) on investment securities, equity in earnings (losses) of affiliates and other financial adjustments. Please refer to Note 7 to the consolidated financial information for a reconciliation of segment results to income statement information. Loss before income taxes in Other increased from ¥ 1,587 million for the six months ended September 30, 2002 to ¥ 5,861 million for the six months ended September 30, 2003.

**Financial Position**

Total assets at September 30, 2003 were ¥ 27.2 trillion, up ¥ 6.1 trillion, compared with March 31, 2003, reflecting an increase in trading-related assets. Total liabilities at September 30, 2003 were ¥25.5 trillion, up ¥6.0 trillion, compared with March 31, 2003, reflecting an increase in trading-related liabilities. Trading-related balances (assets/liabilities) include trading assets and private equity investments, receivables under resale agreements and securities borrowed transactions, securities pledged as collateral, trading liabilities, payables under repurchase agreements and securities loaned transactions.

Cash and cash equivalents at September 30, 2003 increased by ¥162.9 billion compared with March 31, 2003. Net cash used in operating activities was ¥30.7 billion, mainly due to an increase in net trading-related balances (net of assets and liabilities). Net cash provided by investing activities was ¥95.3 billion mainly because of sales and redemptions of investments in equity securities and non-trading debt securities. Net cash provided by financing activities was ¥112.8 billion mainly due to an increase in borrowings.

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## NOMURA HOLDINGS, INC.

## CONSOLIDATED INCOME STATEMENT INFORMATION

(UNAUDITED)

|  | Millions of yen           | % Change                  | Translation into<br>millions of<br>U.S. dollars | Millions of<br>yen    |
|--|---------------------------|---------------------------|---|-----------------------|
|  | For the six months ended  |                           |   | For the year<br>ended |
|  | September 30,<br>2002 (A) | September 30,<br>2003 (B) | September<br>30,<br>2003                        | March 31,<br>2003     |
|  |                           |                           |   |                       |
|  |                           | (B-A)/(A)                 |   |                       |
| <b>Revenue:</b>  |                           |                           |   |                       |
| Commissions  | ¥ 80,776                  | ¥ 89,719                  | 11.1 %  | \$ 805                |
| Fees from investment banking   | 33,913                    | 34,358                    | 1.3   | 309                   |
| Asset management and portfolio service fees                                      | 46,095                    | 30,757                    | (33.3)  | 276                   |
| Net gain on trading  | 66,149                    | 147,529                   | 123.0   | 1,324                 |
| Interest and dividends   | 206,913                   | 217,880                   | 5.3   | 1,955                 |
| (Loss) gain on investments in equity securities                                  | (10,419)                  | 31,769                    |   | 285                   |
| Gain (loss) on private equity investments  | (2,892)                   | 6,598                     |   | 59                    |
| Other  | 9,718                     | 14,768                    | 52.0  | 133                   |
| <b>Total revenue</b>   | <b>430,253</b>            | <b>573,378</b>            | <b>33.3</b>                                     | <b>5,146</b>          |
| Interest expense   | 146,838                   | 158,604                   | 8.0   | 1,424                 |
| <b>Net revenue</b>   | <b>283,415</b>            | <b>414,774</b>            | <b>46.3</b>                                     | <b>3,722</b>          |
| <b>Non-interest expenses:</b>  |                           |                           |   |                       |
| Compensation and benefits  | 121,283                   | 133,589                   | 10.1  | 1,199                 |
| Commissions and floor brokerage  | 10,030                    | 9,529                     | (5.0)   | 85                    |
| Information processing and communications  | 37,409                    | 38,410                    | 2.7   | 345                   |
| Occupancy and related depreciation   | 29,100                    | 26,825                    | (7.8)   | 241                   |
| Business development expenses  | 13,677                    | 10,411                    | (23.9)  | 93                    |
| Other  | 31,279                    | 36,759                    | 17.5  | 330                   |
|  | 242,778                   | 255,523                   | 5.2   | 2,293                 |
| <b>Income before income taxes and cumulative<br/>effect of accounting change</b> | <b>40,637</b>             | <b>159,251</b>            | <b>291.9</b>                                    | <b>1,429</b>          |
| <b>Income tax expense:</b>   |                           |                           |   |                       |
| Current  | 13,844                    | 65,511                    | 373.2   | 588                   |
| Deferred   | 5,522                     | 7,054                     | 27.7  | 63                    |
|  | 19,366                    | 72,565                    | 274.7   | 651                   |
|  | 21,271                    | 86,686                    | 307.5   | 778                   |

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|  |           |          |          |                               |           |
|--|-----------|----------|----------|-------------------------------|-----------|
| Income before cumulative effect of accounting change |           |          |          |                               |           |
| Cumulative effect of accounting change               | 109,799   |          |          |                               | 109,799   |
| Net income   | ¥ 131,070 | ¥ 86,686 | (33.9)   | \$ 778                        | ¥ 119,913 |
| Per share of common stock:                           |           |          |          |                               |           |
|  | Yen       |          | % Change | Translation into U.S. dollars | Yen       |
| Basic-   |           |          |          |                               |           |
| Income before cumulative effect of accounting change | ¥ 10.82   | ¥ 44.71  | 313.2 %  | \$ 0.40                       | ¥ 5.17    |
| Cumulative effect of accounting change               | 55.86     |          |          |                               | 56.09     |
| Net income   | ¥ 66.68   | ¥ 44.71  | (32.9)   | \$ 0.40                       | ¥ 61.26   |
| Diluted-   |           |          |          |                               |           |
| Income before cumulative effect of accounting change | ¥ 10.82   | ¥ 44.71  | 313.2    | \$ 0.40                       | ¥ 5.17    |
| Cumulative effect of accounting change               | 55.86     |          |          |                               | 56.09     |
| Net income   | ¥ 66.68   | ¥ 44.71  | (32.9)   | \$ 0.40                       | ¥ 61.26   |

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## NOMURA HOLDINGS, INC.

## CONSOLIDATED BALANCE SHEET INFORMATION

(UNAUDITED)

|   | Millions of yen          |                   |                          | Translation into<br>millions of       |
|---|--------------------------|-------------------|--------------------------|---------------------------------------|
|   | September<br>30,<br>2002 | March 31,<br>2003 | September<br>30,<br>2003 | U.S. dollars<br>September 30,<br>2003 |
| <b>ASSETS</b>   |                          |                   |                          |                                       |
| Cash and cash deposits:   |                          |                   |                          |                                       |
| Cash and cash equivalents   | ¥ 159,694                | ¥ 491,237         | ¥ 654,158                | \$ 5,871                              |
| Time deposits   | 416,930                  | 422,570           | 313,608                  | 2,814                                 |
| Deposits with stock exchanges and other segregated cash   | 37,717                   | 41,702            | 63,605                   | 571                                   |
|   | <u>614,341</u>           | <u>955,509</u>    | <u>1,031,371</u>         | <u>9,256</u>                          |
| Loans and receivables:  |                          |                   |                          |                                       |
| Loans receivable  | 509,691                  | 436,371           | 423,216                  | 3,798                                 |
| Receivables from customers  | 173,539                  | 404,388           | 505,251                  | 4,534                                 |
| Receivables from other than customers   | 273,977                  | 311,665           | 452,095                  | 4,057                                 |
| Receivables under resale agreements and securities<br>borrowed transactions   | 6,916,802                | 8,603,170         | 11,999,160               | 107,684                               |
| Securities pledged as collateral  | 3,667,215                | 3,359,807         | 5,020,151                | 45,052                                |
| Allowance for doubtful accounts   | (18,812)                 | (15,159)          | (6,789)                  | (61)                                  |
|   | <u>11,522,412</u>        | <u>13,100,242</u> | <u>18,393,084</u>        | <u>165,064</u>                        |
| Trading assets and private equity investments:  |                          |                   |                          |                                       |
| Securities inventory  | 4,794,443                | 5,152,393         | 5,966,971                | 53,549                                |
| Derivative contracts  | 417,724                  | 503,417           | 526,306                  | 4,723                                 |
| Private equity investments  | 270,679                  | 270,890           | 277,294                  | 2,488                                 |
|   | <u>5,482,846</u>         | <u>5,926,700</u>  | <u>6,770,571</u>         | <u>60,760</u>                         |
| Other assets:   |                          |                   |                          |                                       |
| Office buildings, land, equipment and facilities (net of<br>accumulated depreciation and amortization of ¥176,274<br>million at September 30, 2002, ¥177,374 million at March<br>31, 2003, and ¥173,713 million (\$1,559 million) at<br>September 30, 2003, respectively) | 181,359                  | 184,868           | 180,891                  | 1,624                                 |
| Lease deposits  | 77,842                   | 65,211            | 71,964                   | 646                                   |
| Non-trading debt securities   | 402,479                  | 270,120           | 201,716                  | 1,810                                 |
| Investments in equity securities  | 170,690                  | 138,084           | 150,465                  | 1,350                                 |
| Investments in and advances to affiliated companies   | 263,892                  | 223,970           | 203,507                  | 1,826                                 |
| Deferred tax assets   | 112,682                  | 112,313           | 99,283                   | 891                                   |
| Other assets  | 135,073                  | 192,429           | 136,035                  | 1,221                                 |

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|              |              |              |              |            |
|--------------|--------------|--------------|--------------|------------|
|              | 1,344,017    | 1,186,995    | 1,043,861    | 9,368      |
| Total assets | ¥ 18,963,616 | ¥ 21,169,446 | ¥ 27,238,887 | \$ 244,448 |

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NOMURA HOLDINGS, INC.  
 CONSOLIDATED BALANCE SHEET INFORMATION  
 (UNAUDITED)

|   | Millions of yen          |                   |                          | Translation into<br>millions of<br>U.S. dollars |
|---|--------------------------|-------------------|--------------------------|---|
|   | September<br>30,<br>2002 | March 31,<br>2003 | September<br>30,<br>2003 | September 30,<br>2003                           |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>  |                          |                   |                          |   |
| Payables, borrowings and deposits:  |                          |                   |                          |   |
| Payables to customers   | ¥ 263,265                | ¥ 180,565         | ¥ 207,540                | \$ 1,862  |
| Payables to other than customers  | 193,430                  | 384,910           | 415,765                  | 3,731   |
| Payables under repurchase agreements and securities loaned transactions   | 9,728,958                | 10,952,135        | 13,695,818               | 122,910   |
| Short-term borrowings   | 1,813,442                | 1,497,468         | 1,429,608                | 12,830  |
| Time and other deposits received  | 196,611                  | 256,184           | 301,516                  | 2,706   |
|   | <u>12,195,706</u>        | <u>13,271,262</u> | <u>16,050,247</u>        | <u>144,039</u>                                  |
| Trading liabilities:  |                          |                   |                          |   |
| Securities sold but not yet purchased   | 2,538,738                | 3,401,715         | 6,427,291                | 57,680  |
| Derivative contracts  | 360,001                  | 487,005           | 530,011                  | 4,756   |
|   | <u>2,898,739</u>         | <u>3,888,720</u>  | <u>6,957,302</u>         | <u>62,436</u>                                   |
| Other liabilities:  |                          |                   |                          |   |
| Accrued income taxes  | 19,024                   | 28,608            | 58,269                   | 523   |
| Accrued pension and severance costs   | 57,083                   | 86,582            | 87,157                   | 782   |
| Other   | 236,213                  | 296,509           | 239,811                  | 2,152   |
|   | <u>312,320</u>           | <u>411,699</u>    | <u>385,237</u>           | <u>3,457</u>                                    |
| Long-term borrowings  | 1,824,230                | 1,955,437         | 2,140,553                | 19,210  |
| Total liabilities   | <u>17,230,995</u>        | <u>19,527,118</u> | <u>25,533,339</u>        | <u>229,142</u>                                  |
| Commitments and contingencies (See Note 5)  |                          |                   |                          |   |
| Shareholders equity:  |                          |                   |                          |   |
| Common stock Authorized - 6,000,000,000 shares Issued - 1,965,919,860 shares at September 30, 2002, March 31, 2003 and September 30, 2003 | 182,800                  | 182,800           | 182,800                  | 1,640   |
| Additional paid-in capital  | 151,066                  | 151,328           | 153,491                  | 1,377   |

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|  |                     |                     |                     |                   |
|--|---------------------|---------------------|---------------------|-------------------|
| Retained earnings  | 1,447,291           | 1,407,028           | 1,479,150           | 13,274            |
| <b>Accumulated other comprehensive (loss) income</b>   |                     |                     |                     |                   |
| Minimum pension liability adjustment   | (23,900)            | (41,558)            | (39,735)            | (356)             |
| Cumulative translation adjustments   | (23,766)            | (22,329)            | (37,588)            | (337)             |
|  | (47,666)            | (63,887)            | (77,323)            | (693)             |
|  | 1,733,491           | 1,677,269           | 1,738,118           | 15,598            |
| Less-Common stock held in treasury, at cost - 510,599 shares,<br>25,556,340 shares, and 24,137,689 shares at September 30,<br>2002, March 31, 2003, and September 30, 2003, respectively | (870)               | (34,941)            | (32,570)            | (292)             |
| <b>Total shareholders equity</b>   | <b>1,732,621</b>    | <b>1,642,328</b>    | <b>1,705,548</b>    | <b>15,306</b>     |
| <b>Total liabilities and shareholders equity</b>   | <b>¥ 18,963,616</b> | <b>¥ 21,169,446</b> | <b>¥ 27,238,887</b> | <b>\$ 244,448</b> |

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## NOMURA HOLDINGS, INC.

## CONSOLIDATED INFORMATION OF CASH FLOWS

(UNAUDITED)

|   | Millions of yen             |                             | Translation<br>into<br>millions of<br>U.S. dollars | Millions of<br>yen          |
|---|-----------------------------|-----------------------------|--|-----------------------------|
|   | For the six months<br>ended | For the six months<br>ended | For the six months<br>ended                        | For the year<br>ended       |
|   | September 30, 2002          | September 30, 2003          | September 30, 2003                                 | March 31, 2003              |
|   | September 30, 2002          | September 30, 2003          | September 30, 2003                                 | March 31, 2003              |
| <b>Cash flows from operating activities:</b>  |                             |                             |  |                             |
| Net income  | ¥ 131,070                   | ¥ 86,686                    | \$ 778   | ¥ 119,913                   |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: |                             |                             |  |                             |
| Cumulative effect of accounting change  | (109,799)                   |                             |  | (109,799)                   |
| Depreciation and amortization   | 14,920                      | 16,752                      | 150  | 31,249                      |
| Loss (gain) on investments in equity securities   | 10,419                      | (31,769)                    | (285)  | 41,288                      |
| Deferred income tax expense   | 5,522                       | 7,054                       | 63   | 11,776                      |
| Changes in operating assets and liabilities :   |                             |                             |  |                             |
| Time deposits   | (35,009)                    | 102,670                     | 921  | (36,585)                    |
| Deposits with stock exchanges and other segregated cash                                     | (1,880)                     | (25,858)                    | (232)  | (6,271)                     |
| Trading assets and private equity investments   | (691,711)                   | (996,325)                   | (8,941)  | (1,167,700)                 |
| Trading liabilities   | 235,433                     | 3,200,188                   | 28,719   | 1,242,333                   |
| Receivables under resale agreements and securities borrowed transactions                    | (537,419)                   | (3,860,503)                 | (34,645)   | (2,315,743)                 |
| Payables under repurchase agreements and securities loaned transactions                     | 1,872,243                   | 3,319,421                   | 29,789   | 3,236,698                   |
| Loans and receivables, net of allowance   | (638,909)                   | (2,059,805)                 | (18,485)   | (590,802)                   |
| Time and other deposits received and other payables   | (591,554)                   | 127,899                     | 1,148  | (477,756)                   |
| Accrued income taxes, net   | (18,923)                    | 53,650                      | 482  | (31,738)                    |
| Other, net  | (40,758)                    | 29,243                      | 263  | 87,250                      |
|   | <u>                    </u> | <u>                    </u> | <u>                    </u>                        | <u>                    </u> |
| Net cash (used in) provided by operating activities   | (396,355)                   | (30,697)                    | (275)  | 34,113                      |
|   | <u>                    </u> | <u>                    </u> | <u>                    </u>                        | <u>                    </u> |
| <b>Cash flows from investing activities:</b>  |                             |                             |  |                             |
| Payments for purchases of office buildings, land, equipment and facilities                  | (20,756)                    | (15,610)                    | (140)  | (45,235)                    |
|   | 285                         | 921                         | 8  | 690                         |

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|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Proceeds from sales of office buildings, land, equipment and facilities |                   |                   |                   |                   |
| Payments for purchases of investments in equity securities              | (1,134)           | (19)              | (0)               | (10,299)          |
| Proceeds from sales of investments in equity securities                 | 20,079            | 19,407            | 174               | 30,067            |
| Decrease in non-trading debt securities, net                            | 23,033            | 68,633            | 616               | 152,209           |
| (Increase) decrease in other investments and other assets, net          | (4,986)           | 21,944            | 197               | 6,621             |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash provided by investing activities                               | <u>16,521</u>     | <u>95,276</u>     | <u>855</u>        | <u>134,053</u>    |
| <b>Cash flows from financing activities:</b>                            |                   |                   |                   |                   |
| Increase in long-term borrowings  | 375,638           | 354,375           | 3,180             | 654,407           |
| Decrease in long-term borrowings  | (109,488)         | (350,624)         | (3,147)           | (324,232)         |
| (Decrease) increase in short-term borrowings, net                       | (43,815)          | 134,020           | 1,203             | (290,775)         |
| Proceeds from sales of common stock                                     |                   | 7,995             | 72                |                   |
| Payments for repurchases of common stock                                |                   | (3,824)           | (34)              | (34,527)          |
| Payments for cash dividends   | (29,485)          | (29,117)          | (261)             | (29,485)          |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash provided by (used in) financing activities                     | <u>192,850</u>    | <u>112,825</u>    | <u>1,013</u>      | <u>(24,612)</u>   |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Effect of exchange rate changes on cash and cash equivalents            | (9,957)           | (14,483)          | (130)             | (8,952)           |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net (decrease) increase in cash and cash equivalents                    | (196,941)         | 162,921           | 1,463             | 134,602           |
| Cash and cash equivalents at beginning of the period                    | <u>356,635</u>    | <u>491,237</u>    | <u>4,408</u>      | <u>356,635</u>    |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash and cash equivalents at end of the period                          | <u>¥ 159,694</u>  | <u>¥ 654,158</u>  | <u>\$ 5,871</u>   | <u>¥ 491,237</u>  |

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

**1. Description of Business:**

Nomura Holdings, Inc. (the Company) and its broker-dealer, banking and other financial services subsidiaries provide investment, financing and related services to individuals, institutional and governmental customers on a global basis.

**2. Basis of Financial Information:**

The consolidated financial information includes the accounts of the Company and other entities in which it has a controlling financial interest (The Company and other entities in which it has a controlling financial interest are collectively referred to as Nomura). Because the usual condition for a controlling financial interest in an entity is ownership of a majority of the voting interest, the Company consolidates its majority-owned subsidiaries. A controlling financial interest can also exist in entities in which equity investors do not have the characteristics of a controlling financial interest or which do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such entities are referred to as variable interest entities (VIEs). The Company consolidates VIEs created after January 31, 2003 where Nomura is the primary beneficiary. The primary beneficiary is 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.

All material intercompany transactions have been eliminated in consolidation. The consolidated financial information has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require management to make estimates regarding certain financial instrument valuations, the outcome of litigation, the recovery of the carrying value of certain assets, the allowance for loan loss reserves, the realization of deferred tax assets and other matters that affect the carrying value of reported assets and liabilities and related disclosures. Estimates, by their nature, are based on judgment and available information. Therefore, actual results may differ from estimates, and the difference could have a material impact on the consolidated financial information.

The consolidated financial information as of and for the year ended March 31, 2003 has been derived from the audited March 31, 2003 consolidated financial statements included in the Company's annual report filed with the Securities and Exchange Commission on Form 20-F. The interim consolidated financial information as of September 30, 2003 and 2002 and for the six-month periods then ended is unaudited; however, in the opinion of management, such information includes all adjustments, consisting only of normal and recurring items, necessary for a fair presentation. Certain footnote disclosures, including Nomura's significant accounting policies, which are normally required under U.S. GAAP have been omitted. Accordingly, the unaudited interim financial information should be read in conjunction with the audited consolidated financial statements included in the Company's annual report. The nature of Nomura business is such that the results of operations for any interim period are not necessarily indicative of the results for the entire fiscal year.

**3. New Accounting Pronouncements:**

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In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities - an interpretation of ARB No. 51 ( FIN 46 ). FIN 46 provides guidance on what constitutes a variable interest entity ( VIE ) and the circumstances under which it is to be consolidated. Public entities were required to apply the provisions of FIN 46 to VIEs created before February 1, 2003, in the period beginning after June 15, 2003, i.e., July 1, 2003 in Nomura s case.

On October 10, 2003, the FASB issued FASB Staff Position No. FIN 46-6 (the FSP ), which deferred the effective date for applying the provisions of FIN 46 by public entities to VIEs created before February 1, 2003, until the end of the period ending after December 15, 2003, i.e., December 31, 2003 in Nomura s case. The FSP also deferred the effective date for applying FIN 46 to nonregistered investment companies until the AICPA finalizes its proposed Statement of Position ( SOP ) on the clarification of the scope of the Audit Guide (AICPA Audit and Accounting Guide Audits of Investment Companies) and accounting by parent companies and equity method investors for investments in investment companies. The FASB is also considering certain FIN 46 implementation issues and expects to issue a modification to FIN 46 in the fourth quarter of 2003.

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As a result of the FSP, Nomura did not apply the provisions of FIN 46 to variable interests in VIEs created before February 1, 2003, in its consolidated financial information for the period ended September 30, 2003. Nomura estimates at this time that applying FIN 46 will not have a material impact on its consolidated financial information as of and for the period ending December 31, 2003.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The new guidance amends SFAS No. 133 for decisions made as part of the Derivatives Implementation Group (DIG) process that effectively required amendments to SFAS No. 133, and decisions made in connection with other FASB projects dealing with financial instruments and in connection with implementation issues raised in relation to the application of the definition of a derivative and characteristics of a derivative that contains financing components. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The implementation of SFAS No. 149 did not have a material impact on Nomura's consolidated financial information for the six months ended September 30, 2003.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 requires an issuer to classify certain financial instruments with characteristics of both liabilities and equity as liabilities (or an asset in some circumstances). Many of those instruments were previously classified as equity. Under SFAS No. 150, certain financial instruments issued in the form of shares that are mandatorily redeemable, that embody an obligation to repurchase the issuer's equity shares, and that the issuer must or may settle by issuing a variable number of its equity shares, are classified as liabilities. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The implementation of SFAS No. 150 did not have a material impact on Nomura's consolidated financial information for the six months ended September 30, 2003.

#### **4. U.S. dollar amounts:**

The U.S. dollar amounts are included solely for the convenience of the reader and have been translated at the rate of ¥111.43 = US\$1, the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on September 30, 2003. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in U.S. dollars.

**Table of Contents****5. Credit and investment commitments and guarantees:****Commitments**

In connection with its banking/financing activities, Nomura has provided to counterparties through subsidiaries, commitments to extend credit, which generally have a fixed expiration date. In connection with its investment banking activities, Nomura has entered into agreements with customers under which Nomura has committed to underwrite notes that may be issued by the customers. The outstanding commitments under these agreements are included in commitments to extend credit. Nomura has also had commitments in connection with its merchant banking activities.

Contractual amounts of these commitments were as follows:

|   | <b>Translation into<br/>millions of</b> |                               |                           |
|---|---|-------------------------------|---------------------------|
|   | <b>Millions of yen</b>                  | <b>U.S. dollars</b>           | <b>Millions of yen</b>    |
|   | <b>September<br/>30,<br/>2003</b>       | <b>September 30,<br/>2003</b> | <b>March 31,<br/>2003</b> |
| Commitments to extend credit and commitments in connection with merchant banking activities | ¥ 156,965                               | \$ 1,409                      | ¥ 247,344                 |

**Guarantees**

Nomura enters into, in the normal course of its subsidiaries' banking/financing activities, various guarantee arrangements with counterparties in the form of standby letters of credit and other guarantees, which generally have a fixed expiration date. In addition, Nomura enters into certain derivative contracts that meet the accounting definition of a guarantee under FIN No. 45. Contractual amounts of these guarantees, other than derivative contract, for which the fair values are recorded on the consolidated balance sheets at fair value, were as follows:

|  | <b>Translation into<br/>millions of</b> |                               |                           |
|--|---|-------------------------------|---------------------------|
|  | <b>Millions of yen</b>                  | <b>U.S. dollars</b>           | <b>Millions of yen</b>    |
|  | <b>September 30,<br/>2003</b>           | <b>September 30,<br/>2003</b> | <b>March 31,<br/>2003</b> |
| Standby letters of credit and other guarantees | ¥ 24,139                                | \$ 217                        | ¥ 49,449                  |

6. Change in consolidated retained earnings:

|                                | Translation into<br>millions of |                       |                    |
|--------------------------------|---------------------------------|-----------------------|--------------------|
|                                | Millions of yen                 | U.S. dollars          | Millions of yen    |
|                                | For the six months ended        |                       | For the year ended |
|                                | September<br>30,<br>2003        | September 30,<br>2003 | March 31,<br>2003  |
| Balance at beginning of period | ¥ 1,407,028                     | \$ 12,627             | ¥ 1,316,221        |
| Net income                     | 86,686                          | 778                   | 119,913            |
| Dividends                      | (14,564)                        | (131)                 | (29,106)           |
| Balance at end of period       | ¥ 1,479,150                     | \$ 13,274             | ¥ 1,407,028        |

**Table of Contents****7. Segment Information-Operating segment:**

Business segments results for the six months ended September 30, 2002 and 2003 and for the year ended March 2003 are shown in the following table.

|   | Millions of yen    |                     |                     |                             | Total     |
|---|--------------------|---------------------|---------------------|-----------------------------|-----------|
|   | Domestic<br>Retail | Global<br>Wholesale | Asset<br>Management | Other<br>(Inc. elimination) |           |
| <b>Six months ended September 30, 2002</b>  |                    |                     |                     |                             |           |
| Non-interest revenue  | ¥ 122,573          | ¥ 97,645            | ¥ 20,138            | ¥ 2,956                     | ¥ 243,312 |
| Net interest revenue  | 1,204              | 47,510              | (32)                | 11,393                      | 60,075    |
| Net revenue   | 123,777            | 145,155             | 20,106              | 14,349                      | 303,387   |
| Non-interest expenses   | 108,429            | 99,707              | 17,677              | 15,936                      | 241,749   |
| Income (loss) before income taxes   | ¥ 15,348           | ¥ 45,448            | ¥ 2,429             | ¥ (1,587)                   | ¥ 61,638  |
| <b>Six months ended September 30, 2003</b>  |                    |                     |                     |                             |           |
| Non-interest revenue  | ¥ 149,787          | ¥ 163,829           | ¥ 15,231            | ¥ (10,637)                  | ¥ 318,210 |
| Net interest revenue  | 775                | 45,279              | 1,071               | 12,151                      | 59,276    |
| Net revenue   | 150,562            | 209,108             | 16,302              | 1,514                       | 377,486   |
| Non-interest expenses   | 111,117            | 113,756             | 18,709              | 7,375                       | 250,957   |
| Income (loss) before income taxes   | ¥ 39,445           | ¥ 95,352            | ¥ (2,407)           | ¥ (5,861)                   | ¥ 126,529 |
| <b>Change (%)</b>   |                    |                     |                     |                             |           |
| Income (loss) before income taxes<br>Six months ended September 30, 2003 vs. 2002 | 157.0              | 109.8               |                     |                             | 105.3     |
| <b>Translation into millions of U.S. dollars</b>                                  |                    |                     |                     |                             |           |
| <b>Six months ended September 30, 2003</b>  |                    |                     |                     |                             |           |
| Non-interest revenue  | \$ 1,344           | \$ 1,470            | \$ 137              | \$ (95)                     | \$ 2,856  |
| Net interest revenue  | 7                  | 407                 | 9                   | 109                         | 532       |
| Net revenue   | 1,351              | 1,877               | 146                 | 14                          | 3,388     |
| Non-interest expenses   | 997                | 1,021               | 168                 | 66                          | 2,252     |
| Income (loss) before income taxes   | \$ 354             | \$ 856              | \$ (22)             | \$ (52)                     | \$ 1,136  |

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Millions of yen

| Year ended March 31, 2003         |           |           |          |            |           |
|-----------------------------------|-----------|-----------|----------|------------|-----------|
| Non-interest revenue              | ¥ 246,938 | ¥ 196,675 | ¥ 34,828 | ¥ (2,966)  | ¥ 475,475 |
| Net interest revenue              | 2,313     | 101,794   | 2,232    | 20,939     | 127,278   |
| Net revenue                       | 249,251   | 298,469   | 37,060   | 17,973     | 602,753   |
| Non-interest expenses             | 213,562   | 207,436   | 33,866   | 58,678     | 513,542   |
| Income (loss) before income taxes | ¥ 35,689  | ¥ 91,033  | ¥ 3,194  | ¥ (40,705) | ¥ 89,211  |

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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.

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

|   | Millions of yen          |                       | Translation into<br>millions of | Millions of           |
|---|--------------------------|-----------------------|---------------------------------|-----------------------|
|   |                          |                       | U.S. dollars                    | yen                   |
|   | For the six months ended |                       |                                 | For the year<br>ended |
|   | September 30,<br>2002    | September 30,<br>2003 | September<br>30,<br>2003        | March 31,<br>2003     |
| (Loss) / gain on undesignated hedging instruments included in Net gain on trading | ¥ (1,753)                | ¥ (11,680)            | \$ (105)                        | ¥ 2,065               |
| Gain / (loss) on investment securities  | 10,892                   | (556)                 | (5)                             | (561)                 |
| Equity in income / (losses) of affiliates   | 353                      | 2,394                 | 22                              | (3,842)               |
| Corporate items   | (678)                    | (8,461)               | (76)                            | (9,356)               |
| Impairment loss on investment in an affiliated company                            |                          |                       |                                 | (21,165)              |
| Others  | (10,401)                 | 12,442                | 112                             | (7,846)               |
| <b>Total</b>  | <b>¥ (1,587)</b>         | <b>¥ (5,861)</b>      | <b>\$ (52)</b>                  | <b>¥ (40,705)</b>     |

The table below presents a reconciliation of the combined segment information included in the table on the previous page to reported net revenue and income before income taxes and cumulative effect of accounting change in the consolidated income statement information.

|   | Millions of yen          |                       | Translation into<br>millions of | Millions of yen    |
|---|--------------------------|-----------------------|---------------------------------|--------------------|
|   |                          |                       | U.S. dollars                    |                    |
|   | For the six months ended |                       |                                 | For the year ended |
|   | September 30,<br>2002    | September 30,<br>2003 | September<br>30,<br>2003        | March 31,<br>2003  |
| Net revenue   | ¥ 303,387                | ¥ 377,486             | \$ 3,388                        | ¥ 602,753          |
| Unrealized (loss)/gain on investments in equity securities held for relationship purposes | (21,675)                 | 33,039                | 296                             | (43,017)           |
|   | 1,703                    | 4,249                 | 38                              | 6,538              |

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| Effect of consolidation/deconsolidation of the private equity investee companies          |           |           |          |           |
|---|-----------|-----------|----------|-----------|
| Consolidated net revenue  | ¥ 283,415 | ¥ 414,774 | \$ 3,722 | ¥ 566,274 |
| Income before income taxes  | ¥ 61,638  | ¥ 126,529 | \$ 1,136 | ¥ 89,211  |
| Unrealized (loss)/gain on investments in equity securities held for relationship purposes | (21,675)  | 33,039    | 296      | (43,017)  |
| Effect of consolidation/deconsolidation of the private equity investee companies          | 674       | (317)     | (3)      | 1,215     |
| Consolidated income before income taxes and cumulative effect of accounting change        | ¥ 40,637  | ¥ 159,251 | \$ 1,429 | ¥ 47,409  |

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Commissions received and Net gain on trading consist of the following:

Commissions received

|  | Millions of yen          |                        | % Change  | Translation into millions of U.S. dollars | Millions of yen    |
|--|--------------------------|------------------------|-----------|---|--------------------|
|  | For the six months ended |                        |           |   | For the year ended |
|  | September 30, 2002 (A)   | September 30, 2003 (B) | (B-A)/(A) | September 30, 2003                        | March 31, 2003     |
| Commissions                                      | ¥ 80,776                 | ¥ 89,719               | 11.1      | \$ 805                                    | ¥ 141,640          |
| Brokerage Commissions                            | 47,290                   | 64,258                 | 35.9      | 577                                       | 85,157             |
| Commissions for Distribution of Investment Trust | 18,004                   | 15,341                 | (14.8)    | 138                                       | 30,507             |
| Fees from Investment Banking                     | 33,913                   | 34,358                 | 1.3       | 309                                       | 81,847             |
| Underwriting and Distribution                    | 25,611                   | 27,865                 | 8.8       | 250                                       | 62,365             |
| M&A / Financial Advisory Fees                    | 7,163                    | 6,424                  | (10.3)    | 58  | 16,803             |
| Asset Management and Portfolio Service Fees      | 46,095                   | 30,757                 | (33.3)    | 276                                       | 79,290             |
| Asset Management Fees                            | 41,461                   | 25,759                 | (37.9)    | 231                                       | 70,181             |
| Total  | ¥ 160,784                | ¥ 154,834              | (3.7)     | \$ 1,390                                  | ¥ 302,777          |

Net gain on trading

|                  | Millions of yen          |                        | % Change  | Translation into millions of U.S. dollars | Millions of yen    |
|------------------|--------------------------|------------------------|-----------|---|--------------------|
|                  | For the six months ended |                        |           |   | For the year ended |
|                  | September 30, 2002 (A)   | September 30, 2003 (B) | (B-A)/(A) | September 30, 2003                        | March 31, 2003     |
| Merchant Banking | ¥ (2,246)                | ¥ 1,155                |           | \$ 10                                     | ¥ 2,779            |

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|                                |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity Trading                 | 15,064            | 52,866            | 250.9             | 475               | 35,919            |
| Fixed Income and Other Trading | 53,331            | 93,508            | 75.3              | 839               | 133,610           |
|                                | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Total                          | ¥ 66,149          | ¥ 147,529         | 123.0             | \$ 1,324          | ¥ 172,308         |
|                                | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

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## NOMURA HOLDINGS, INC.

## CONSOLIDATED INCOME STATEMENT INFORMATION

(UNAUDITED)

| Millions of yen   |                  |                       |                      |                   |                  |                       |
|---|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| For the three months ended  |                  |                       |                      |                   |                  |                       |
|   | June 30,<br>2002 | September 30,<br>2002 | December 31,<br>2002 | March 31,<br>2003 | June 30,<br>2003 | September 30,<br>2003 |
| <b>Revenue:</b>   |                  |                       |                      |                   |                  |                       |
| Commissions   | ¥ 46,091         | ¥ 34,685              | ¥ 34,303             | ¥ 26,561          | ¥ 33,752         | ¥ 55,967              |
| Fees from investment banking  | 15,632           | 18,281                | 16,937               | 30,997            | 14,498           | 19,860                |
| Asset management and portfolio service fees   | 24,190           | 21,905                | 17,541               | 15,654            | 13,735           | 17,022                |
| Net gain on trading   | 36,964           | 29,185                | 48,340               | 57,819            | 80,432           | 67,097                |
| Interest and dividends  | 91,065           | 115,848               | 107,190              | 87,821            | 113,844          | 104,036               |
| (Loss) gain on investments in equity securities                                     | (3,325)          | (7,094)               | (21,912)             | (8,957)           | 16,168           | 15,601                |
| Gain (loss) on private equity investments   | 3,037            | (5,929)               | (1,991)              | (9,508)           | (669)            | 7,267                 |
| Other   | 3,317            | 6,401                 | 3,729                | 6,142             | 8,030            | 6,738                 |
| <b>Total revenue</b>  | <b>216,971</b>   | <b>213,282</b>        | <b>204,137</b>       | <b>206,529</b>    | <b>279,790</b>   | <b>293,588</b>        |
| Interest expense  | 74,305           | 72,533                | 71,990               | 55,817            | 79,703           | 78,901                |
| <b>Net revenue</b>  | <b>142,666</b>   | <b>140,749</b>        | <b>132,147</b>       | <b>150,712</b>    | <b>200,087</b>   | <b>214,687</b>        |
| <b>Non-interest expenses:</b>   |                  |                       |                      |                   |                  |                       |
| Compensation and benefits   | 63,595           | 57,688                | 59,472               | 63,412            | 65,903           | 67,686                |
| Commissions and floor brokerage   | 4,477            | 5,553                 | 3,564                | 7,250             | 4,904            | 4,625                 |
| Information processing and communications   | 18,176           | 19,233                | 18,801               | 21,179            | 18,890           | 19,520                |
| Occupancy and related depreciation  | 14,563           | 14,537                | 14,118               | 13,934            | 13,319           | 13,506                |
| Business development expenses   | 5,895            | 7,782                 | 4,823                | 5,861             | 4,983            | 5,428                 |
| Other   | 17,589           | 13,690                | 12,379               | 51,294            | 20,788           | 15,971                |
|   | 124,295          | 118,483               | 113,157              | 162,930           | 128,787          | 126,736               |
| <b>Income (loss) before income taxes and cumulative effect of accounting change</b> | <b>18,371</b>    | <b>22,266</b>         | <b>18,990</b>        | <b>(12,218)</b>   | <b>71,300</b>    | <b>87,951</b>         |
| <b>Income tax expense (benefit):</b>  |                  |                       |                      |                   |                  |                       |
| Current   | 15,100           | (1,256)               | 2,085                | 9,590             | 27,093           | 38,418                |
| Deferred  | (4,775)          | 10,297                | 1,934                | 4,320             | 5,159            | 1,895                 |
|   | 10,325           | 9,041                 | 4,019                | 13,910            | 32,252           | 40,313                |

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|   |                  |                 |                 |                   |                 |                 |
|---|------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| Income (loss) before cumulative effect of accounting change | 8,046            | 13,225          | 14,971          | (26,128)          | 39,048          | 47,638          |
| Cumulative effect of accounting change                      | 109,799          |                 |                 |                   |                 |                 |
| Net income (loss)   | <u>¥ 117,845</u> | <u>¥ 13,225</u> | <u>¥ 14,971</u> | <u>¥ (26,128)</u> | <u>¥ 39,048</u> | <u>¥ 47,638</u> |

Yen

Per share of common stock:

Basic-

|   |                |               |               |                  |                |                |
|---|----------------|---------------|---------------|------------------|----------------|----------------|
| Income (loss) before cumulative effect of accounting change | ¥ 4.09         | ¥ 6.73        | ¥ 7.65        | ¥ (13.46)        | ¥ 20.14        | ¥ 24.58        |
| Cumulative effect of accounting change                      | 55.86          |               |               |                  |                |                |
| Net income (loss)   | <u>¥ 59.95</u> | <u>¥ 6.73</u> | <u>¥ 7.65</u> | <u>¥ (13.46)</u> | <u>¥ 20.14</u> | <u>¥ 24.58</u> |

Diluted-

|   |                |               |               |                  |                |                |
|---|----------------|---------------|---------------|------------------|----------------|----------------|
| Income (loss) before cumulative effect of accounting change | ¥ 4.09         | ¥ 6.73        | ¥ 7.65        | ¥ (13.46)        | ¥ 20.14        | ¥ 24.58        |
| Cumulative effect of accounting change                      | 55.86          |               |               |                  |                |                |
| Net income (loss)   | <u>¥ 59.95</u> | <u>¥ 6.73</u> | <u>¥ 7.65</u> | <u>¥ (13.46)</u> | <u>¥ 20.14</u> | <u>¥ 24.58</u> |

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**Organizational Structure**

The following table lists Nomura Holdings, Inc. and its significant subsidiaries and affiliates.

Nomura Holdings, Inc.

**Domestic Subsidiaries**

Nomura Securities Co., Ltd.

Nomura Asset Management Co., Ltd.

The Nomura Trust & Banking Co., Ltd.

Nomura Babcock & Brown Co., Ltd.

Nomura Capital Investment Co., Ltd.

Nomura Investor Relations Co., Ltd.

Nomura Principal Finance Co., Ltd.

The Nomura Fundnet Securities Co., Ltd.

Nomura Funds Research and Technologies Co., Ltd.

Nomura DC Planning Co., Ltd.

Nomura Human Capital Solutions Co., Ltd.

Nomura Research & Advisory Co., Ltd.

Nomura Business Services Co., Ltd.

Nomura Satellite Communications Co., Ltd.

**Overseas Subsidiaries**

Nomura Holding America Inc.

Nomura Securities International, Inc.

Nomura Corporate Research and Asset Management Inc.

Nomura Asset Capital Corporation

The Capital Company of America, LLC

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Nomura Derivative Products, Inc.

Nomura Global Financial Products, Inc.

Nomura Securities (Bermuda) Ltd.

Nomura Europe Holdings plc

Nomura International plc

Nomura Bank International plc

Banque Nomura France

Nomura Bank (Luxembourg) S.A.

Nomura Bank (Deutschland) GmbH

Nomura Bank (Switzerland) Ltd.

Nomura Italia S.I.M. p.A.

Nomura Funding Facility Corporation Limited

Nomura Global Funding plc

Nomura Europe Finance N.V.

Nomura Principal Investment plc

Nomura Asia Holding N.V.

Nomura Investment Banking (Middle East) E.C.

Nomura International (Hong Kong) Limited

Nomura Singapore Limited

Nomura Advisory Services (Malaysia) Sdn. Bhd.

Nomura Australia Limited

PT Nomura Indonesia

### **Affiliates**

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Nomura Research Institute, Ltd.

JAFCO Co., Ltd.

Nomura Land and Building Co., Ltd.

Capital Nomura Securities Public Company Limited

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### **Corporate Goals and Principles**

#### **Management Policy**

The vision of the Nomura Group (Nomura Holdings, Inc. (the Company)) and its domestic and overseas consolidated subsidiaries, except for companies invested through merchant banking activities) is to enhance its position as a globally competitive Japanese financial services group. The Company will seek to realize this vision by strengthening the Group's franchise in domestic securities markets that have a high growth potential and by consolidating the Group's comprehensive capabilities around the globe.

As a management target, the Company intends to maintain an average consolidated return on equity of 10 to 15% over the medium- to long-term.

The Company adopted the Committee System with the approval of the General Meeting of Shareholders held in June 2003. Under the Committee System, management oversight functions are separated from business operation functions. Many of the powers to execute business activities are delegated to executive officers, and the Nomination, Audit and Compensation Committees, on each of which a majority of its members are outside directors, are established. Under the Committee System, the Company aims to promote more agile and transparent management.

#### **Structure of Business Operations**

In executing the business operations, the Nomura Group focuses on business lines, which are linked globally, rather than individual legal entities. The Group's business lines are comprised of three lines: Domestic Retail, Global Wholesale and Asset Management, and Global Wholesale consists of Fixed Income, Equity, Investment Banking and Merchant Banking.

The Company allocates management resources to the business lines after examining their business plans and budgets. Each business line operates within the management resources allocated, and the Company monitors the results closely.

To establish a strong business portfolio, the Nomura Group will enhance the professional skills of each business line, to which it delegates an appropriate level of authority to execute business, and strengthen linkages among business lines to take full advantage of the Group's global capabilities.

#### **Dividend Policy**

The Company will determine the amount of any cash dividend, broadly considering such factors as the firm's dividend-on-equity ratio (DOE), the firm's level of profits and its maintenance of capital sufficient to capture business opportunities as they may develop. As for retained profits,

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the Company intends to invest in business areas where high profitability and growth may reasonably be expected, including development and expansion of infrastructure, to maximize value for shareholders.

### **Reduction of the Size of Trading Units**

The Company considers reduction of the size of trading units in the Japanese market as an important step in allowing greater access to investors and as conducive to expanding the securities market. The Company will consider such reductions following the revision of the Commercial Code, etc.

### **Current Challenges**

While there remain many cautious views on Japan's economy and securities markets, some indications of economic recovery can be found, such as growth of real gross domestic products and favorable changes in corporate profits. In this environment, the Nomura Group will analyze various customer needs, combine its accumulated experience and expertise both at home and abroad and develop products so that it can provide creative solutions to customers through capital markets. The strategies of each business line are as follows.

With regards to Domestic Retail, the Nomura Group will enhance its flexibility and capacity to quickly supply domestic and overseas products based on the specific needs of each customer. Through providing the best financial services, the Group seeks to increase customers' assets entrusted to it. In addition, the Group will continue its efforts to broaden individual investors' participation in the securities markets by supporting capital market lectures at colleges and universities and investor education programs in local communities.

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In Global Wholesale, the Nomura Group will flexibly respond to changes in the business environment and exploit expanding business opportunities. The Group will promote a globalization strategy through providing solutions to various needs of customers, such as advice on mergers and acquisitions, industrial revitalization, securitization and trading for asset liquidation.

Regarding Asset Management, the Nomura Group aims to improve investment performance through generating medium to long-term value-added by strengthening research functions. In addition, while expanding the marketing channels and enhancing the product development capabilities, the Group endeavors to increase assets under management and revenues. In regards to the defined contribution pension plan business, the Group will broaden its customer base through enhancing the offering of integrated services ranging from consulting for plan implementation to supply of products.

Utilizing its combined strengths, the Nomura Group is committed to actively contributing to structural reforms of the Japanese economy and corporations, and increasing its own corporate value.

### **Basic concept of corporate governance, and the status of its implementation**

(Basic concept of corporate governance)

The Company has adopted the Committee System following amendments to the Articles of Incorporation at the General Meeting of Shareholders held in June 2003 and its domestic subsidiaries (14 domestic companies of the Nomura Group) have followed.

Under the Committee System, management oversight functions are separated from business operation functions and many of the powers to execute business activities are delegated to executive officers. As a result of the new structure, the Company can make quicker management decisions on a consolidated basis. Under the new corporate governance structure, the Company has established three committees: a Nomination Committee, an Audit Committee and a Compensation Committee, each of which has a majority of outside directors, aimed at strengthening management oversight and further improving transparency.

(The status of corporate governance policy implementation)

1) The status of corporate governance regarding management decision-making, implementation and oversight, etc. in administrative organization

(1) The Committee System or the Statutory Auditor System

As described above, the Company has adopted the Committee System upon resolution of the General Meeting of Shareholders held in June 2003.

(2) Appointment of outside directors

The Board of Directors of the Company is comprised of eleven directors including four outside directors as defined under the Commercial Code of Japan.

(3) Overview of the committees

(i) Nomination Committee

The Nomination Committee is authorized to determine the particulars of proposals concerning the election and dismissal of directors to be submitted to a general meeting of shareholders. This committee's current members are Junichi Ujiie (Chairman of the Board), Masaharu Shibata (outside director) and Hideaki Kubori (outside director). Junichi Ujiie is the Chairman of this committee.

(ii) Audit Committee

The Audit Committee is authorized to audit the execution by directors and executive officers of their duties and determine the particulars of proposals concerning the election and dismissal of the independent auditor to be submitted to a general meeting of shareholders. This committee's current members are Haruo Tsuji (outside director), Koji Tajika (outside director) and Fumihide Nomura (non-executive director). Haruo Tsuji is the Chairman of this committee. All of the members are independent under the standards set forth in the Sarbanes-Oxley Act.

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(iii) Compensation Committee

The Compensation Committee is authorized to determine the particulars of the compensation for each director and executive officer. This committee's current members are Junichi Ujiie (Chairman of the Board), Masaharu Shibata (outside director) and Hideaki Kubori (outside director). Junichi Ujiie is the Chairman of this committee.

(4) Allocation of full-time staff for the outside directors

Secretariat and Office of Audit Committee assist directors, including the outside directors, in execution of their operations.

(5) Framework for operational execution and auditing

Twenty-seven executive officers determine the matters delegated by resolutions of the Board of Directors and execute the business of the Company. Important matters of those delegated to executive officers are determined by the Board of Executive Officers or the Executive Management Board, each of which comprises the executive officers. The Board of Executive Officers composed of all twenty-seven executive officers is authorized to determine the annual business plan and budget and the allocation of the management resources of the Nomura Group. The Executive Management Board consisting of ten executive officers including all representative executive officers is authorized to determine important matters concerning the management of the Nomura Group. The Board of Directors and the Audit Committee oversee the operation of the directors and executive officers.

(6) Internal control and procedures

Following the adoption of the Committee System, the Company has reorganized the internal control systems to enhance their functions. The Board of Directors has directed non-executive but full-time directors, who are very familiar with the business and organization of the Nomura Group, to support the audit of the Audit Committee, the majority of which are outside directors. The Company has established a new department, Office of Audit Committee, to assist the activities of the Audit Committee and has maintained information flow from the Internal Audit Department to the Audit Committee. In addition, the Internal Controls Committee, which consists of six members, four executive officers including President & CEO and two directors including one outside director, advises the management regarding the status of internal control and procedures of the Nomura Group.

(7) Attorneys, accountants and other third parties

Outside attorneys provide, as necessary, advice in regard to important matters related to operations, finance, compliance and others. Shin Nihon & Co. (member firm in Japan of Ernst Young), the Company's independent accountant, makes substantive recommendations, as appropriate, on internal control and procedures over financial reporting as well as audits the Company's financial statements.

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2) Summary of personal, capital, dealing and other conflicts of interest between the Company, its outside directors and outside auditors

None.

3) Implementation to expand company corporate governance in the recent year

As described above, the Company adopted the Committee System following resolution at the General Meeting of Shareholders in June 2003.

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**Unconsolidated Financial Information of Major Consolidated Entities**

**(UNAUDITED)**

**The unconsolidated financial information, prepared under Japanese GAAP, is presented for the following entities;**

**-Nomura Holdings, Inc. Financial Information (Parent Company Only)**

**-Nomura Securities Co., Ltd. Financial Information**

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## Financial Summary For the Six Months Ended September 30, 2003

(Unconsolidated)

Date: October 30, 2003  
Company name (code number): Nomura Holdings, Inc. (8604)  
URL(<http://www.nomura.com/>)  
Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8011, Japan  
Stock exchange listings: (In Japan) Tokyo, Osaka, Nagoya  
(Overseas) New York, Amsterdam, Singapore  
Representative: Nobuyuki Koga  
President and Chief Executive Officer, Nomura Holdings, Inc.  
For inquiries: Koichi Ikegami  
General Manager, Investor Relations Department,  
Nomura Group Headquarters, Nomura Securities Co., Ltd.  
Tel: (Country Code 81) 3-3211-1811  
Number of shares in unit share system: 1,000 shares  
Date of interim dividend payment: December 15, 2003

**(1) Operating Results**

(Truncated to the nearest million yen except percentages)

|  | <u>Operating<br/>Revenue</u> | <u>(Comparison)</u> | <u>Operating<br/>Income</u> | <u>(Comparison)</u> | <u>Ordinary<br/>Income</u> | <u>(Comparison)</u> |
|--|------------------------------|---------------------|-----------------------------|---------------------|----------------------------|---------------------|
| Six Months Ended<br>September 30, 2003 | 66,694                       | 33.2% *3            | 20,605                      | 302.8% *3           | 21,751                     | 200.4% *3           |
| Six Months Ended<br>September 30, 2002 | 50,064                       |                     | 5,116                       |                     | 7,240                      |                     |
| Year Ended March 31, 2003              | 102,633                      |                     | 10,036                      |                     | 10,742                     |                     |

|                                     | <u>Net Profit<br/>(Loss)</u> | <u>(Comparison)</u> | <u>Net Profit (Loss)<br/>per share (Yen)</u> |
|-------------------------------------|------------------------------|---------------------|--|
| Six Months Ended September 30, 2003 | 19,207                       | 87.1% *3            | 9.90   |
| Six Months Ended September 30, 2002 | 10,264                       |                     | 5.22   |
| Year Ended March 31, 2003           | (12,825)                     |                     | (6.70)                                       |

Notes: 1. Average number of shares issued and outstanding during  
Six months ended September 30, 2003: 1,939,507,639  
Six months ended September 30, 2002: 1,965,537,273  
The year ended March 31, 2003: 1,958,071,011

2. Change in accounting method: None

3. Comparison shows increase/decrease from the six months ended September 30, 2002

**(2) Dividend**

|                           | Dividend Per Share |          |
|---------------------------|--------------------|----------|
|                           | Interim            | Year-end |
| Six months ended:         | Yen                | Yen      |
| September 30, 2003        | 7.50               |          |
| September 30, 2002        |                    |          |
| Year ended March 31, 2003 |                    | 15.00    |

Note: The Company introduced the interim dividend system from the six month ended September 30, 2003.

**(3) Financial Position**

(in millions of yen except per share data and percentages)

|                    | Total<br>Assets | Shareholders<br>Equity | Shareholders Equity/<br>Total Liabilities and<br>Shareholders Equity (%) | Shareholders<br>Equity Per<br>Share (Yen) |
|--------------------|-----------------|------------------------|--|---|
| September 30, 2003 | 2,321,921       | 1,355,565              | 58.4   | 697.83                                    |
| September 30, 2002 | 2,047,106       | 1,409,498              | 68.9   | 717.15                                    |
| March 31, 2003     | 2,121,113       | 1,342,035              | 63.3   | 691.21                                    |

|  |                     |               |
|--|---------------------|---------------|
| 1. Number of shares issued and outstanding at      | September 30, 2003: | 1,942,537,572 |
|  | September 30, 2002: | 1,965,409,261 |
|  | March 31, 2003:     | 1,941,118,921 |
| 2. Number of treasury stock issued and outstanding | September 30, 2003: | 23,382,288    |
|  | September 30, 2002: | 510,599       |
|  | March 31, 2003:     | 24,800,939    |

**Table of Contents****Nomura Holdings, Inc.****Unconsolidated Balance Sheet Information****(Unaudited)**

|  | (Millions of yen)  |                  |                     |                    |
|--|--------------------|------------------|---------------------|--------------------|
|  | September 30, 2003 | March 31, 2003   | Increase/(Decrease) | September 30, 2002 |
| <b>ASSETS</b>  |                    |                  |                     |                    |
| <b>Current Assets</b>                                | 842,903            | 652,450          | 190,453             | 508,817            |
| Cash and time deposits                               | 4,815              | 11,239           | (6,423)             | 3,336              |
| Short-term loans receivable                          | 772,846            | 578,420          | 194,426             | 454,990            |
| Deferred tax assets                                  | 8,924              | 9,260            | (335)               | 19,705             |
| Other current assets                                 | 56,320             | 54,242           | 2,078               | 31,316             |
| Allowance for doubtful accounts                      | (3)                | (712)            | 709                 | (531)              |
| <b>Fixed Assets</b>                                  | 1,479,018          | 1,468,663        | 10,354              | 1,538,288          |
| Tangible fixed assets                                | 40,739             | 43,518           | (2,778)             | 44,433             |
| Intangible assets                                    | 66,545             | 66,494           | 51                  | 60,572             |
| Investments and others                               | 1,371,732          | 1,358,650        | 13,082              | 1,433,281          |
| Investment securities                                | 144,724            | 129,853          | 14,871              | 161,179            |
| Investments in subsidiaries and affiliates (at cost) | 1,107,838          | 1,096,164        | 11,673              | 1,025,489          |
| Long-term loans receivable from subsidiaries         |                    |                  |                     | 120,000            |
| Long-term guarantee deposits                         | 54,145             | 54,187           | (41)                | 60,809             |
| Deferred tax assets                                  | 45,372             | 61,326           | (15,954)            | 48,483             |
| Other investments                                    | 19,687             | 17,120           | 2,566               | 17,453             |
| Allowance for doubtful accounts                      | (34)               | (1)              | (33)                | (133)              |
| <b>TOTAL ASSETS</b>                                  | <b>2,321,921</b>   | <b>2,121,113</b> | <b>200,808</b>      | <b>2,047,106</b>   |
| <b>LIABILITIES</b>                                   |                    |                  |                     |                    |
| <b>Current liabilities</b>                           | 445,827            | 256,253          | 189,573             | 204,860            |
| Short-term borrowings                                | 202,000            | 101,500          | 100,500             |                    |
| Bond with maturity of less than one year             | 2,631              |                  | 2,631               | 28,641             |
| Payables to customers and others                     | 189,792            | 131,677          | 58,114              | 158,294            |
| Accrued income taxes                                 | 32,090             | 1,596            | 30,493              | 1                  |
| Other current liabilities                            | 19,313             | 21,479           | (2,165)             | 17,924             |
| <b>Long-term liabilities</b>                         | 520,528            | 522,824          | (2,295)             | 432,747            |
| Bonds payable  | 120,000            | 122,631          | (2,631)             | 62,631             |

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|  |                  |                  |                |                  |
|--|------------------|------------------|----------------|------------------|
| Long-term borrowings                             | 399,500          | 399,500          |                | 369,500          |
| Other long-term liabilities                      | 1,028            | 693              | 335            | 616              |
| <b>TOTAL LIABILITIES</b>                         | <b>966,356</b>   | <b>779,077</b>   | <b>187,278</b> | <b>637,607</b>   |
| <b>SHAREHOLDERS EQUITY</b>                       |                  |                  |                |                  |
| Common stock                                     | 182,799          | 182,799          |                | 182,799          |
| Capital reserves                                 | 114,303          | 112,504          | 1,799          | 112,504          |
| Additional paid-in capital                       | 112,504          | 112,504          |                | 112,504          |
| Other capital reserves                           | 1,799            |                  | 1,799          |                  |
| Earned surplus                                   | 1,055,710        | 1,065,929        | (10,218)       | 1,089,019        |
| Earned surplus reserve                           | 81,858           | 81,858           |                | 81,858           |
| Voluntary reserve                                | 950,038          | 990,041          | (40,003)       | 990,041          |
| Unappropriated retained earnings (deficit)       | 23,814           | (5,969)          | 29,784         | 17,119           |
| Net unrealized gain on investments               | 33,788           | 14,211           | 19,577         | 26,045           |
| Treasury stock                                   | (31,037)         | (33,409)         | 2,371          | (870)            |
| <b>TOTAL SHAREHOLDERS EQUITY</b>                 | <b>1,355,565</b> | <b>1,342,035</b> | <b>13,529</b>  | <b>1,409,498</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b> | <b>2,321,921</b> | <b>2,121,113</b> | <b>200,808</b> | <b>2,047,106</b> |

**Table of Contents****Nomura Holdings, Inc.****Unconsolidated Income Statement Information****(Unaudited)**

|   | <b>(Millions of yen)</b>      |                               |                   |                          |
|---|-------------------------------|-------------------------------|-------------------|--------------------------|
|   | <b>Six Months Ended</b>       | <b>Six Months Ended</b>       | <b>Comparison</b> | <b>Fiscal Year Ended</b> |
|   | <b>September 30, 2003 (A)</b> | <b>September 30, 2002 (B)</b> | <b>(A-B)/(B)</b>  | <b>March 31, 2003</b>    |
| <b>Operating revenue</b>                  | 66,694                        | 50,064                        | 33.2%             | 102,633                  |
| Property and equipment fee revenue        | 29,456                        | 29,077                        | 1.3               | 60,901                   |
| Rent revenue                              | 14,793                        | 15,101                        | (2.0)             | 30,796                   |
| Royalty on trademark                      | 2,926                         | 2,821                         | 3.7               | 5,177                    |
| Dividend from subsidiaries and affiliates | 16,420                        |                               |                   |                          |
| Others                                    | 3,097                         | 2,806                         | 10.4              | 5,355                    |
| Interest income                           | 0                             | 257                           | (99.9)            | 403                      |
| <b>Operating expenses</b>                 | 46,089                        | 44,948                        | 2.5               | 92,596                   |
| Compensation and benefits                 | 332                           | 481                           | (31.0)            | 605                      |
| Rental and maintenance                    | 15,956                        | 16,558                        | (3.6)             | 34,151                   |
| Data processing and office supplies       | 10,352                        | 10,791                        | (4.1)             | 21,844                   |
| Depreciation and amortization             | 12,999                        | 11,479                        | 13.2              | 24,080                   |
| Others                                    | 4,274                         | 3,913                         | 9.2               | 8,256                    |
| Interest expenses                         | 2,174                         | 1,724                         | 26.1              | 3,657                    |
| <b>Operating income</b>                   | 20,605                        | 5,116                         | 302.8             | 10,036                   |
| Non-operating income                      | 1,285                         | 2,659                         | (51.6)            | 3,824                    |
| Non-operating expenses                    | 139                           | 534                           | (73.9)            | 3,119                    |
| <b>Ordinary income</b>                    | 21,751                        | 7,240                         | 200.4             | 10,742                   |
| Special profits                           | 3,033                         | 12,210                        | (75.2)            | 16,498                   |
| Special losses                            | 3,187                         | 934                           | 241.2             | 44,773                   |
| <b>Profit (loss) before income taxes</b>  | 21,597                        | 18,517                        | 16.6              | (17,531)                 |
| Income taxes - current                    | (848)                         | (19,579)                      |                   | (39,527)                 |
| Income taxes - deferred                   | 3,238                         | 27,832                        | (88.4)            | 34,821                   |

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|  |        |        |        |          |
|--|--------|--------|--------|----------|
| Net profit (loss)                                | 19,207 | 10,264 | 87.1   | (12,825) |
| Unappropriated retained earnings brought forward | 4,606  | 6,855  | (32.8) | 6,855    |
| Unappropriated retained earnings (deficit)       | 23,814 | 17,119 | 39.1   | (5,969)  |

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### **Notes to Financial Information**

The financial information for the six months ended September 30, 2003 were prepared under Japanese GAAP in accordance with Regulations Concerning the Terminology, Forms and Preparation Methods of Semi-Annual Financial Statements (Ministry of Finance Ordinance No. 38, 1977).

### **Significant Accounting Policies**

#### 1. Basis and Methods of Valuation for Financial Instruments

- (1) Other securities
  - a. Securities with market value  
Recorded at market value.  
The difference between the cost using the moving average method or amortized cost and market value less deferred taxes is recorded as Net unrealized gain on investments in shareholders equity on the balance sheet.
  - b. Securities with no market value  
Recorded at cost using the moving average method or amortized cost.
- (2) Stocks of subsidiaries and affiliates  
Recorded at cost using the moving average method.

#### 2. Depreciation and Amortization

##### (1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings acquired after March 31, 1998 which are depreciated on the straight-line method.

##### (2) Amortization of intangible assets

Intangible assets are amortized over their estimated useful lives primarily on the straight-line method.

#### 3. Provisions

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To provide for bad loans, the Company made provisions for doubtful accounts based on an estimate of the uncollectable amount calculated using historical loss ratios or a reasonable estimate based on financial condition of individual borrowers.

### 4. Translation of Accounts Denominated in Foreign Currencies

Financial assets and liabilities denominated in foreign currencies are translated into Japanese yen using exchange rates as of the balance sheet date. Gains and losses resulting from translation are reflected in the statement of operations.

### 5. Leasing Transactions

Financing leases other than those for which the ownership of the leased property are deemed as transfers to the lessee are accounted for primarily as ordinary rental transactions.

### 6. Hedging Activities

Mark-to-market profits and losses on hedging instruments are deferred as assets or liabilities until the profits or losses on the underlying hedged securities are realized.

### 7. Accounting for Consumption Taxes

Consumption taxes are accounted for based on the tax exclusion method.

### 8. Application of Consolidated Tax Return System

The Company applies the consolidated tax return system from the year ended March 31, 2003.

**Table of Contents****Notes to Unconsolidated Balance Sheet Information**

## 1. Financial Guarantees

|                                  | (Millions of yen)         |                       |                           |
|----------------------------------|---------------------------|-----------------------|---------------------------|
|                                  | <u>September 30, 2003</u> | <u>March 31, 2003</u> | <u>September 30, 2002</u> |
| Financial guarantees outstanding | 1,533,362                 | 1,562,830             | 1,579,101                 |

\* In accordance with Report No. 61 of the Audit Committee of the Japanese Institute of Certified Public Accountants, contracts which are financial guarantees in substance are included above.

## 2. Accumulated Depreciation on Tangible Fixed Assets

|  | (Millions of yen)         |                       |                           |
|--|---------------------------|-----------------------|---------------------------|
|  | <u>September 30, 2003</u> | <u>March 31, 2003</u> | <u>September 30, 2002</u> |
|  | 65,368                    | 63,010                | 65,438                    |

## 3. Stocks of Subsidiaries and Affiliates with Market Values

|  | (Millions of yen) |                     |                   |
|--|-------------------|---------------------|-------------------|
|  | <u>Book value</u> | <u>Market Value</u> | <u>Difference</u> |
| Investments in subsidiaries and affiliates | 45,785            | 113,022             | 67,237            |

**Notes to Unconsolidated Income Statement Information**

1. Property and equipment fee revenue is revenue from the leasing of furniture and fixtures, and software to subsidiaries, including Nomura Securities Co., Ltd.

2. Rent revenue is revenue from the leasing of properties to subsidiaries, including Nomura Securities Co., Ltd.

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3. Royalty on trademark is fee or patent revenue received on our trademark from Nomura Securities Co., Ltd.

4. Others (Operating revenue) includes fees from securities lending and interest received on loans from subsidiaries, including Nomura Securities Co., Ltd.

5. Special profits and losses consist of the following:

|  | <b>Six Months Ended</b>   | <b>Six Months Ended</b>   | <b>(Millions of yen)</b> |
|--|---------------------------|---------------------------|--------------------------|
|  | <b>September 30, 2003</b> | <b>September 30, 2002</b> | <b>Year Ended</b>        |
|  | <u>September 30, 2003</u> | <u>September 30, 2002</u> | <u>March 31, 2003</u>    |
| Special profits                                  |                           |                           |                          |
| Gain on sales of investment securities           | 2,357                     | 12,210                    | 16,498                   |
| Reversal of allowance for doubtful accounts      | 675                       |                           |                          |
| Special losses                                   |                           |                           |                          |
| Loss on sales of investment securities           | 1,666                     | 299                       | 3,389                    |
| Loss on devaluation of investment securities     | 1,521                     | 634                       | 11,167                   |
| Loss on devaluation of investments in affiliates |                           |                           | 30,216                   |

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## Financial Summary For the Six Months Ended September 30, 2003

Date: October 30, 2003  
Company name: Nomura Securities Co., Ltd.  
(URL <http://www.nomura.co.jp/>)  
Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8011, Japan  
Representative: Nobuyuki Koga  
President, Nomura Securities Co., Ltd.  
For inquiries: Koichi Ikegami  
General Manager, Investor Relations Department,  
Nomura Group Headquarters, Nomura Securities Co., Ltd.  
Tel: (Country Code 81) 3-3211-1811

**(1) Operating Results**

|                                     | (Truncated to the nearest million yen except percentages) |              |                       |              |                  |              |
|-------------------------------------|---|--------------|-----------------------|--------------|------------------|--------------|
|                                     | Operating Revenue   | (Comparison) | Net Operating Revenue | (Comparison) | Operating Income | (Comparison) |
| Six Months Ended September 30, 2003 | 320,797   | 35.7% *2     | 297,377               | 35.6% *2     | 136,192          | 128.7% *2    |
| Six Months Ended September 30, 2002 | 236,392   |              | 219,301               |              | 59,539           |              |
| Year Ended March 31, 2003           | 470,099   |              | 438,932               |              | 122,517          |              |

|                                     | Ordinary Income | (Comparison) | Net Income | (Comparison) |
|-------------------------------------|-----------------|--------------|------------|--------------|
| Six Months Ended September 30, 2003 | 136,444         | 128.7% *2    | 75,987     | 120.4% *2    |
| Six Months Ended September 30, 2002 | 59,663          |              | 34,471     |              |
| Year Ended March 31, 2003           | 121,985         |              | 70,622     |              |

Notes: 1) Change in accounting method: None

2) Comparison shows increase/decrease from the six months ended September 30, 2002.

**(2) Financial Position**

|                    | (Truncated to the nearest million yen except percentages) |                      |  |                            |
|--------------------|---|----------------------|--|----------------------------|
|                    | Total Assets  | Shareholder s Equity | Shareholder s Equity/ Total Liabilities and Shareholder s Equity (%) | Capital Adequacy Ratio (%) |
| September 30, 2003 | 14,397,082  | 708,329              | 4.9  | 240.0                      |
| September 30, 2002 | 8,794,378   | 612,301              | 7.0  | 240.1                      |

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|                |                  |                |            |              |
|----------------|------------------|----------------|------------|--------------|
| March 31, 2003 | <u>9,695,981</u> | <u>648,452</u> | <u>6.7</u> | <u>260.2</u> |
|----------------|------------------|----------------|------------|--------------|

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Nomura Securities Co., Ltd.

## Unconsolidated Balance Sheet Information

(Unaudited)

|   | (Millions of yen)         |                       |                            |                           |
|---|---------------------------|-----------------------|----------------------------|---------------------------|
|   | <u>September 30, 2003</u> | <u>March 31, 2003</u> | <u>Increase/(Decrease)</u> | <u>September 30, 2002</u> |
| <b>ASSETS</b>   |                           |                       |                            |                           |
| Current Assets  | 14,330,895                | 9,625,560             | 4,705,334                  | 8,725,766                 |
| Cash and time deposits                                  | 350,860                   | 263,758               | 87,102                     | 20,535                    |
| Deposits with exchanges and other segregated cash       | 760                       | 760                   |                            | 790                       |
| Trading assets:   | 7,295,683                 | 5,172,420             | 2,123,262                  | 5,050,358                 |
| Trading securities                                      | 6,333,396                 | 4,061,882             | 2,271,514                  | 4,194,919                 |
| Derivative contracts                                    | 962,286                   | 1,110,538             | (148,251)                  | 855,439                   |
| Net receivables arising from pre-settlement date trades | 399,965                   | 404,262               | (4,296)                    | 166,525                   |
| Margin account assets:                                  | 215,619                   | 78,833                | 136,785                    | 184,585                   |
| Loans to customers in margin transactions               | 100,465                   | 47,243                | 53,222                     | 114,901                   |
| Cash collateral to securities finance companies         | 115,153                   | 31,589                | 83,563                     | 69,684                    |
| Loans with securities as collateral:                    | 5,855,731                 | 3,538,974             | 2,316,757                  | 3,041,214                 |
| Cash collateral for securities borrowed                 | 5,447,383                 | 2,938,797             | 2,508,586                  | 2,925,536                 |
| Loans in gensaki transactions                           | 408,348                   | 600,177               | (191,829)                  | 115,677                   |
| Receivables from customers and others                   | 1,765                     | 1,698                 | 67                         | 1,830                     |
| Short-term guarantee deposits                           | 63,227                    | 12,318                | 50,909                     | 14,087                    |
| Short-term loans receivable                             | 94,076                    | 106,660               | (12,584)                   | 188,502                   |
| Deferred tax assets                                     | 22,413                    | 22,678                | (264)                      | 18,617                    |
| Other current assets                                    | 30,916                    | 23,406                | 7,509                      | 39,146                    |
| Allowance for doubtful accounts                         | (124)                     | (211)                 | 86                         | (426)                     |
| Fixed Assets  | 66,187                    | 70,420                | (4,233)                    | 68,611                    |
| Tangible fixed assets                                   | 174                       | 187                   | (13)                       | 203                       |
| Intangible assets                                       | 1,534                     | 1,494                 | 40                         | 1,578                     |
| Investments and others                                  | 64,477                    | 68,738                | (4,261)                    | 66,829                    |
| Investment securities                                   | 45                        | 45                    |                            | 45                        |
| Deferred tax assets                                     | 29,947                    | 30,931                | (984)                      | 32,121                    |
| Other investments                                       | 35,796                    | 46,435                | (10,638)                   | 43,264                    |
| Allowance for doubtful accounts                         | (1,311)                   | (8,673)               | 7,361                      | (8,600)                   |
| <b>TOTAL ASSETS</b>                                     | <b>14,397,082</b>         | <b>9,695,981</b>      | <b>4,701,101</b>           | <b>8,794,378</b>          |

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|   | (Millions of yen)  |                  |                     |                    |
|---|--------------------|------------------|---------------------|--------------------|
|   | September 30, 2003 | March 31, 2003   | Increase/(Decrease) | September 30, 2002 |
| <b>LIABILITIES</b>                                |                    |                  |                     |                    |
| Current Liabilities                               | 13,246,920         | 8,606,713        | 4,640,206           | 7,627,084          |
| Trading liabilities:                              | 4,741,215          | 2,869,769        | 1,871,446           | 2,061,162          |
| Trading securities                                | 3,866,874          | 1,823,770        | 2,043,104           | 1,294,775          |
| Derivative contracts                              | 874,340            | 1,045,999        | (171,658)           | 766,387            |
| Margin account liabilities:                       | 21,627             | 12,578           | 9,049               | 15,895             |
| Borrowings from securities finance companies      | 3,318              | 2,098            | 1,219               | 3,140              |
| Customer margin sale proceeds                     | 18,309             | 10,479           | 7,829               | 12,755             |
| Borrowings with securities as collateral:         | 6,098,266          | 3,729,547        | 2,368,718           | 3,496,863          |
| Cash collateral for securities loaned             | 4,042,325          | 2,218,736        | 1,823,588           | 2,265,427          |
| Borrowings in gensaki transactions                | 2,055,941          | 1,510,811        | 545,130             | 1,231,436          |
| Payables to customers and others                  | 164,297            | 142,921          | 21,376              | 128,690            |
| Guarantee deposits received                       | 75,886             | 40,102           | 35,784              | 93,167             |
| Short-term borrowings                             | 1,772,350          | 1,432,356        | 339,993             | 1,480,050          |
| Commercial paper                                  | 251,000            | 242,000          | 9,000               | 235,000            |
| Bond due within one year                          |                    | 50,000           | (50,000)            | 50,000             |
| Accrued income taxes                              | 19,827             | 13,699           | 6,127               | 10,454             |
| Other current liabilities                         | 102,448            | 73,737           | 28,710              | 55,800             |
| Long-term Liabilities                             | 441,207            | 439,963          | 1,244               | 554,511            |
| Bonds payable                                     | 358,200            | 358,200          |                     | 358,200            |
| Long-term borrowings                              | 10,000             | 10,000           |                     | 130,000            |
| Reserve for retirement benefits                   | 46,151             | 42,783           | 3,367               | 39,976             |
| Other long-term liabilities                       | 26,856             | 28,979           | (2,123)             | 26,335             |
| Statutory Reserves                                | 625                | 851              | (226)               | 480                |
| Reserve for securities transactions               | 625                | 851              | (226)               | 480                |
| <b>TOTAL LIABILITIES</b>                          | <b>13,688,753</b>  | <b>9,047,528</b> | <b>4,641,224</b>    | <b>8,182,077</b>   |
| <b>SHAREHOLDER S EQUITY</b>                       |                    |                  |                     |                    |
| Common stock                                      | 10,000             | 10,000           |                     | 10,000             |
| Capital reserves                                  | 529,479            | 529,479          |                     | 529,479            |
| Additional paid-in capital                        | 529,479            | 529,479          |                     | 529,479            |
| Earned surplus                                    | 168,850            | 108,973          | 59,876              | 72,822             |
| Voluntary reserve                                 | 63,000             | 18,000           | 45,000              | 18,000             |
| Unappropriated retained earnings                  | 105,850            | 90,973           | 14,876              | 54,822             |
| <b>TOTAL SHAREHOLDER S EQUITY</b>                 | <b>708,329</b>     | <b>648,452</b>   | <b>59,876</b>       | <b>612,301</b>     |
| <b>TOTAL LIABILITIES AND SHAREHOLDER S EQUITY</b> | <b>14,397,082</b>  | <b>9,695,981</b> | <b>4,701,101</b>    | <b>8,794,378</b>   |

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Nomura Securities Co., Ltd.

## Unconsolidated Income Statement Information

(Unaudited)

|  | (Millions of yen<br>except percentages)    |  |                            |                                  |
|--|--|--|----------------------------|----------------------------------|
|  | Six Months Ended<br>September 30, 2003 (A) | Six Months Ended<br>September 30, 2002 (B) | Comparison<br>(A-B)/(B)(%) | Year Ended<br>March 31, 2003 (C) |
| Operating revenue                            | 320,797                                    | 236,392                                    | 35.7                       | 470,099                          |
| Commissions                                  | 117,058                                    | 112,871                                    | 3.7                        | 207,103                          |
| Net gain on trading                          | 171,133                                    | 92,345                                     | 85.3                       | 207,158                          |
| Net gain on other inventories                | 6  | 4  | 54.4                       | 11                               |
| Interest and dividend income                 | 32,599                                     | 31,170                                     | 4.6                        | 55,826                           |
| Interest expenses                            | 23,419                                     | 17,090                                     | 37.0                       | 31,167                           |
| Net operating revenue                        | 297,377                                    | 219,301                                    | 35.6                       | 438,932                          |
| Selling, general and administrative expenses | 161,185                                    | 159,761                                    | 0.9                        | 316,414                          |
| Transaction-related expenses                 | 26,736                                     | 27,069                                     | (1.2)                      | 51,300                           |
| Compensation and benefits                    | 71,201                                     | 67,898                                     | 4.9                        | 133,831                          |
| Rental and maintenance                       | 21,206                                     | 22,058                                     | (3.9)                      | 44,461                           |
| Data processing and office supplies          | 37,457                                     | 37,969                                     | (1.3)                      | 78,067                           |
| Others                                       | 4,583                                      | 4,765                                      | (3.8)                      | 8,754                            |
| Operating income                             | 136,192                                    | 59,539                                     | 128.7                      | 122,517                          |
| Non-operating income                         | 920  | 797  | 15.4                       | 1,504                            |
| Non-operating expenses                       | 668  | 673  | (0.8)                      | 2,036                            |
| Ordinary income                              | 136,444                                    | 59,663                                     | 128.7                      | 121,985                          |
| Special profits                              | 327  | 54   | 506.4                      | 196                              |
| Special losses                               |  | 17   |                            | 388                              |
| Income before income taxes                   | 136,771                                    | 59,700                                     | 129.1                      | 121,793                          |
| Income taxes - current                       | 59,535                                     | 26,530                                     | 124.4                      | 55,343                           |
| Income taxes - deferred                      | 1,248                                      | (1,300)                                    |                            | (4,172)                          |
| Net income                                   | 75,987                                     | 34,471                                     | 120.4                      | 70,622                           |
|  | 29,862                                     | 20,351                                     | 46.7                       | 20,351                           |

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|  |         |        |      |        |
|--|---------|--------|------|--------|
| Unappropriated retained earnings brought forward |         |        |      |        |
| Unappropriated retained earnings                 | 105,850 | 54,822 | 93.1 | 90,973 |

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**Notes to Financial Information**

The financial information for the six months ended September 30, 2003 were prepared in accordance with the Cabinet Office Ordinance Regarding Securities Companies (Prime Minister's Office Ordinance and the Ministry of Finance Ordinance, No. 32, 1998) and the Uniform Accounting Standards of Securities Companies (Japan Securities Dealers Association, 1974) based on Regulations Concerning the Terminology, Forms and Preparation Methods of Semi-Annual Financial Statements (Ministry of Finance Ordinance No. 38, 1977), collectively Japanese GAAP.

**Significant Accounting Policies**

1. Basis and Methods of Valuation for Financial Instruments

(1) For trading purposes

Securities, derivative contracts, and other financial instruments classified as trading assets and liabilities are accounted for at fair value based on the mark-to-market method.

(2) For non-trading purposes

Securities with no market value are recorded at cost using the moving average method.

2. Depreciation and Amortization

(1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings acquired after March 31, 1998 which are depreciated on the straight-line method.

(2) Amortization of intangible assets

Intangible assets are amortized primarily over their estimated useful lives on the straight-line method.

### 3. Provisions

#### (1) Allowance for doubtful accounts

To provide for loan losses, Nomura Securities Co., Ltd. (Nomura Securities) made provisions for doubtful accounts based on an estimate of the uncollectable amount calculated using historical loss ratios or a reasonable estimate based on financial condition of individual borrowers.

#### (2) Accrued bonuses

To provide for employee bonus payments, an estimated accrual is recorded in accordance with the prescribed calculation method.

#### (3) Reserve for retirement benefits

To provide for the payment of lump-sum retirement benefits and funding the qualified retirement pension plan in the future, the estimated future obligations less the estimated fair value of pension assets is recorded as a reserve for employee retirement benefits.

### 4. Translation of Accounts Denominated in Foreign Currencies

Financial assets and liabilities denominated in foreign currencies are translated into Japanese yen using exchange rates as of the balance sheet date. Gains and losses resulting from translation are reflected in the statement of income.

### 5. Leasing Transactions

Lease contracts for which the title of the leased property has not been transferred are accounted for as operating lease transactions.

### 6. Hedging Activities

Mark-to-market profits and losses on hedging instruments are deferred as assets or liabilities until the profits or losses on the underlying hedged securities are realized.

7. Accounting for Consumption Taxes

Consumption taxes are accounted for based on the tax exclusion method.

8. Application of Consolidated Tax Return System

Nomura Securities applies the consolidated tax return system from the year ended March 31, 2003.

**Table of Contents****Notes to Balance Sheet Information**

## 1. Financial Guarantees

|                                  | (Millions of yen)         |                       |                           |
|----------------------------------|---------------------------|-----------------------|---------------------------|
|                                  | <u>September 30, 2003</u> | <u>March 31, 2003</u> | <u>September 30, 2002</u> |
| Financial guarantees outstanding | 971,259                   | 951,271               | 1,051,335                 |

\* In accordance with Report No. 61 of the Audit Committee of the Japanese Institute of Certified Public Accountants, contracts which are financial guarantees in substance are included above.

## 2. Accumulated Depreciation on Tangible Fixed Assets

|  | (Millions of yen)         |                       |                           |
|--|---------------------------|-----------------------|---------------------------|
|  | <u>September 30, 2003</u> | <u>March 31, 2003</u> | <u>September 30, 2002</u> |
|  | 342                       | 317                   | 310                       |

## 3. Subordinated Borrowings, Bonds, and Notes

|                       | (Millions of yen)         |                       |                           |
|-----------------------|---------------------------|-----------------------|---------------------------|
|                       | <u>September 30, 2003</u> | <u>March 31, 2003</u> | <u>September 30, 2002</u> |
| Short-term borrowings | 120,000                   | 120,000               |                           |
| Long-term borrowings  | 10,000                    | 10,000                | 130,000                   |
| Bonds payable         | 60,000                    | 60,000                | 60,000                    |

**Notes to Income Statement Information**

## 1. Breakdown of Special Profits

(Millions of yen)

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|   | <u>Six Months Ended<br/>September 30, 2003</u> | <u>Six Months Ended<br/>September 30, 2002</u> | <u>Year Ended<br/>March 31, 2003</u> |
|---|--|--|--------------------------------------|
| Special profits                                 |  |  |                                      |
| Reversal of reserve for securities transactions | 226  |  |                                      |
| Reversal of allowance for doubtful accounts     | 101  | 54   | 196                                  |

2. Breakdown of Special Losses

|                                     | (Millions of yen)                              |  |                                      |
|-------------------------------------|--|--|--------------------------------------|
|                                     | <u>Six Months Ended<br/>September 30, 2003</u> | <u>Six Months Ended<br/>September 30, 2002</u> | <u>Year Ended<br/>March 31, 2003</u> |
| Special losses                      |  |  |                                      |
| Reserve for securities transactions |  | 17   | 388                                  |

**Table of Contents****NOMURA SECURITIES CO., LTD.****SUPPLEMENTARY INFORMATION****(UNAUDITED)**

## 1. Commission Revenues

## (1) Breakdown by Category

|  | Six Months Ended                        |                           | Comparison<br>(A-B)/(B)(%) | Year Ended<br>March 31,<br>2003 |
|--|---|---------------------------|----------------------------|---------------------------------|
|  | September 30,<br>2003 (A)               | September 30,<br>2002 (B) |                            |                                 |
|  | (Millions of yen<br>except percentages) |                           |                            |                                 |
| Brokerage commissions                  | 55,431                                  | 40,518                    | 36.8%                      | 73,119                          |
| <i>(Stocks)</i>                        | 50,114                                  | 37,333                    | 34.2                       | 65,939                          |
| Underwriting commissions               | 14,215                                  | 11,078                    | 28.3                       | 25,686                          |
| <i>(Stocks)</i>                        | 11,961                                  | 7,584                     | 57.7                       | 18,769                          |
| <i>(Bonds)</i>                         | 2,253                                   | 3,493                     | (35.5)                     | 6,917                           |
| Distribution commissions               | 17,032                                  | 18,478                    | (7.8)                      | 31,858                          |
| <i>(Investment trust certificates)</i> | 15,251                                  | 17,868                    | (14.6)                     | 30,277                          |
| Other commissions                      | 30,379                                  | 42,796                    | (29.0)                     | 76,438                          |
| <i>(Investment trust certificates)</i> | 11,209                                  | 20,884                    | (46.3)                     | 33,933                          |
| <b>Total</b>                           | <b>117,058</b>                          | <b>112,871</b>            | <b>3.7</b>                 | <b>207,103</b>                  |

## (2) Breakdown by Product

|  | Six Months Ended                        |               | Comparison<br>(A-B)/(B)(%) | Year Ended<br>March 31,<br>2003 |
|--|---|---------------|----------------------------|---------------------------------|
|  | September 30,                           | September 30, |                            |                                 |
|  | (Millions of yen<br>except percentages) |               |                            |                                 |

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|                               | 2003 (A)       | 2002 (B)       |            |                |
|-------------------------------|----------------|----------------|------------|----------------|
| Stocks                        | 63,026         | 47,708         | 32.1%      | 89,400         |
| Bonds                         | 9,641          | 8,065          | 19.5       | 16,726         |
| Investment trust certificates | 31,146         | 40,820         | (23.7)     | 69,474         |
| Others                        | 13,244         | 16,276         | (18.6)     | 31,501         |
| <b>Total</b>                  | <b>117,058</b> | <b>112,871</b> | <b>3.7</b> | <b>207,103</b> |

2. Net Gain on Trading

|                 | (Millions of yen<br>except percentages) |                           |                            |                            |
|-----------------|---|---------------------------|----------------------------|----------------------------|
|                 | Six Months Ended                        |                           | Comparison<br>(A-B)/(B)(%) | Year<br>Ended<br>March 31, |
|                 | September 30,<br>2003 (A)               | September 30,<br>2002 (B) |                            | 2003                       |
| Stocks          | 49,967                                  | 18,753                    | 166.4%                     | 51,250                     |
| Bonds and forex | 121,165                                 | 73,592                    | 64.6                       | 155,907                    |
| <b>Total</b>    | <b>171,133</b>                          | <b>92,345</b>             | <b>85.3</b>                | <b>207,158</b>             |

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## 3. Stock Trading (excluding futures transactions)

(Millions of shares or yen except per share data and percentages)

|                            | Six Months Ended       |            |                        |            | Comparison       |        | Year Ended       |            |
|----------------------------|------------------------|------------|------------------------|------------|------------------|--------|------------------|------------|
|                            | September 30, 2003 (A) |            | September 30, 2002 (B) |            | (A-B)/(B)(%)     |        | March 31, 2003   |            |
|                            | Number of shares       | Amount     | Number of shares       | Amount     | Number of shares | Amount | Number of shares | Amount     |
| Total                      | 31,109                 | 24,471,100 | 22,024                 | 24,392,319 | 41.2%            | 0.3%   | 42,770           | 42,064,005 |
| (Brokerage)                | 20,854                 | 14,956,155 | 13,069                 | 13,660,397 | 59.6             | 9.5    | 26,404           | 24,210,854 |
| (Proprietary Trading)      | 10,255                 | 9,514,945  | 8,955                  | 10,731,922 | 14.5             | (11.3) | 16,365           | 17,853,150 |
| Brokerage / Total          | 67.0%                  | 61.1%      | 59.3%                  | 56.0%      |                  |        | 61.7%            | 57.6%      |
| TSE Share Brokerage        | 6.7%                   | 7.2%       | 7.9%                   | 9.3%       |                  |        | 7.5%             | 8.7%       |
| Commission per share (yen) |                        | 2.37       |                        | 2.77       |                  |        |                  | 2.42       |

## 4. Underwriting, Subscription, and Distribution

(Millions of shares or yen except percentages)

|   | Six Months Ended          |                           |                            | Year Ended<br>March 31, 2003 |
|---|---------------------------|---------------------------|----------------------------|------------------------------|
|   | September 30,<br>2003 (A) | September 30,<br>2002 (B) | Comparison<br>(A-B)/(B)(%) |                              |
| <b>Underwriting</b>                               |                           |                           |                            |                              |
| Stocks (number of shares)                         | 152                       | 131                       | 16.5%                      | 191                          |
| (yen amount)                                      | 231,565                   | 272,282                   | (15.0)                     | 503,603                      |
| Bonds (face value)                                | 3,166,887                 | 3,021,491                 | 4.8                        | 5,710,311                    |
| <b>Investment trust certificates (yen amount)</b> |                           |                           |                            |                              |
| Commercial paper and others (face value)          | 260,100                   | 333,200                   | (21.9)                     | 757,500                      |
| <b>Subscription and Distribution*</b>             |                           |                           |                            |                              |
| Stocks (number of shares)                         | 180                       | 422                       | (57.2)                     | 1,486                        |
| (yen amount)                                      | 254,977                   | 291,983                   | (12.7)                     | 607,806                      |
| Bonds (face value)                                | 832,504                   | 1,015,741                 | (18.0)                     | 1,840,377                    |
| Investment trust certificates (yen amount)        | 6,568,828                 | 5,830,413                 | 12.7                       | 11,905,684                   |
| Commercial paper and others (face value)          | 260,100                   | 333,200                   | (21.9)                     | 757,500                      |

\* Includes secondary offerings and private placements.

## 5. Capital Adequacy Ratio

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|                        |                                 | (Millions of yen except percentages) |                           |                       |
|------------------------|---------------------------------|--------------------------------------|---------------------------|-----------------------|
|                        |                                 | <u>September 30, 2003</u>            | <u>September 30, 2002</u> | <u>March 31, 2003</u> |
| Tier I                 | (A)                             | 708,329                              | 612,301                   | 632,341               |
| Tier II                | Statutory reserves              | 625                                  | 481                       | 851                   |
|                        | Allowance for doubtful accounts | 124                                  | 427                       | 211                   |
|                        | Subordinated debt               | 190,000                              | 190,000                   | 190,000               |
|                        | Total                           | 190,749                              | 190,908                   | 191,062               |
| Illiquid Asset         | (C)                             | 92,243                               | 96,764                    | 74,298                |
| Net Capital            | (A) + (B) - (C) = (D)           | 806,835                              | 706,445                   | 749,106               |
|                        | Market risk                     | 126,009                              | 94,759                    | 101,337               |
| Risk                   | Counterparty risk               | 120,251                              | 115,890                   | 103,251               |
|                        | Basic risk                      | 89,892                               | 83,554                    | 83,199                |
|                        | Total                           | 336,153                              | 294,204                   | 287,789               |
| Capital Adequacy Ratio | (D)/(E)                         | 240.0%                               | 240.1%                    | 260.2%                |

**Table of Contents**Nomura Securities Co., Ltd. Quarterly Income Statement Information

|  | (Millions of yen)   |   |   |  |   |   |
|--|---|---|---|--|---|---|
|  | For the Quarter<br>from April 1, 2002<br>to June 30, 2002 | For the Quarter<br>from July 1, 2002<br>to September 30, 2002 | For the Quarter<br>from October 1, 2002<br>to December 31, 2002 | For the Quarter<br>from January 1, 2003<br>to March 31, 2003 | For the Quarter<br>from April 1, 2003<br>to June 30, 2003 | For the Quarter<br>from July 1, 2003<br>to September 30, 2003 |
| Operating revenue                        | 123,248   | 113,143   | 119,769   | 113,938  | 151,204   | 169,744   |
| Commissions                              | 59,102  | 53,768  | 47,531  | 46,700   | 42,204  | 74,444  |
| Gain on trading                          | 50,916  | 41,429  | 58,356  | 56,455   | 91,926  | 79,444  |
| Gain on other inventories                | 1   | 2   | 3   | 3  | 3   | 3   |
| Interest and dividend income             | 13,227  | 17,943  | 13,877  | 10,777   | 17,070  | 15,424  |
| Interest expenses                        | 7,767   | 9,323   | 8,332   | 5,743  | 14,467  | 8,332   |
| Operating revenue                        | 115,480   | 103,820   | 111,436   | 108,194  | 136,736   | 160,244   |
| Log, general and administrative expenses | 78,036  | 81,724  | 73,924  | 82,728   | 78,026  | 83,332  |
| Action-related expenses                  | 11,631  | 15,438  | 10,569  | 13,661   | 11,626  | 15,438  |
| Compensation and benefits                | 34,513  | 33,384  | 31,571  | 34,361   | 35,497  | 35,497  |
| Travel and maintenance                   | 11,050  | 11,007  | 11,052  | 11,351   | 10,633  | 10,633  |
| Processing and office supplies           | 18,050  | 19,918  | 18,956  | 21,141   | 18,134  | 19,918  |
| Other                                    | 2,790   | 1,975   | 1,776   | 2,212  | 2,134   | 2,134   |
| Operating income                         | 37,444  | 22,095  | 37,512  | 25,465   | 58,709  | 77,444  |
| Operating income                         | 352   | 445   | 379   | 327  | 482   | 482   |
| Operating expenses                       | 351   | 321   | 373   | 990  | 506   | 506   |
| Operating income                         | 37,444  | 22,219  | 37,518  | 24,803   | 58,685  | 77,444  |
| Other income                             | 37,444  | 22,219  | 37,518  | 24,803   | 58,685  | 77,444  |
| Other profits                            | 143   | 54  | 218   | (75)   | 97  | 97  |
| Other losses                             | 143   | (126)   | 200   | 170  | 153   | 153   |
| Income before income taxes               | 37,300  | 22,399  | 37,536  | 24,557   | 58,629  | 78,444  |
| Income taxes - current                   | 10,498  | 16,032  | 17,361  | 11,452   | 23,009  | 36,000  |
| Income taxes - deferred                  | 3,723   | (5,023)   | (3,757)   | 885  | 2,477   | (1,556)   |
| Income                                   | 23,079  | 11,391  | 23,932  | 12,219   | 33,142  | 42,444  |