

NOMURA HOLDINGS INC
Form 6-K
October 31, 2002
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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

**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 2002.

Total number of pages: 41.

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.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form 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:

E XHIBITS

<u>Exhibit Number</u>	<u>Page Number</u>
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SIGNATURES

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

NOMURA HOLDINGS, INC.

By:

/s/ MASANORI ITATANI

Date: October 31, 2002

Masanori Itatani
Director

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October 31, 2002

S emi-annual Financial Information September 2002

We are pleased to report the following consolidated Financial Information for the six months ended September 2002 prepared in accordance with US GAAP.

For further information, please contact:

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The following unaudited consolidated financial information is not intended to comply with Regulation S-X and therefore should not be construed to include all information required for interim financial information under Regulation S-X.

Table of Contents**NOMURA HOLDINGS, INC.
FINANCIAL HIGHLIGHTS****(UNAUDITED)**

	For the six months ended/ as of		<u>% Change</u>	<u>Translation into U.S. dollars</u>	For the year ended/ as of
	September 30, 2001(A)	September 30, 2002(B)			
			(B) vs. (A)	September 30, 2002	March 31, 2002
(yen amounts in millions and dollar amounts in thousands, except per share data)					
FOR THE PERIOD ENDED					
			%		
Total revenue	¥774,385	¥430,253	(44.4)	\$3,534,196	¥1,825,399
Net revenue	460,840	283,415	(38.5)	2,328,035	1,321,351
Non-interest expenses	582,908	242,778	(58.4)	1,994,233	1,148,379
Income (loss) before income taxes	(122,068)	40,637		333,802	172,972
Income (loss) before cumulative effect of accounting change	(77,851)	21,271		174,725	168,046
Cumulative effect of accounting change		109,799		901,914	
Net income (loss)	(77,851)	131,070		1,076,639	168,046
Per share data :					
Basic					
Income (loss) before cumulative effect of accounting change	(39.66)	10.82		0.09	85.57
Cumulative effect of accounting change		55.86		0.46	
Net income (loss)	(39.66)	66.68		0.55	85.57
Diluted					
Income (loss) before cumulative effect of accounting change	(39.66)	10.82		0.09	85.32
Cumulative effect of accounting change		55.86		0.46	
Net income (loss)	(39.66)	66.68		0.55	85.32
Cash dividends					15.00
Return on equity (ROE):	(11.1%)*	9.1%*			11.1%
AT PERIOD-END					
Total Assets	¥ 16,683,474	¥ 18,963,616		\$155,771,447	¥ 17,758,273
Shareholders' equity	1,360,165	1,732,621		14,232,142	1,604,929
Per share data :					
Shareholders' equity	692.91	881.56		7.24	816.48

* ROE for the interim period is calculated as below;

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

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

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

The following table provides selected consolidated income statement information for the six months ended September 2001 and 2002 and for the year ended March 31, 2002.

	Millions of yen		Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended			For the year ended
	September 30, 2001	September 30, 2002	September 30, 2002	March 31, 2002
Non-interest revenue	¥462,040	¥223,340	\$1,834,566	¥1,324,858
Net interest revenue	(1,200)	60,075	493,469	(3,507)
Net revenue	460,840	283,415	2,328,035	1,321,351
Non-interest expenses	582,908	242,778	1,994,233	1,148,379
Income (loss) before income taxes	(122,068)	40,637	333,802	172,972
Income tax expense (benefit)	(44,217)	19,366	159,077	4,926
Cumulative effect of accounting change(1)		109,799	901,914	
Net income (loss)	(¥77,851)	¥131,070	\$1,076,639	¥168,046
Annualized return on equity (ROE)	(11.1%)	9.1%		11.1%

(Note 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 a net revenue of ¥283 billion for the six months ended September 30, 2002, a decrease of 39% from the six months ended September 30, 2001. Non-interest expenses were ¥243 billion for the six months ended September 30, 2002, a decrease of 58% from the same period in the prior year.

The decline in net revenues and non-interest related expenses is due to the fact that the results of operation for the six months ended September, 2001 include the consolidated results of Principal Finance Group (PFG) entities, which were contributed to a limited partnership on March 27, 2002 in exchange for a limited partnership interest and, accordingly are not consolidated with our results of operation for the six months ended September 30, 2002. PFG accounted for ¥221 billion of net revenues and ¥243 billion of non-interest related expenses for the six months ended September 30, 2001. Excluding PFG from the consolidated results of operations for the six months ended September 30, 2001, net revenue increased ¥43 billion and non-interest related expenses decreased ¥98 billion for the six months ended September 30, 2002 compared to six months ended September 30, 2001.

Income before income taxes and net income were ¥41 billion and ¥131 billion for the six months ended September 30, 2002, respectively. This compares to a loss before income taxes and a net loss of ¥122 billion and ¥78 billion, respectively for the same period in the prior year.

Total assets were approximately ¥19.0 trillion at September 30, 2002, an increase of approximately ¥1.2 trillion from March 31, 2002 and total shareholders' equity increased by ¥128 billion from March 31, 2002 to approximately ¥1.7 trillion at September 30, 2002. Nomura's return on equity was 9.1% for the six months ended September 30, 2002 on an annualized basis.

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

	Millions of yen		Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended			For the year ended
	September 30, 2001	September 30, 2002	September 30, 2002	March 31, 2002
Non-interest revenue	¥111,760	¥122,573	\$1,006,842	¥226,156
Net interest revenue	1,543	1,204	9,890	2,949
Net revenue	113,303	123,777	1,016,732	229,105
Non-interest expenses	107,211	108,429	890,660	208,621
Income before income taxes	¥6,092	¥15,348	\$126,072	¥20,484

Net revenue increased by 9% from the six months ended September 30, 2001 to ¥123,777 million for the six months ended September 30, 2002, mainly due to an increase in selling commissions from medium term notes and foreign currency bonds resulting from personalized investment consultation services we provide. Non-interest expenses increased by 1% from the six months ended September 30, 2001 to ¥108,429 million for the six months ended September 2002. As a result, Income before income taxes increased by 152% from the six months ended September 30, 2001 to ¥15,348 million for the six months ended September 30, 2002.

Operating Results of Global Wholesale

	Millions of yen		Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended			For the year ended
	September 30, 2001	September 30, 2002	September 30, 2002	March 31, 2002
Non-interest revenue	¥128,329	¥97,645	\$802,079	¥385,430
Net interest revenue	15,550	47,510	390,258	54,505
Net revenue	143,879	145,155	1,192,337	439,935
Non-interest expenses	96,978	99,707	819,016	248,657
Income before income taxes	¥46,901	¥45,448	\$373,321	¥191,278

Net revenue increased by 1% from the six months ended September 30, 2001 to ¥145,155 million for the six months ended September 30, 2002, because Global Wholesale has made an effort to diversify its business portfolio under the adverse business circumstances and Fixed Income increased net gain on trading. However, Non-interest expenses increased by 3% from the six months ended September 30, 2001 to ¥99,707 for the six months ended September 2002. As a result, Income before income taxes decreased by 3% from the six months ended September 30, 2001 to ¥45,448 million for the six months ended September 30, 2002.

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Fixed Income

Net revenue increased by 74% from ¥43,902 million for the six months ended September 30, 2001 to ¥76,363 million for the six months ended September 30, 2002, mainly due to an increase in net gain on bond trading relating to medium term notes and foreign currency bonds. Non-interest expenses increased by 9% from ¥32,218 million for the six months ended September 30, 2001 to ¥35,278 million for the six months ended September 30, 2002. As a result, Income before income taxes increased by 252% from ¥11,684 million for the six months ended September 30, 2001 to ¥41,085 million for the six months ended September 30, 2002.

Equity

Net revenue decreased by 33% from ¥63,858 million for the six months ended September 30, 2001 to ¥42,770 million for the six months ended September 30, 2002, mainly due to a decrease in net gain on equity trading resulting from the depressed global equity markets. Non-interest expenses increased by 3% from ¥31,868 million for the six months ended September 30, 2001 to ¥32,670 million for the six months ended September 30, 2002. Income before income taxes decreased by 68% from ¥31,990 million for the six months ended September 30, 2001 to ¥10,100 million for the six months ended September 30, 2002.

Investment banking and Merchant banking

Net revenue decreased by 28% from ¥36,119 million for the six months ended September 30, 2001 to ¥26,022 million for the six months ended September 30, 2002. Non-interest expenses decreased by 3% from ¥32,892 million for the six months ended September 30, 2001 to ¥31,759 million for the six months ended September 30, 2002. As a result, Income before income taxes was ¥3,227 million for the six months ended September 30, 2001 and Loss before income taxes was ¥5,737 million for the six months ended September 30, 2002.

Net revenue for Investment banking activities decreased by 22% from ¥42,456 million for the six months ended September 30, 2001 to ¥33,283 million for the six months ended September 30, 2002, mainly due to a stagnant IPO and PO volume in capital markets. Non-interest expenses for Investment banking activities decreased by 6% from ¥29,186 million for the six months ended September 30, 2001 to ¥27,487 million for the six months ended September 30, 2002. As a result, Income before income taxes for Investment banking activities decreased by 56% from ¥13,270 million for the six months ended September 30, 2001 to ¥5,796 million for the six months ended September 30, 2002.

Net revenue for Merchant banking activities changed by 15% from (¥6,337) million for the six months ended September 30, 2001 to (¥7,261) million for the six months ended September 30, 2002, mainly due to an increase in loss on private equity investments due to sluggish global equity markets. Non-interest expenses for Merchant banking activities increased by 15% from ¥3,706 million for the six months ended September 30, 2001 to ¥4,272 million for the six months ended September 30, 2002. As a result, loss before income taxes for Merchant banking activities increased by 15% from ¥10,043 million for the six months ended September 30, 2001 to ¥11,533 million for the six months ended September 30, 2002.

Table of Contents**Operating Results of Asset Management**

	Millions of yen		Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended			For the year ended
	September 30, 2001	September 30, 2002	September 30, 2002	March 31, 2002
Non-interest revenue	¥23,180	¥20,138	\$165,418	¥46,840
Net interest revenue	603	(32)	(263)	367
Net revenue	23,783	20,106	165,155	47,207
Non-interest expenses	16,715	17,677	145,203	37,031
Income before income taxes	¥7,068	¥2,429	\$19,952	¥10,176

Net revenue decreased by 15% from the six months ended September 30, 2001 to ¥20,106 million for the six months ended September 30, 2002, due to a decrease in asset management fees associated with a decrease in the outstanding balance of bond investment trusts caused mainly by the redemption of Medium-term Japanese Government Bond Fund. Non-interest expenses increased by 6% from the six months ended September 30, 2001 to ¥17,677 million for the six months ended September 30, 2002, mainly due to an increase in expenses for pension-related businesses. As a result, Income before income taxes decreased by 66% from the six months ended September 30, 2001 to ¥2,429 million for the six months ended September 30, 2002.

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 9 to the consolidated financial information for a reconciliation of segment results to income statement information. Loss before income taxes in Other decreased from ¥120,777 million for the six months ended September 30, 2001 to ¥1,587 million for the six months ended September 30, 2002. The main reason for the decrease was that impairment loss on investment in an affiliated company was ¥92,441 million for the six month ended September 30, 2001.

We introduced certain methodologies to allocate Headquarter's expenses to our three business segments effective April 1, 2002. We created global Headquarters accounts and allocate its expenses to business segments according to benefits received by each business segment. The improvement was made to better allocate the expenses based on benefits received by each segment, and it also included allocation of headquarter's expenses which previously were not allocated to segments. Had we not applied the current allocation methodologies for the six months ended September 30, 2002, income before income taxes for Domestic Retail, Global Wholesale and Asset Management would have been ¥19,388 million, ¥49,905 million and ¥2,768 million, respectively.

Cash Flow

Cash and cash equivalents at September 30, 2002 decreased by ¥196.9 billion compared with March 31, 2002. Net cash used in operating activities were ¥396.4 billion, due mainly to an increase in net trading activities and related assets/liabilities, despite income before cumulative effect of accounting change of ¥21.3 billion. Net cash provided by investing activities was ¥16.5 billion yen because of sales and redemption of investments in equity securities and non-trading debt securities. Net cash provided by financing activities was ¥192.9 billion owing to an increase in long-term borrowings.

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NOMURA HOLDINGS, INC.
CONSOLIDATED INCOME STATEMENT INFORMATION

(UNAUDITED)

	Millions of yen		% Change	Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended				For the year ended
	September 30, 2001(A)	September 30, 2002(B)	(B) vs. (A)	September 30, 2002	March 31, 2002
Revenue:					
Commissions	¥70,568	¥80,776	14.5 %	\$663,512	¥140,001
Fees from investment banking	37,029	33,913	(8.4)	278,569	75,255
Asset management and portfolio service fees	57,404	46,095	(19.7)	378,635	109,985
Net gain on trading	82,904	66,149	(20.2)	543,363	162,228
Interest and dividends	312,345	206,913	(33.8)	1,699,630	500,541
Loss on investments in equity securities	(43,158)	(10,419)		(85,584)	(55,860)
Gain from changes in equity of an affiliated company					3,504
PFG entities product sales	154,093				294,931
PFG entities rental income	64,853				177,053
Gain on sales of PFG entities					116,324
Gain (loss) on private equity investments		(2,892)		(23,755)	232,472
Other	38,347	9,718	(74.7)	79,826	68,965
Total revenue	774,385	430,253	(44.4)	3,534,196	1,825,399
Interest expense	313,545	146,838	(53.2)	1,206,161	504,048
Net revenue	460,840	283,415	(38.5)	2,328,035	1,321,351
Non-interest expenses:					
Compensation and benefits	176,935	121,283	(31.5)	996,246	379,540
Commissions and floor brokerage	10,161	10,030	(1.3)	82,388	20,962
Information processing and communications	40,326	37,409	(7.2)	307,286	87,252
Occupancy and related depreciation	36,530	29,100	(20.3)	239,034	73,787
Business development expenses	13,950	13,677	(2.0)	112,346	26,652
PFG entities cost of goods sold	107,035				200,871
PFG entities expenses associated with rental income	33,284				111,529
Other	164,687	31,279	(81.0)	256,933	247,786
	582,908	242,778	(58.4)	1,994,233	1,148,379
Income (loss) before income taxes	(122,068)	40,637		333,802	172,972
Income tax expense (benefit):					
Current	25,392	13,844	(45.5)	113,718	61,898
Deferred	(69,609)	5,522		45,359	(56,972)
	(44,217)	19,366		159,077	4,926
	(77,851)	21,271		174,725	168,046

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Income (loss) before cumulative effect of accounting change				
Cumulative effect of accounting change		109,799		901,914
Net income (loss)	(¥77,851)	¥131,070		\$1,076,639
				¥168,046

Per share of common stock:

	Yen	% Change	Translation into U.S. dollars	Yen
Basic		%		
Income (loss) before cumulative effect of accounting change	(¥39.66)	¥10.82	\$0.09	¥85.57
Cumulative effect of accounting change		55.86	0.46	
Net income (loss)	(¥39.66)	¥66.68	\$0.55	¥85.57
Diluted				
Income (loss) before cumulative effect of accounting change	(¥39.66)	¥10.82	\$0.09	¥85.32
Cumulative effect of accounting change		55.86	0.46	
Net income (loss)	(¥39.66)	¥66.68	\$0.55	¥85.32

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NOMURA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET INFORMATION

(UNAUDITED)

	Millions of yen			Translation into thousands of U.S. dollars
	September 30, 2001	March 31, 2002	September 30, 2002	September 30, 2002
ASSETS				
Cash and cash deposits:				
Cash and cash equivalents	¥418,236	¥356,635	¥159,694	\$1,311,763
Time deposits	169,051	381,038	416,930	3,424,757
Deposits with stock exchanges and other segregated cash	112,694	38,061	37,717	309,816
	<u>699,981</u>	<u>775,734</u>	<u>614,341</u>	<u>5,046,336</u>
Loans and receivables:				
Loans receivable from customers	270,020	221,455	234,006	1,922,178
Loans receivable from other than customers	272,860	451,662	275,685	2,264,539
Receivables from customers	117,062	21,191	173,539	1,425,489
Receivables from other than customers	591,181	370,116	273,977	2,250,509
Receivables under resale agreements and securities borrowed transactions	4,540,122	6,680,001	6,916,802	56,816,182
Securities pledged as collateral	3,575,948	2,964,276	3,667,215	30,123,337
Allowance for doubtful accounts	(14,299)	(18,410)	(18,812)	(154,526)
	<u>9,352,894</u>	<u>10,690,291</u>	<u>11,522,412</u>	<u>94,647,708</u>
Trading assets and private equity investments:				
Securities inventory	3,980,006	4,302,217	4,794,443	39,382,643
Derivative contracts	286,135	293,266	417,724	3,431,280
Private equity investments		281,774	270,679	2,223,419
	<u>4,266,141</u>	<u>4,877,257</u>	<u>5,482,846</u>	<u>45,037,342</u>
Other:				
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥208,026 million at September 30, 2001, ¥221,113 million at March 31, 2002, and ¥176,274 million (\$1,447,955 thousand) at September 30, 2002, respectively)	161,064	170,762	181,359	1,489,725
PFG entities land, buildings, equipment and furniture and fixtures (net of accumulated depreciation and amortization of ¥88,360 million at September 30, 2001.)	810,385			
Lease deposits	83,224	74,591	77,842	639,412
Non-trading debt securities	320,846	426,400	402,479	3,306,054
Investments in equity securities	223,195	192,377	170,690	1,402,086
Investments in and advances to affiliated companies	258,355	257,089	263,892	2,167,669
Deferred tax assets	83,827	132,808	112,682	925,595
Other assets	423,562	160,964	135,073	1,109,520
	<u>2,364,458</u>	<u>1,414,991</u>	<u>1,344,017</u>	<u>11,040,061</u>

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Total assets	<u>¥16,683,474</u>	<u>¥17,758,273</u>	<u>¥18,963,616</u>	<u>\$155,771,447</u>
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NOMURA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET INFORMATION

(UNAUDITED)

	Millions of yen			Translation into thousands of U.S. dollars
	September 30, 2001	March 31, 2002	September 30, 2002	September 30, 2002
LIABILITIES AND SHAREHOLDERS EQUITY				
Payables, borrowings and deposits:				
Payables to customers	¥256,995	¥729,907	¥263,265	\$2,162,519
Payables to other than customers	510,486	182,760	193,430	1,588,878
Payables under repurchase agreements and securities loaned transactions	7,589,669	8,245,492	9,728,958	79,915,870
Short-term borrowings	1,550,331	1,689,504	1,813,442	14,896,024
Time and other deposits received	292,233	338,925	196,611	1,615,007
	<u>10,199,714</u>	<u>11,186,588</u>	<u>12,195,706</u>	<u>100,178,298</u>
Trading liabilities:				
Securities sold but not yet purchased	1,829,613	2,387,847	2,538,738	20,853,770
Derivative contracts	380,048	305,899	360,001	2,957,130
	<u>2,209,661</u>	<u>2,693,746</u>	<u>2,898,739</u>	<u>23,810,900</u>
Other liabilities:				
Accrued income taxes	28,731	50,920	19,024	156,268
Accrued pension and severance costs	43,623	56,109	57,083	468,893
Other	439,977	411,127	236,213	1,940,307
	<u>512,331</u>	<u>518,156</u>	<u>312,320</u>	<u>2,565,468</u>
Long-term borrowings	1,478,472	1,754,854	1,824,230	14,984,639
Non-recourse PFG entities loans and bonds	923,131			
Total liabilities	<u>15,323,309</u>	<u>16,153,344</u>	<u>17,230,995</u>	<u>141,539,305</u>
Commitments and contingencies (See note 7)				
Shareholders equity:				
Common stock				
Issued 1,962,980,444 shares, 1,965,919,860 shares, and 1,965,919,860 shares at September 30, 2001, March 31, 2002, and September 30, 2002, respectively	182,800	182,800	182,800	1,501,561
Additional paid-in capital	146,136	150,979	151,066	1,240,890
Retained earnings	1,099,808	1,316,221	1,447,291	11,888,377
Accumulated other comprehensive income				
Minimum pension liability adjustment	(18,426)	(24,972)	(23,900)	(196,320)

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Cumulative translation adjustments	(50,138)	(19,685)	(23,766)	(195,219)
	(68,564)	(44,657)	(47,666)	(391,539)
	1,360,180	1,605,343	1,733,491	14,239,289
Less Common stock held in treasury, at cost 7,525 shares, 246,075 shares, 510,599 shares at September 30, 2001, March 31, 2002 and September 30, 2002, respectively	(15)	(414)	(870)	(7,147)
Total shareholders equity	1,360,165	1,604,929	1,732,621	14,232,142
Total liabilities and shareholders equity	¥16,683,474	¥17,758,273	18,963,616	\$155,771,447

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NOMURA HOLDINGS, INC.
CONSOLIDATED INFORMATION OF CASH FLOWS

(UNAUDITED)

	Millions of yen	Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended September 30, 2002	For the six months ended September 30, 2002	For the year ended March 31, 2002
Cash flows from operating activities:			
Net income	¥131,070	\$1,076,639	¥168,046
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Cumulative effect of accounting change	(109,799)	(901,914)	
Depreciation and amortization	14,920	122,556	70,042
Loss on investments in equity securities	10,419	85,584	55,860
Gain on sales of PFG entities			(116,324)
Gain (loss) on private equity investments	2,892	23,755	(232,472)
Deferred income tax expense (benefit)	5,522	45,359	(56,972)
Changes in operating assets and liabilities:			
Time deposits	(35,009)	(287,572)	(97,592)
Deposits with stock exchanges and other segregated cash	(1,880)	(15,443)	10,695
Trading assets and private equity investments	(694,603)	(5,705,627)	(854,907)
Trading liabilities	235,433	1,933,900	(264,355)
Receivables under resale agreements and securities borrowed transactions	(537,419)	(4,414,482)	(379,434)
Payables under repurchase agreements and securities loaned transactions	1,872,243	15,379,029	363,754
Loans and other receivables, net of allowance	(638,909)	(5,248,143)	(107,129)
Time and other deposits received and other payables	(591,554)	(4,859,159)	3,326
Accrued income taxes	(18,923)	(155,438)	6,058
Other, net	(40,758)	(334,794)	128,020
Net cash used in operating activities	(396,355)	(3,255,750)	(1,303,384)
Cash flows from investing activities:			
Payments for purchases of office buildings, land, equipment and facilities	(20,756)	(170,494)	(92,168)
Proceeds from sales of office buildings, land, equipment and facilities	285	2,341	25,762
Payments for purchases of investments in equity securities	(1,134)	(9,315)	(3,017)
Proceeds from sales of investments in equity securities	20,079	164,933	36,621
Business combinations, net of cash acquired			(258,987)
Cash contributed to private equity investments			(95,720)
Proceeds from sales of PFG entities			129,469
Decrease in non-trading debt securities, net	23,033	189,198	178,869
(Increase) decrease in other investments and other assets	(4,986)	(40,956)	26,989
Net cash provided by (used in) investing activities	16,521	135,707	(52,182)
Cash flows from financing activities:			
Increase in long-term borrowings	375,638	3,085,576	1,499,309
Decrease in long-term borrowings	(109,488)	(899,359)	(966,131)
(Decrease) increase in short-term borrowings	(43,815)	(359,906)	696,681
Payments of cash dividends	(29,485)	(242,197)	(34,352)

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Net cash provided by financing activities	192,850	1,584,114	1,195,507
Effect of exchange rate changes on cash and cash equivalents	(9,957)	(81,789)	13,018
Net decrease in cash and cash equivalents	(196,941)	(1,617,718)	(147,041)
Cash and cash equivalents at beginning of the period	356,635	2,929,481	503,676
Cash and cash equivalents at end of the period	¥159,694	\$1,311,763	¥356,635

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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. Such services include equity and fixed income brokerage, trading, underwriting, distribution and clearance; trading of foreign exchange and futures contracts and other derivatives in a broad range of asset categories, rates and indices; investment banking, real estate, project finance and other corporate finance advisory activities; international merchant banking and other principal investment activities; and asset management, private banking, trust and custody services.

2. Basis of Financial Information:

The consolidated financial information includes the accounts of the Company, its majority-owned subsidiaries and other entities in which the Company has a controlling financial interest (collectively, referred to as Nomura). 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 (US GAAP), which requires management to make estimates regarding certain financial instrument valuation, 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 the related disclosures. Estimates, by their nature are based on judgment and available information. Therefore, actual results may differ from estimates, which could have a material impact on the consolidated financial information.

The financial information as of and for the year ended March 31, 2002 has been derived from the audited March 31, 2002 financial statements included in Nomura's annual report filed with the Securities and Exchange Commission of Form 20-F. The interim consolidated financial information as of September 30, 2002 and 2001 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 policy, 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's business is such that the results of operation for any interim period are not necessarily indicative of the results for the entire fiscal year.

3. Change in Method of Accounting for Stock Options:

Effective April 1, 2002 Nomura changed its method of accounting for stock-based compensation plans. Nomura has adopted the fair-value-based method of accounting for company stock options as outlined in SFAS No. 123, Accounting for Stock-Based Compensation. Stock options awarded prior to April 1, 2002 will continue to be accounted for under the intrinsic value method of accounting under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. The effect of this change in accounting was to increase compensation and benefits expense and decrease income before income taxes by ¥87 million (\$715 thousand) for the six-months ended September 30, 2002.

4. Cumulative Effect of Accounting Change:

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 142 no longer permits the amortization of goodwill and intangible assets with indefinite lives. Instead these assets must be reviewed annually, or more frequently in certain circumstance, for impairment. Intangible assets that have determinable lives will continue to be amortized over their useful lives and reviewed for impairment. In addition, negative goodwill that arises in a business combination must be written off immediately. Nomura adopted SFAS No. 142 effective April 1, 2002, which resulted in writing off negative goodwill arising from a previous business combination of ¥109,799 million (\$901,914 thousand), net of taxes.

Table of Contents**5. New Accounting Pronouncements:**

In June 2002, the FASB issued SFAS No. 146 Accounting for Costs Associated with Exit or Disposal Activities. This standard requires companies to recognize costs associated with the exit or disposal of activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 will replace the existing guidance provided in Emerging Issues Task Force Issue No. 94-3 Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS No.146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002.

In October 2002, the FASB issued SFAS No. 147 Acquisition of Certain Financial Institutions. This standard required the acquisitions of financial institutions to be accounted for under SFAS No. 141 Business Combinations and SFAS 142 Goodwill and Other Intangible Assets and removes the acquisition of financial institutions from the scope of SFAS No. 72 Accounting for Certain Acquisitions of Banking or Thrift Institutions and FASB Interpretation No. 9 Applying APB Opinion No.16 and 17 When a Savings and Loan Association or a Similar Institution Is Acquired in a Business Combination Accounted for by the Purchase Method.

The Company does not believe that the adoption of these two new standards will have a material effect on the Company's consolidated financial information.

6. 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 ¥121.74 = 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, 2002. 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.

7. Credit commitments and contingencies:

In the normal course of the company's banking and financing activities, we enter into contractual commitments to extend credit, standby letters of credit, underwriting commitments and issuance of financial guarantees, which generally have a fixed expiration date. Contractual amounts of these commitments outstanding at September 30, 2002 and March 31, 2002 were as follows:

	Millions of yen	Translation into thousands of U.S. dollars	Millions of yen
	September 30, 2002	September 30, 2002	March 31, 2002
Commitments to extend credit and note issuance facility	¥135,172	\$1,110,333	¥138,599
Standby letters of credit and financial guarantees	44,618	366,502	25,721

8. Movement of consolidated retained earnings:

	Millions of yen	Translation into thousands of U.S. dollars	Millions of yen
	September 30, 2002	September 30, 2002	March 31, 2002
Balance at beginning of period	¥1,316,221	\$10,811,738	¥1,177,660
Dividends			(29,485)
Net income	131,070	1,076,639	168,046
Balance at end of period	¥1,447,291	\$11,888,377	¥1,316,221

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NOMURA HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (Continued)
(UNAUDITED)

9. Segment Information Operating segment:

Business segments results for the six months ended September 30, 2001, 2002, and for the year ended March 31, 2002, are shown in the following table.

	Millions of yen				
	Domestic Retail	Global Wholesale	Asset Management	Other (Inc. elimination)	Total
Six months ended September 30, 2001					
Non-interest revenue	¥111,760	¥128,329	¥23,180	¥7,145	¥270,414
Net interest revenue	1,543	15,550	603	12,343	30,039
Net revenue	113,303	143,879	23,783	19,488	300,453
Non-interest expenses	107,211	96,978	16,715	140,265	361,169
Income (loss) before income taxes	¥6,092	¥46,901	¥7,068	(¥120,777)	(¥60,716)
Six months ended September 30, 2002					
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
Change (%)					
Income (loss) before income taxes					
Six months ended September, 2002 vs. 2001	151.9	(3.1)	(65.6)		
Translation into thousands of U.S. dollars					
Six months ended September 30, 2002					
Non-interest revenue	\$1,006,842	\$802,079	\$165,418	\$24,281	\$1,998,620
Net interest revenue	9,890	390,258	(263)	93,585	493,470
Net revenue	1,016,732	1,192,337	165,155	117,866	2,492,090
Non-interest expenses	890,660	819,016	145,203	130,902	1,985,781
Income (loss) before income taxes	\$126,072	\$373,321	\$19,952	(\$13,036)	\$506,309
Millions of yen					

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For the year ended March 31, 2002

Non-interest revenue	¥226,156	¥385,430	¥46,840	¥11,171	¥669,597
Net interest revenue	2,949	54,505	367	14,422	72,243
Net revenue	229,105	439,935	47,207	25,593	741,840
Non-interest expenses	208,621	248,657	37,031	168,990	663,299
Income (loss) before income taxes	¥20,484	¥191,278	¥10,176	(¥143,397)	¥78,541

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NOMURA HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (Continued)
(UNAUDITED)

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 thousands of U.S. dollars	Millions of yen
	For the six months ended			For the year ended
	September 30, 2001	September 30, 2002	September 30, 2002	March 31, 2002
Gain/(loss) on not designated hedging instruments	¥3,671	(¥1,753)	(\$14,400)	¥31,435
(Loss)/gain on investment securities	(1,949)	10,892	89,469	218
Equity in (losses)/earnings of affiliates	(8,608)	353	2,900	(9,551)
Corporate items	(17,818)	(678)	(5,569)	(41,730)
Amortization of goodwill and negative goodwill	6,487			13,316
Impairment loss on investment in an affiliated company	(92,441)			(92,441)
Multi-employer pension plan	(18,720)			(18,720)
Profit from changes in equity of an affiliated company				3,504
Others	8,601	(10,401)	(85,436)	(29,428)
Total	(¥120,777)	(¥1,587)	(\$13,036)	(¥143,397)

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

	Millions of yen		Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended			For the year ended
	September 30, 2001	September 30, 2002	September 30, 2002	March 31, 2002
Net revenue	¥300,453	¥303,387	\$2,492,090	¥741,840
Unrealized loss on investments in equity securities held for relationship purpose	(44,968)	(21,675)	(178,043)	(60,177)
Effect of consolidation/deconsolidation of the PFG entities and other private equity investee companies	205,355	1,703	13,988	639,688
Consolidated net revenue	¥460,840	¥283,415	\$2,328,035	¥1,321,351
Income before income taxes	(¥60,716)	¥61,638	\$506,309	¥78,541
Unrealized (loss) on investments in equity securities held for relationship purpose	(44,968)	(21,675)	(178,043)	(60,177)
Effect of consolidation/deconsolidation of the PFG entities and other private equity investee companies	(16,384)	674	5,536	154,608

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Consolidated income(loss) before income taxes	<u>(¥122,068)</u>	<u>¥40,637</u>	<u>\$333,802</u>	<u>¥172,972</u>
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NOMURA HOLDINGS, INC.
SUPPLEMENTARY INFORMATION

(UNAUDITED)

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

Commissions received

	Millions of yen		% Change	Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended				For the year ended
	September 30, 2001(A)	September 30, 2002(B)	(B) vs. (A)		September 30, 2002
Commissions	¥70,568	¥80,776	14.5	\$663,512	¥140,001
Brokerage Commissions	49,929	47,290	(5.3)	388,451	97,505
Commissions for Distribution of Investment Trust	12,500	18,004	44.0	147,889	26,728
Fees from Investment Banking	37,029	33,913	(8.4)	278,569	75,255
Underwriting and Distribution	29,482	25,611	(13.1)	210,375	61,010
M&A / Financial Advisory Fees	7,134	7,163	0.4	58,839	13,383
Asset Management and Portfolio Service Fees	57,404	46,095	(19.7)	378,635	109,985
Asset Management Fee	52,320	41,461	(20.8)	340,570	100,142
Total	¥165,001	¥160,784	(2.6)	\$1,320,716	¥325,241

Net gain on trading

	Millions of yen		% Change	Translation into thousands of U.S. dollars	Millions of yen
	For the six months ended				For the year ended
	September 30, 2001(A)	September 30, 2002(B)	(B) vs. (A)		September 30, 2002
Merchant Banking	(¥10,071)	(¥2,246)		(\$18,449)	(¥6,828)
Equity Trading	59,752	15,064	(74.8)	123,739	113,036
Fixed Income and Other Trading	33,223	53,331	60.5	438,073	56,020
Total	¥82,904	¥66,149	(20.2)	\$543,363	¥162,228

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NOMURA HOLDINGS, INC.
CONSOLIDATED INCOME STATEMENT INFORMATION

(UNAUDITED)

Millions of yen

	For the three months ended					
	June 30, 2001	September 30, 2001	December 31, 2001	March 31, 2002	June 30, 2002	September 30, 2002
Revenue:						
Commissions	¥39,597	¥30,971	¥34,587	¥34,846	¥46,091	¥34,685
Fees from investment banking	14,122	22,907	19,632	18,594	15,632	18,281
Asset management and portfolio service fees	29,639	27,765	25,695	26,886	24,190	21,905
Net gain on trading	72,780	10,124	47,779	31,545	36,964	29,185
Interest and dividends	182,491	129,854	107,405	80,791	91,065	115,848
(Loss) profit on investments in equity securities	(1,423)	(41,735)	(13,370)	668	(3,325)	(7,094)
Profit from changes in equity of an affiliated company			3,504			
PFG entities product sales	86,528	67,565	67,834	73,004		
PFG entities rental income	28,210	36,643	56,066	56,134		
Gain on sales of PFG entities				116,324		
Gain (loss) on private equity investments				232,472	3,037	(5,929)
Other	18,422	19,925	14,878	15,740	3,317	6,401
Total revenue	470,366	304,019	364,010	687,004	216,971	213,282
Interest expense	180,203	133,342	107,757	82,746	74,305	72,533
Net revenue	290,163	170,677	256,253	604,258	142,666	140,749
Non-interest expenses:						
Compensation and benefits	80,091	96,844	74,773	127,832	63,595	57,688
Commissions and floor brokerage	4,891	5,270	5,248	5,553	4,477	5,553
Information processing and communications	19,825	20,501	22,543	24,383	18,176	19,233
Occupancy and related depreciation	20,671	15,859	15,778	21,479	14,563	14,537
Business development expenses	6,029	7,921	5,423	7,279	5,895	7,782
PFG entities cost of goods sold	61,387	45,648	46,492	47,344		
PFG entities expenses associated with rental income	15,040	18,244	36,883	41,362		

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Other	29,358	135,329	31,501	51,598	17,589	13,690
	<u>237,292</u>	<u>345,616</u>	<u>238,641</u>	<u>326,830</u>	<u>124,295</u>	<u>118,483</u>
Income(loss) before income taxes	52,871	(174,939)	17,612	277,428	18,371	22,266
Income tax expense(benefit):						
Current	15,224	10,168	17,556	18,950	15,100	(1,256)
Deferred	11,505	(81,114)	(1,886)	14,523	(4,775)	10,297