



April 24, 2007

NIKKO CORDIAL SECURITIES INC.

Telephone: 81(3)5644-4547

URL: http://www.nikko.co.jp/SEC/e_home.html

Non-consolidated financial summary under Japanese GAAP for the year ended March 31, 2007

1. Operating results for the year ended March 31, 2007

(1) Operating results (from April 1, 2006 to March 31, 2007)

(Millions of Yen)

	Operating revenue	Net operating revenue	Operating income
FY2006	249,677 [0.8 %]	246,972 [0.2 %]	75,058 [-17.8 %]
FY2005	247,748	246,359	91,299

	Ordinary income	Net income
FY2006	76,399 [-20.0 %]	40,132 [-33.1 %]
FY2005	95,480	59,992

(2) Financial condition

(Millions of Yen except percentage)

	Total assets	Net assets	Equity ratio	Capital adequacy ratio
As of Mar. 31, 2007	1,230,618	437,786	35.6 %	587.2 %
As of Mar. 31, 2006	1,319,130	457,885	34.7 %	557.6 %

[Note] Shareholder's equity

FY2006	FY2005
437,786 million yen	- million yen

2. Other

Changes in Significant Accounting Policies

- (1) by new accounting standard : Yes
 (2) by others : None

Note: The details are mentioned in "Changes in significant accounting policies" in page 7.

Note1: Figures are rounded down to the nearest whole number.

Note2: The percentage indicates the rate of the change compared to the same period in the previous year.

STATEMENT OF FINANCIAL CONDITION

(Millions of Yen)

	Mar. 31, 2006 (B)	Mar. 31, 2007 (A)	variance (A)-(B)
< ASSETS >			
Current assets	1,242,783	1,148,098	(94,685)
Cash on hand, Cash in banks	227,419	137,127	(90,292)
Cash segregated for customers and others	203,142	216,924	13,782
Trading assets	339,240	354,717	15,476
Trading securities	304,142	327,495	23,353
Derivatives	35,098	27,221	(7,877)
Margin account receivables	202,181	158,408	(43,772)
Loans on margin transactions	200,451	149,854	(50,596)
Cash collateral pledged for securities borrowing on margin transactions	1,730	8,554	6,823
Loans secured by securities	199,772	230,239	30,466
Cash collateral pledged for securities borrowings	199,772	230,239	30,466
Advance payments	259	1,074	814
Cash paid for subscription	7,913	4,390	(3,523)
Short-term guarantee deposits	17,184	1,745	(15,438)
Short-term loans	310	274	(35)
Accrued income	21,857	20,265	(1,591)
Deferred tax assets	15,657	12,652	(3,004)
Others	7,980	10,408	2,427
Allowance for bad debts	(138)	(132)	5
Non-current assets	76,346	82,519	6,173
Tangible fixed assets	7,976	8,688	712
Buildings	4,438	4,933	494
Furnitures and fixtures	3,520	3,737	217
Land	17	17	-
Intangible fixed assets	1,897	2,359	461
Software	1,299	1,765	465
Others	597	593	(3)
Investments and others	66,472	71,471	4,999
Investment securities	21,057	15,877	(5,180)
Investments in subsidiaries and affiliates	8,817	13,475	4,657
Long-term loans	11,077	5,204	(5,873)
Long-term guarantee deposits	15,988	20,168	4,180
Long-term prepaid expenses	535	509	(25)
Deferred tax assets	7,712	9,202	1,490
Others	12,438	12,446	7
Allowance for bad debts	(11,154)	(5,412)	5,741
Total assets	1,319,130	1,230,618	(88,511)

STATEMENT OF FINANCIAL CONDITION

	Mar. 31, 2006 (B)	Mar. 31, 2007 (A)	(Millions of Yen) variance (A)-(B)
< LIABILITIES >			
Current liabilities	858,471	790,048	(68,423)
Trading liabilities	128,162	127,809	(352)
Trading securities	93,968	100,438	6,469
Derivatives	34,193	27,371	(6,821)
Trading payables	6,463	7,643	1,179
Margin account payables	8,907	117,061	108,154
Borrowings on margin transactions	5,137	105,931	100,794
Cash received for securities lending on margin transactions	3,770	11,130	7,360
Borrowings pledged by securities	325,088	155,488	(169,600)
Cash collateral received for securities lending	235,458	115,307	(120,150)
Borrowings on Gensaki transaction	89,630	40,180	(49,449)
Deposits received	196,892	121,919	(74,972)
Guaranty deposits received	47,367	31,932	(15,434)
Securities fail to receive	-	199	199
Short-term borrowings	76,395	154,675	78,280
Commercial paper	-	20,000	20,000
Account payables	19,129	6,719	(12,410)
Income taxes payable	23,140	17,287	(5,853)
Accrued bonuses	22,500	25,150	2,650
Others	4,424	4,162	(262)
Non-current liabilities	2,028	1,938	(90)
Accrued pension benefits	1,675	1,103	(572)
Others	353	834	481
Statutory reserves	744	844	99
Reserve for securities transaction liabilities	744	844	99
Total liabilities	861,244	792,831	(68,413)
< SHAREHOLDER'S EQUITY >			
Common stock	100,000	-	-
Additional paid-in capital	290,880	-	-
Legal capital reserve	290,880	-	-
Retained earnings	65,730	-	-
Unappropriated retained earnings	65,730	-	-
Net unrealized gain on investment securities	1,274	-	-
Total shareholder's equity	457,885	-	-
Total liabilities and shareholder's equity	1,319,130	-	-
< NET ASSETS >			
Shareholder's equity	-	436,743	-
Common stock	-	100,000	-
Additional paid-in capital	-	290,880	-
Legal capital reserve	-	25,000	-
Other capital reserve	-	265,880	-
Retained earnings	-	45,862	-
Other retained earnings	-	45,862	-
Unappropriated retained earnings	-	45,862	-
Valuation and translation adjustments	-	1,043	-
Net unrealized gain on investment securities	-	1,043	-
Total Net Assets	-	437,786	-
Total Liabilities and Net Assets	-	1,230,618	-

STATEMENT OF OPERATIONS

(Millions of Yen)

	FY2005 (B) (4/1/05 ~ 3/31/06)	FY2006 (A) (4/1/06 ~ 3/31/07)	variance (A) - (B)	Ratio $\frac{\text{<A>}}{\text{}}$ %
Operating revenue	247,748	249,677	1,929	100.8
Commissions	192,965	195,745	2,780	101.4
Net gain on trading	47,651	46,187	(1,463)	96.9
Net gain on other trading	1	0	(0)	40.7
Interest and dividend income	7,129	7,744	614	108.6
Interest expense	1,388	2,705	1,316	194.8
Net operating revenue	246,359	246,972	613	100.2
Selling, general and administrative expense	155,060	171,913	16,853	110.9
Brokerage, communication and other transaction related costs	20,221	21,221	999	104.9
Employee compensation and benefits	79,179	86,350	7,170	109.1
Occupancy	14,596	17,476	2,879	119.7
Data processing and other services	27,239	31,694	4,455	116.4
Depreciation and amortization	1,690	1,932	242	114.3
Taxes, other than income taxes	1,948	1,794	(154)	92.1
Others	10,183	11,443	1,259	112.4
Operating income	91,299	75,058	(16,240)	82.2
Non-operating revenue	4,400	1,726	(2,674)	39.2
Non-operating expense	219	385	166	175.8
Ordinary income	95,480	76,399	(19,080)	80.0
Extraordinary gain	16,026	153	(15,872)	1.0
Extraordinary loss	8,758	6,373	(2,384)	72.8
Income before income taxes	102,748	70,179	(32,568)	68.3
Income taxes-current	22,197	28,374	6,177	127.8
Income taxes-deferred	20,558	1,672	(18,886)	8.1
Net income	59,992	40,132	(19,860)	66.9
Retained earnings at beginning of year	7,337	-	-	-
Interim dividend	1,600	-	-	-
Retained earnings at end of year	65,730	-	-	-

STATEMENT OF CHANGES IN NET ASSETS

FY2006 (from April 1, 2006 to March 31, 2007)

(Millions of Yen)

	Shareholders' Equity					Valuation and translation adjustments	Total Net Assets
	Common stock	Additional paid-in capital		Retained earnings	Total		
		Legal capital reserve	Other capital reserve	Other retained earnings			
				Unappropriated retained earnings			
Net unrealized gain on investment securities							
Balance at beginning of year	100,000	290,880	-	65,730	456,610	1,274	457,885
Changes during the year							
Addition to Other capital reserve from Legal capital reserve		(265,880)	265,880		-		-
Dividends from retained earnings				(60,000)	(60,000)		(60,000)
Net income				40,132	40,132		40,132
Net changes of Net Assets other than Shareholder's equity						(230)	(230)
Total changes	-	(265,880)	265,880	(19,867)	(19,867)	(230)	(20,098)
Balance at end of year	100,000	25,000	265,880	45,862	436,743	1,043	437,786

Notes to financial statements

The company's financial statements have been prepared in accordance with "Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements" (MOF Ordinance No.59, 1963) (the "regulations") 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 2 of the same regulations.

Significant accounting policies

1. Valuation of financial instruments

(1) Trading purposes

Securities and derivatives 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) Investments in subsidiaries and affiliates

Recorded at cost using the moving average method.

(ii) Other securities

(a) 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 gain on investment securities in Net assets on the statement of financial condition.

(b) Securities without market value:

Recorded at cost using the moving average method. Investments in partnership funds are consolidated in proportion to the company's interests, but certain investments in partnerships which will not have material effect on financial statement are recorded as investment securities at net asset value based on its financial statements in proportion to the company's interests.

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 buildings acquired after April 1, 1998 (excluding facilities attached to buildings) are depreciated on the straight-line method in accordance with 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 estimated provision for performing loans with a prospected loss rate based on historical loss experiences, and estimated provision for non-performing loans from probable losses respectively.

(2) Accrued bonuses

To provide for employee, director and executive officer bonus payments, accrued bonuses are estimated based on prescribed calculation methods.

(3) Accrued pension benefits

To provide for the payment of annuities, the company recorded accrued pension benefits based on projected benefit obligation and fair value of plan assets.

4. Accounting for lease transactions

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

5. Accounting for hedging activities

In general, unrealized gains and losses on hedging instrument are deferred as assets or liabilities until the gains or losses on hedged items are realized.

6. Other basis of presentation

(1) Accounting for consumption taxes

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

(2) Tax consolidation regime

On March 27, 2007, the Company obtained an approval to apply tax consolidation regime from National Tax Agency, effective from the fiscal year ending March 2008.

Changes in significant accounting policies

Presentation of Net Assets in the Balance Sheet

The Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Statement No. 5, December 9, 2005), and "Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Statement No. 8, December 9, 2005) from this fiscal year. The amount of shareholder's equity would have been ¥ 437,786 million under prior year's presentation.

Notes to statement of financial condition

	Mar. 31, 2006	(Millions of Yen) Mar. 31, 2007
1. Accumulated depreciation of Tangible fixed assets	12,378	12,523
2. Debt guarantees	22,715	20,063

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 note as debt guarantees.

Notes to statement of operations

	FY2005	(Millions of Yen) FY2006
Breakdown of extraordinary gain and loss		
Extraordinary gain		
Gain on sales of investment securities	1,743	143
Gain on sales of investments in subsidiaries and affiliates	14,282	-
Reversal of allowance for bad debts	-	10
Extraordinary loss		
Loss on sales of fixed assets	113	-
Loss on disposal of fixed assets	528	547
Write-off of investment securities	2,758	4,697
Contribution to the securities market improvement fund	86	-
Reorganizing cost for overseas subsidiaries and affiliates	-	800
Impairment loss	-	154
Provision for directors' retirements	99	73
Loss on termination of retirement benefit system	4,967	-
Provision for securities transaction liabilities	204	99

2. Reference Date

(1) Commissions

(i) Breakdown by Account

(Millions of Yen expect percentage)

	FY2005	FY2006	Ratio	
	(B) (4/1/05 ~ 3/31/06)	(A) (4/1/06 ~ 3/31/07)	$\frac{\langle A \rangle}{\langle B \rangle}$	%
Brokerage commissions	65,195	40,703		62.4
< Equities >	< 64,700 >	< 40,079 >	<	< 61.9 >
< Bonds >	< 305 >	< 448 >	<	< 146.8 >
< Investment trusts >	< 189 >	< 174 >	<	< 92.1 >
Underwriting and selling commissions	5	-		-
< Bonds >	< 5 >	< - >	<	< - >
Subscription and distribution commissions	71,660	80,877		112.9
< Investment trusts >	< 54,688 >	< 65,172 >	<	< 119.2 >
Other commissions	56,103	74,164		132.2
< Investment trusts >	< 25,557 >	< 39,576 >	<	< 154.9 >
Total	192,965	195,745		101.4

(ii) Breakdown by Products

(Millions of Yen expect percentage)

	FY2005	FY2006	Ratio	
	(A) (4/1/05 ~ 3/31/06)	(B) (4/1/06 ~ 3/31/07)	$\frac{\langle A \rangle}{\langle B \rangle}$	%
Equities	79,054	54,273		68.7
Bonds	5,836	5,348		91.6
Investment trusts	80,435	104,924		130.4
Others	27,637	31,198		112.9
Total	192,965	195,745		101.4

(2) Net gain on trading

(Millions of Yen expect percentage)

	FY2005	FY2006	Ratio	
	(A) (4/1/05 ~ 3/31/06)	(B) (4/1/06 ~ 3/31/07)	$\frac{\langle A \rangle}{\langle B \rangle}$	%
Equities	10,802	3,217		29.8
Fixed income and foreign exchange	36,848	42,970		116.6
< Fixed income >	< 23,199 >	< 22,236 >	<	< 95.8 >
< Foreign exchange >	< 13,649 >	< 20,734 >	<	< 151.9 >
Total	47,651	46,187		96.9

(3) Equity Trading Activity (Excluding futures)

(Millions of Shares, Millions of Yen)

	FY2005 (B) (4/1/05 ~ 3/31/06)		FY2006 (A) (4/1/06 ~ 3/31/07)		Ratio $\frac{<A>}{}$	
	Number of shares	Amounts	Number of shares	Amounts	Number of shares	Amounts
Total	12,499	11,165,497	6,949	7,318,622	55.6 %	65.5 %
< Proprietary >	< 1,250 >	< 1,624,475 >	< 565 >	< 904,831 >	< 45.2 >	< 55.7 >
< Agency >	< 11,249 >	< 9,541,022 >	< 6,384 >	< 6,413,791 >	< 56.7 >	< 67.2 >
Agent ratio	90.0 %	85.5 %	91.9 %	87.6 %		
TSE share	0.9 %	0.8 %	0.5 %	0.5 %		

(4) Underwriting / Subscription / Selling

(Millions of Shares, Millions of Yen or percentage)

			FY2005 04/01/05 03/31/06	FY2006 04/01/06 03/31/07	Ratio $\frac{A}{B}$ %
Underwriting	Bonds	< Face value >	72,901	-	-
* Subscription and distribution	Equities	< Number of shares >	111	349	313.9
	Equities	< Amounts >	553,493	615,914	111.3
	Bonds	< Face value >	1,641,283	1,296,329	79.0
	Invest. trusts	< Amounts >	7,533,532	7,111,645	94.4
	Others	< Amounts >	37,284	22,059	59.2

* Including selling and distribution of private placement

(5) Capital Adequacy Ratio

(Millions of Yen except percentage)

		Mar. 31, 2006	Mar. 31, 2007
Basic items	Total shareholders' equity (A)	426,610	436,743
Supplementary items	Unrealized gain on investment securities	1,274	1,043
	Statutory reserves	744	844
	Allowance for bad debts	138	132
	Sub - total (B)	2,156	2,019
Deductible assets (C)	72,725	83,715	
Net capital (A) + (B) - (C) (D)	356,041	355,047	
Total risk	Market Risk	13,304	4,801
	Credit Risk	14,556	12,963
	Basic Risk	35,987	42,689
	Sub - total (E)	63,848	60,454
Capital adequacy ratio (D) / (E)*100	557.6 %	587.2 %	

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

QUARTERLY STATEMENT OF OPERATIONS

(Millions of Yen)

	FY2006 1Q 04/01/06 06/30/06	FY2006 2Q 07/01/06 09/30/06	FY2006 3Q 10/01/06 12/31/06	FY2006 4Q 01/01/07 03/31/07	FY2005 1/4 04/01/05 03/31/06
Operating revenue	63,255	58,214	66,484	61,723	61,937
Commissions	52,950	45,682	51,994	45,117	48,241
Brokerage commissions	11,188	8,278	9,797	11,438	16,298
Underwriting and selling commissions	-	-	-	-	1
Subscription and distribution commissions	26,411	19,203	22,140	13,122	17,915
Other commissions	15,351	18,200	20,056	20,556	14,025
Net gain on trading	8,594	10,669	12,567	14,356	11,912
Net gain on other trading	0	0	0	0	0
Interest and dividend income	1,709	1,861	1,922	2,249	1,782
Interest expense	392	588	738	985	347
Net operating revenue	62,862	57,625	65,746	60,738	61,589
Selling, general and administrative expense	42,909	41,043	44,733	43,227	38,765
Brokerage, communication and other transaction related costs	5,364	5,434	5,312	5,108	5,055
Employee compensation and benefits	22,321	19,616	23,154	21,258	19,794
Occupancy	4,102	4,566	4,214	4,592	3,649
Data processing and other services	7,554	7,804	8,214	8,120	6,809
Depreciation and amortization	455	462	505	509	422
Taxes, other than income taxes	423	452	480	438	487
Other expenses	2,686	2,705	2,850	3,199	2,545
Operating income	19,953	16,581	21,013	17,510	22,824
Non-operating income	775	273	309	368	1,100
Non-operating expense	136	(45)	31	262	54
Ordinary income	20,592	16,900	21,291	17,616	23,870
Extraordinary gain	10	137	(4)	10	4,006
Extraordinary loss	901	430	525	4,516	2,189
Income before income taxes	19,700	16,607	20,761	13,110	25,687
Income taxes-current	500	4,883	13,613	9,377	5,549
Income taxes-deferred	7,839	2,194	(4,679)	(3,682)	5,139
Net income	11,360	9,529	11,826	7,416	14,998