

NIKKO CORDIAL SECURITIES INC.

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Non-Consolidated financial summary under Japanese GAAP for the nine months ended December 31, 2003

(1) Operating results (from April 1, 2003 to December 31, 2003)

(Millions of Yen)

	Operating revenue	Net operating revenue	Operating income
FY2003 3Q (9months)	133,115 [42.1%]	128,109 [43.2%]	35,084 [568.7%]
FY2002 3Q (9months)	93,700	89,451	5,246
FY2002	124,988	119,189	6,592

	Ordinary income	Net income
FY2003 3Q (9months)	35,379 [578.3%]	22,688 [308.2%]
FY2002 3Q (9months)	5,216	5,558
FY2002	6,751	337

Note: 1. Figures are rounded down to the nearest.

2. The percentage noted in Operating revenue, Net operating revenue, etc is the rate of the increase or decrease compared to the same period in the previous year.

(2) Financial condition

(Millions of Yen except percentage)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Capital adequacy ratio
As of Dec.31, 2003	1,422,350	373,842	26.3 %	424.0 %
As of Dec.31, 2002	1,432,699	354,170	24.7	437.3
As of Mar.31,2003	1,524,809	349,536	22.9	418.0

STATEMENT OF FINANCIAL CONDITION

(Millions of Yen)

	Dec.31, 2003 (A)	Dec.31, 2002 (B)	variance (A) - (B)	Mar.31, 2003
< ASSETS >				
Current assets	1,269,092	1,269,537	(444)	1,367,420
Cash on hand, Cash in banks	275,961	119,235	156,726	140,212
Cash segregated for customers and others	108,417	85,044	23,373	81,940
Trading assets	473,111	606,654	(133,543)	581,355
Trading securities	424,824	563,752	(138,927)	530,037
Derivatives	48,287	42,902	5,384	51,317
Trading receivables	-	-	-	32,127
Margin account receivables	128,561	65,062	63,499	59,822
Loans on margin transactions	121,681	57,226	64,455	50,446
Cash collateral pledged for securities borrowing on margin transactions	6,880	7,836	(955)	9,375
Loans secured by securities	220,028	333,358	(113,329)	411,097
Cash collateral pledged for securities borrowings	220,028	333,358	(113,329)	411,097
Advance payments	2,474	2,295	178	970
Cash paid for subscription	3,907	4,793	(886)	2,315
Short-term loans	1,033	1,106	(73)	1,246
Deferred tax assets	15,592	15,853	(261)	15,853
Other current assets	40,298	36,355	3,942	40,692
Allowance for bad debts	(295)	(223)	(71)	(213)
Non-current assets	153,257	163,161	(9,904)	157,389
Tangible fixed assets	7,064	8,447	(1,382)	7,816
Intangible fixed assets	1,313	1,420	(107)	1,307
Investments and others	144,879	153,294	(8,414)	148,265
Investment securities	24,928	26,217	(1,288)	25,103
Investment in subsidiaries and affiliates	15,518	15,510	8	15,510
Long-term loans	66,874	66,909	(34)	66,908
Long-term guaranty deposits	23,399	27,666	(4,266)	26,110
Deferred tax assets	59,854	62,231	(2,376)	61,189
Other investments	20,530	20,798	(268)	19,682
Allowance for bad debts	(66,226)	(66,039)	(187)	(66,238)
Total assets	1,422,350	1,432,699	(10,348)	1,524,809

STATEMENT OF FINANCIAL CONDITION

(Millions of Yen)

	Dec.31, 2003 (A)	Dec.31, 2002 (B)	variance (A) - (B)	Mar.31, 2003
< LIABILITIES >				
Current liabilities	990,486	875,183	115,303	974,332
Trading liabilities	125,585	241,054	(115,468)	218,977
Trading securities	74,379	169,879	(95,500)	168,495
Derivatives	51,206	71,175	(19,968)	50,481
Trading payables	1,900	5,095	(3,195)	-
Margin account payables	16,841	19,084	(2,243)	21,078
Borrowings on margin transactions	5,334	7,781	(2,447)	8,504
Cash received for securities lending on margin transactions	11,507	11,303	203	12,574
Borrowings pledged by securities	386,485	461,116	(74,631)	522,841
Cash collateral received for securities lendings	262,333	231,855	30,478	254,782
Borrowings on Gensaki transaction	124,151	229,261	(105,109)	268,059
Deposits received	74,313	71,329	2,984	71,343
Guaranty deposits received	29,893	18,164	11,728	18,681
Short-term borrowings	100,595	15,695	84,900	39,495
Commercial paper	120,000	28,000	92,000	65,000
Current portion of corporate debts	100,000	-	100,000	-
Income taxes payable	11,390	121	11,268	160
Other current liabilities	23,481	15,519	7,961	16,754
Non-current liabilities	57,599	203,173	(145,574)	200,719
Corporate debts	-	100,000	(100,000)	100,000
Long-term borrowings	44,000	90,000	(46,000)	90,000
Accrued pension benefits	12,779	13,173	(393)	10,719
Other non-current liabilities	819	-	819	-
Statutory reserves	422	172	249	221
Total liabilities	1,048,507	1,078,528	(30,020)	1,175,273
< SHAREHOLDERS' EQUITY >				
Common stock	100,000	100,000	-	100,000
Additional paid-in capital	290,880	290,880	-	290,880
Legal capital reserve	290,880	290,880	-	290,880
Retained earnings	(18,806)	(36,273)	17,467	(41,494)
Retained earnings at the end of the period	(18,806)	(36,273)	17,467	(41,494)
Net unrealized gain on investment securities	1,768	(436)	2,204	150
Total shareholders' equity	373,842	354,170	19,672	349,536
Total liabilities and shareholders' equity	1,422,350	1,432,699	(10,348)	1,524,809

STATEMENT OF OPERATIONS

(Millions of Yen)

	FY2003 <A> (4/1/03 ~ 12/31/03)	FY2002 (4/1/02 ~ 12/31/02)	Ratio $\frac{\text{<A>}}{\text{}}$ %	FY2002 (4/1/02 ~ 3/31/03)
Operating revenue	133,115	93,700	142.1	124,988
Commissions	98,507	69,672	141.4	90,449
Net gain on trading	28,835	18,246	158.0	26,756
Net gain on other trading	2	2	92.1	3
Interest and dividend income	5,770	5,778	99.9	7,778
Interest expense	5,005	4,249	117.8	5,799
Net operating revenue	128,109	89,451	143.2	119,189
Selling, general and administrative expense	93,025	84,204	110.5	112,597
Floor brokerage, communication and other transaction related costs	11,320	10,661	106.2	14,133
Employee compensation and benefits	49,748	38,401	129.5	52,403
Occupancy and equipment	10,702	12,422	86.2	16,232
Data processing and other services	13,704	13,408	102.2	17,570
Depreciation and amortization	1,301	1,645	79.1	2,134
Taxes, other than income taxes	419	504	83.1	644
Other expenses	5,829	7,160	81.4	9,476
Operating income	35,084	5,246	668.7	6,592
Non-operating revenue	802	936	85.7	1,386
Non-operating expense	507	966	52.5	1,226
Ordinary income	35,379	5,216	678.3	6,751
Extraordinary gain	609	3,114	19.6	2,684
Extraordinary loss	1,314	1,159	113.4	6,824
Income before income taxes	34,674	7,170	483.5	2,611
Income taxes-current	11,500	113	10,177.0	152
Income taxes-deferred	486	1,499	32.4	2,121
Net income	22,688	5,558	408.2	337
Retained earnings at the beginning of period	(41,494)	(41,832)	-	(41,832)
Retained earnings at the end of period	(18,806)	(36,273)	-	(41,494)

Notes to quarterly financial statements

The company's quarterly financial statements have been prepared in accordance with "Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements" (MOF Ordinance No.38, 1977) as well as with the "Cabinet Office Ordinance Concerning Securities Companies" (Prime Minister's Office Ordinance and MOF Ordinance No.32, 1998) and the "Uniform Accounting Standard for Broker Dealers" (approved by the board of directors of the Japan Securities Dealers Association, November 14, 1974), in accordance with the provisions of Article 38 and 57 of the same regulations.

Basis of quarterly financial statements

1. Valuation of financial instruments

(1) Trading purposes

Securities, derivative contracts and other financial instruments classified as trading assets and liabilities are recorded at market value.

(2) Non-trading purposes

Securities held for non-trading purposes are accounted for as follows.

(i) Investment in subsidiaries and affiliates

Recorded at cost using the moving average method.

(ii) Other securities

Securities with market value:

Recorded at market value. The difference between the cost using the moving average method and market value is recorded as Net unrealized gains on investment securities in Shareholders' equity on the balance sheet.

Securities without market value:

Recorded at cost using the moving average method.

2. Depreciation and amortization

(1) Tangible fixed assets

Tangible fixed assets are depreciated on the declining-balance method by using the useful lives and remaining balances stipulated in the Corporate Tax Law. However, the straight-line method of depreciation has been adopted for buildings acquired after April 1, 1998 (excluding facilities attached to buildings) according to the amendments of the Corporate Tax Law in FY1998.

(2) Intangible fixed assets

Intangible fixed assets are amortized on the straight-line method. The useful life of software is the estimated period for internal use, and the useful lives of other intangible fixed assets are the periods stipulated in the Corporate Tax Law.

3. Accounting policies for provisions

(1) Allowance for bad debts

To provide for possible losses from loans, the company accounted allowance for bad debts based on an estimate of the uncollectible amount calculated by using its historical default ratio or a reasonable estimate based on financial condition of individual borrowers.

(2) Accrued bonuses

To provide for employee bonus payments, estimated bonuses are provided based on prescribed calculation methods.

(3) Accrued pension benefits

To provide for the payment of employees' retirement benefits, the company recorded accrued pension benefits in accordance with the present value of estimated future obligations and the fair value of plan assets.

4. Accounting for certain lease transactions

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

5. Accounting for hedging activities

In principle unrealized gains and losses on hedging instrument are deferred as assets or liabilities until the gains or losses on hedged instruments are realized.

6. Accounting for consumption taxes

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

Notes to statement of financial condition

(Millions of Yen)

	Dec.31, 2003	Dec.31, 2002	Mar.31, 2003
1. Accumulated depreciation of Tangible fixed assets	13,840	14,382	13,264

2. Debt Guarantees	27,244	21,640	23,081
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In accordance with Auditing Committee Report No.61 "Audit Treatment of Accounting and Reporting of Debt Guarantees and Similar Acts" issued by Japanese Institute of Certified Public Accountant, items that are recognized to constitute the equivalent of a debt guarantee are included in the notes as Debt Guarantees.

3. Subordinated borrowings

Long-term borrowings include subordinated debts (subordinated borrowings) provided in Article 2 of the "Cabinet Office Ordinance on the Capital Adequacy Rule for Securities Companies" (the Prime Ministers Office Ordinance No.23, 2001).

(Millions of Yen)

	Dec.31, 2003	Dec.31, 2002	Mar.31, 2003
Subordinated borrowings	39,000	39,000	39,000

Notes to statement of operations

(Millions of Yen)

Details of extraordinary gain or loss	FY2003 3Q (9months)	FY2002 3Q (9months)	FY2002
Extraordinary gain			
Gain on sales of investment securities	578	3,114	2,646
Gain on sales of investment in subsidiaries and affiliates	30	-	-
Liquidation gain of affiliates	-	-	37
Extraordinary loss			
Loss on sale of fixed assets	57	-	-
Loss on disposal of fixed assets	40	185	155
Write-off of investment securities	53	626	2,518
Provision for bad debts	100	100	200
Restructuring cost on branches and offices	-	-	1,070
Provision for directors' retirements	862	166	304
Additional payment for employees' retirements	-	-	2,446
Provision for securities transaction liabilities	200	80	129

Reference Data < Non-consolidated >

1. Commissions

(1) Breakdown by Categories

(Millions of Yen except percentage)

	FY2003 3Q	FY2002 3Q	Ratio	FY2002
	<A> (4/1/03 ~ 12/31/03)	 (4/1/02 ~ 12/31/02)	$\frac{\text{<A>}}{\text{}}$ %	(4/1/02 ~ 3/31/03)
Brokerage commissions	34,978	22,552	155.1	27,516
< Equities >	< 33,709 >	< 20,735 >	< 162.6 >	< 25,329 >
< Bonds >	< 334 >	< 597 >	< 55.9 >	< 706 >
< Investment trusts >	< 934 >	< 1,218 >	< 76.7 >	< 1,480 >
Underwriting & selling commissions	1	7	16.1	7
< Bonds >	< 1 >	< 7 >	< 16.1 >	< 7 >
Subscription & distribution commissions	32,218	12,722	253.2	18,624
< Investment trusts >	< 23,095 >	< 8,819 >	< 261.9 >	< 12,613 >
Other commissions	31,309	34,390	91.0	44,300
< Investment trusts >	< 10,380 >	< 11,857 >	< 87.5 >	< 15,071 >
Total	98,507	69,672	141.4	90,449

(2) Breakdown by Products

(Millions of Yen except percentage)

	FY2003 3Q	FY2002 3Q	Ratio	FY2002
	<A> (4/1/03 ~ 12/31/03)	 (4/1/02 ~ 12/31/02)	$\frac{\text{<A>}}{\text{}}$ %	(4/1/02 ~ 3/31/03)
Equities	42,785	25,720	166.3	32,465
Bonds	3,759	2,679	140.3	4,076
Investment trusts	34,411	21,894	157.2	29,165
Others	17,550	19,377	90.6	24,740
Total	98,507	69,672	141.4	90,449

2. Net gain on trading

(Millions of Yen except percentage)

	FY2003 3Q	FY2002 3Q	Ratio	FY2002
	<A> (4/1/03 ~ 12/31/03)	 (4/1/02 ~ 12/31/02)	$\frac{\text{<A>}}{\text{}}$ %	(4/1/02 ~ 3/31/03)
Equities, etc.	6,814	5,161	132.0	6,343
Bonds, forex, etc.	22,020	13,085	168.3	20,412
< Bonds, etc. >	< 15,823 >	< 5,746 >	< 275.3 >	< 12,430 >
< Forex, etc. >	< 6,196 >	< 7,338 >	< 84.4 >	< 7,981 >
Total	28,835	18,246	158.0	26,756

3. Equity Trading Activity (Excluding futures)

(Millions of Shares, Millions of Yen except percentage)

	FY2003 3Q <A> (4/1/03~ 12/31/03)		FY2002 3Q (4/1/02~ 12/31/02)		Ratio $\frac{\text{<A>}}{\text{}}$ %		FY2002 (4/1/02 ~ 3/31/03)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	13,937	9,055,140	8,597	7,241,876	162.1	125.0	11,051	8,465,809
< Proprietary >	< 868 >	< 998,778 >	< 1,428 >	< 1,902,497 >	< 60.8 >	< 52.5 >	< 1,611 >	< 2,073,743 >
< Agency >	< 13,068 >	< 8,056,361 >	< 7,168 >	< 5,339,377 >	< 182.3 >	< 150.9 >	< 9,439 >	< 6,392,066 >
Agent ratio	93.8 %	89.0 %	83.4 %	73.7 %			85.4 %	75.5 %
TSE share	2.4 %	2.0 %	2.2 %	1.8 %			2.1 %	1.7 %

4. Underwriting / Subscription / Selling

(Millions of Shares, Millions of Yen except percentage)

		FY2003 3Q <A> (4/1/03~ 12/31/03)	FY2002 3Q (4/1/03~ 12/31/02)	Ratio $\frac{\text{<A>}}{\text{}}$ %	FY2002 (4/1/02 ~ 3/31/03)
		Underwriting	Bonds < Face value >	30,971	25,821
* Subscription and distribution	Equities < Number of shares >	148	166	89.5	170
	Equities < Amounts >	309,423	143,029	216.3	204,333
	Bonds < Face value >	851,598	669,613	127.2	960,570
	Invest. trusts < Amounts >	3,653,903	2,441,968	149.6	3,202,348

* Including selling and distribution of private placement

5. Capital Adequacy Ratio

(Millions of Yen except percentage)

		Dec.31, 2003	Dec.31, 2002	Mar.31, 2003
Basic items	Capital (A)	372,074	354,170	349,385
Supplementary items	Unrealized gain on investment securities	1,768	-	150
	Statutory reserves	422	172	221
	Allowance for bad debts	80	47	41
	Short-term subordinated borrowings	39,000	39,000	39,000
	Sub - total (B)	41,270	39,219	39,413
	Deductible assets (C)	149,291	157,806	154,960
	Net capital (A) + (B) - (C) (D)	264,053	235,583	233,838
Total risk	Market Risk	20,163	12,156	13,858
	Credit Risk	13,810	12,248	13,494
	Basic Risk	28,294	29,458	28,588
	Sub - total (E)	62,268	53,864	55,941
	Capital adequacy ratio (D) / (E)*100	424.0 %	437.3 %	418.0 %

Note.1 The table above shows calculation of capital adequacy ratio based on financial result in accordance with the provision in Securities and Exchange Law.

Note.2 "Short-term subordinated borrowings" described above is borrowings under a subordinated contract.

Amount : 39,000 million yen

Effective date : March 27, 2002

Maturity date : March 28, 2005

QUARTERLY STATEMENT OF OPERATIONS

(Millions of Yen)

	FY2003 1Q 04/01/03 06/30/03	FY2003 2Q 07/01/03 09/30/03	FY2003 3Q 10/01/03 12/31/03	FY2002 3Q 10/01/02 12/31/02	1/4 of FY2002
Operating revenue	42,481	46,521	44,112	30,816	31,247
Commissions	28,189	35,123	35,193	24,501	22,612
Brokerage commissions	8,539	13,807	12,631	8,102	6,879
Underwriting & selling commissions	0	0	0	2	1
Subscription & distribution commissions	9,314	11,039	11,863	5,205	4,656
Other commissions	10,335	10,276	10,697	11,190	11,075
Net gain on trading	12,171	9,613	7,050	4,443	6,689
Net gain on other trading	1	0	0	1	0
Interest and dividend income	2,119	1,783	1,868	1,870	1,944
Interest expense	2,185	1,464	1,355	1,499	1,449
Net operating revenue	40,296	45,056	42,756	29,316	29,797
Selling, general and administrative expense	30,887	32,084	30,053	27,021	28,149
Floor brokerage, communication and other transaction related costs	3,484	3,890	3,945	3,246	3,533
Employee compensation and benefits	17,066	18,042	14,640	12,987	13,100
Occupancy and equipment	3,728	3,494	3,479	3,821	4,058
Data processing and other services	3,952	4,147	5,603	4,117	4,392
Depreciation and amortization	430	435	435	539	533
Taxes, other than income taxes	205	98	115	148	161
Other expenses	2,019	1,975	1,834	2,160	2,369
Operating income	9,408	12,972	12,703	2,294	1,648
Non-operating revenue	347	121	333	80	346
Non-operating expense	319	171	16	320	306
Ordinary income	9,437	12,922	13,020	2,054	1,687
Extraordinary gain	140	433	35	(46)	671
Extraordinary loss	942	245	127	715	1,706
Income before income taxes	8,635	13,110	12,928	1,292	652
Income taxes-current	36	3,664	7,800	41	38
Income taxes-deferred	79	2,134	(1,727)	674	530
Net income	8,519	7,312	6,856	577	84