



Date: April 27, 2011

SMBC NIKKO SECURITIES INC.

URL: www.smbcnikko.co.jp

Non-consolidated Financial Summary for the year ended March 31, 2011 (JGAAP)

1. Overall business performance for the year ended March 31, 2011

(1) Operating results (from April 1, 2010 to March 31, 2011)

(Millions of Yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
FY2010	218,663	205,188	38,542	38,336	23,524

Reference information

To accommodate better comparability on full fiscal year basis, operating results for FY2009 combined with those of former Nikko Cordial Securities Inc. before the corporate de-merger are as follows.

(% percentage change from the same period of the previous fiscal year)

(Millions of Yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
FY2010	218,663 14.7%	205,188 11.0%	38,542 -13.3%	38,336 -15.4%	23,524 -59.7%
FY2009	190,558 16.1%	184,929 16.4%	44,472 125.9%	45,312 104.5%	58,318 —

Note: The Company succeeded all of the operations (excluding selected assets and liabilities) of former Nikko Cordial Securities Inc. and certain businesses, including the domestic debt and equity underwriting business, of Nikko Citigroup Ltd. (currently Citigroup Global Markets Japan Inc.), through a corporate de-merger effective on October 1, 2009. Operating results for FY2009 above are sum of those of former Nikko Cordial Securities Inc. (from April 1, 2009 to September 30, 2009) and those of Nikko Cordial Securities Inc. (currently renamed as SMBC Nikko Securities Inc., from October 1, 2009 to March 31, 2010).

(2) Financial conditions

(Millions of Yen except for percentages)

	Total assets	Net assets	Equity ratio	Capital adequacy ratio
FY2010	7,921,710	439,210	5.5 %	518.8 %
FY2009	6,853,539	416,377	6.1 %	566.9 %

Equity (Total of "Shareholder's equity" and "Valuation and translation adjustments")

FY 2010: 439,210 million yen

FY 2009: 416,377 million yen

2. Others

(1) Changes in significant accounting policies

- | | |
|--|--------|
| (i) Changes due to revised accounting standard | : Yes |
| (ii) Other than the above | : None |

***Disclosure of progress of review procedure**

Since the company is not required to file Annual Securities Report, no audit engagement based on Financial Instruments and Exchange Act is concluded. The review procedure based on Companies Act has not been completed at the time of disclosure of this financial summary.

***Other special matters**

There is no applicable information to be disclosed.

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I. Operating Results and Financial Conditions

As of April 1, 2011, the Nikko Cordial Securities Inc. renamed itself as SMBC Nikko Securities Inc.

1. Operating Results

Financial Overview

Operating revenue for the fiscal year (from April 1, 2010 to March 31, 2011) totaled 218.6 billion yen. Net operating revenue, which subtracts financial expenses from operating revenue, was 205.1 billion yen, while selling, general and administrative expenses was 166.6 billion yen. Consequently, operating income was 38.5 billion yen, and ordinary income after adjustment for non-operating income/expenses was 38.3 billion yen. Net income, which incorporates factors such as extraordinary income/losses and income taxes, was 23.5 billion yen.

(1) Commission received

Commission received was 135.8 billion yen. Following are summaries by category:

Brokerage commissions

Brokerage commissions were 17.0 billion yen. Average daily trading values on the Tokyo Stock Exchange during the period were 1,553.5 billion yen. Given this situation of market conditions, commission to consignees on equities were 16.3 billion yen.

Underwriting and distribution commissions

Underwriting and distribution commissions were 18.9 billion yen. Commission revenues on equities were 8.1 billion yen, and those on bonds were 10.7 billion yen.

Flotation and distribution fees

Flotation and distribution fees were 62.1 billion yen. Fee revenues on investment trusts were 61.5 billion yen due to brisk sales of those with monthly dividend payment such as the Nikko Ashmore Emerging Markets Tri-Asset Fund.

Other fees received

Other fees received were 37.6 billion yen. Agent commissions from investment trusts were 25.3 billion yen.

(2) Net Trading Income

Net trading income was 62.6 billion yen. Net trading loss on equities was 0.5 billion yen and net trading income on bonds/foreign exchanges was 63.1 billion yen.

(3) Net Financial Revenue

Net financial revenue, 20.1 billion yen of financial revenue less 13.4 billion yen of financial expenses, was 6.6 billion yen.

(4) Selling, General and Administrative Expenses

Selling, general and administrative expenses were 166.6 billion yen, mainly consisted of personal expenses 79.1 billion yen, outsourcing and stationery expenses 29.2 billion yen, trading related expenses 21.9 billion yen and real estate expenses 18.1 billion yen.

(5) Extraordinary Income and Losses

Extraordinary income was 0.08 billion yen including gain on sales of investment securities and affiliate's stock.

Extraordinary losses were 4.7 billion yen: Loss on valuation of investment securities of 1.6 billion yen, Expenses for change in corporate name of 0.9 billion yen, Loss on adjustment for changes of accounting standard for asset retirement obligations of 0.7 billion yen, and Loss on sales of investment securities of 0.7 billion yen.

(6) Income Taxes

Income taxes-current were 0.5 billion yen. Income taxes-deferred were 9.6 billion yen due to a decrease in deferred tax assets.

2. Financial Conditions

Net assets were 439.2 billion yen at the end of this fiscal year (as of March 31, 2011), an increase by 22.8 billion yen from the end of the previous fiscal year. Current assets were 7,671.7 billion yen, an increase by 1,064.3 billion yen. Noncurrent assets were 249.9 billion yen, an increase by 3.8 billion yen, and the total assets were 7,921.7 billion yen. Current liabilities increased by 1,133.3 billion yen to 7,350.4 billion yen; noncurrent liabilities decreased by 88.0 billion yen to 131.9 billion yen and the total liabilities were 7,482.5 billion yen.

Capital adequacy ratio was 518.8 % at the end of March, 2011.

II. Financial Statements**1. Balance Sheet**

(Millions of Yen)

	Mar. 31, 2010	Mar. 31, 2011
(ASSETS)		
Current assets		
Cash and deposits	174,868	465,760
Cash segregated as deposits	119,553	120,192
Trading products:	2,420,193	2,528,058
<i>Trading securities and other</i>	2,296,182	2,382,612
<i>Derivatives</i>	124,010	145,445
Trade date accrual	—	74,040
Margin transaction assets:	39,401	32,243
<i>Loans on margin transactions</i>	31,780	31,127
<i>Cash collateral pledged for securities borrowing on margin transactions</i>	7,621	1,116
Loans secured by securities:	3,710,671	4,296,738
<i>Cash collateral pledged for securities borrowed</i>	3,710,671	4,296,738
Advances paid	261	1,154
Cash paid for offering	15,028	16,350
Short-term guarantee deposits	75,478	92,310
Accrued income	15,955	12,193
Deferred tax assets	24,936	26,245
Other	11,108	6,545
Allowance for doubtful accounts	(31)	(71)
Total current assets	6,607,425	7,671,763
Noncurrent assets		
Property and equipment	6,707	8,692
<i>Buildings</i>	4,681	5,310
<i>Equipment</i>	1,922	1,987
<i>Land</i>	17	17
<i>Lease assets</i>	85	1,376
Intangible assets	50,027	46,337
<i>Goodwill</i>	12,651	11,922
<i>Right of trademark</i>	35,207	31,501
<i>Software</i>	1,595	2,339
<i>Other</i>	572	574
Investments and other assets:	189,379	194,916
<i>Investment securities</i>	59,155	67,218
<i>Stocks of subsidiaries and affiliates</i>	39,081	39,588
<i>Long-term loans receivable</i>	5,083	13,701
<i>Long-term guarantee deposits</i>	15,500	15,698
<i>Long-term prepaid expenses</i>	106	140
<i>Deferred tax assets</i>	64,309	52,735
<i>Other</i>	12,991	12,470
<i>Allowance for doubtful accounts</i>	(6,848)	(6,636)
Total noncurrent assets	246,113	249,946
Total assets	6,853,539	7,921,710

(Millions of Yen)

	Mar. 31, 2010	Mar. 31, 2011
(LIABILITIES)		
Current liabilities		
Trading products:	1,553,112	1,638,499
<i>Trading securities and other</i>	1,427,383	1,490,095
<i>Derivatives</i>	125,729	148,404
Trade date accrual	78,214	—
Margin transaction liabilities:	11,754	5,611
<i>Borrowings on margin transactions</i>	1,711	1,560
<i>Cash received for securities lending on margin transactions</i>	10,043	4,050
Loans payable secured by securities:	1,454,102	1,081,616
<i>Cash received on debt credit transaction of securities</i>	836,659	884,492
<i>Borrowings on Gensaki transaction</i>	617,442	197,124
Deposits received	152,005	114,016
Guarantee deposits received	22,693	17,753
Short-term loans payable	2,696,973	4,119,500
Commercial papers	217,000	339,800
Lease obligations	—	530
Accounts payable - other	6,012	7,311
Income taxes payable	2,647	618
Provision for bonuses	15,900	15,130
Other	6,687	10,051
Total Current Liabilities	6,217,104	7,350,438
Noncurrent liabilities		
Bonds payable	—	30,000
Long-term loans payable	216,000	97,000
Lease obligations	—	926
Provision for retirement benefits	3,078	2,019
Asset retirement obligations	—	1,266
Other	945	778
Total noncurrent liabilities	220,023	131,991
Reserves under the special laws		
Reserve for financial products transaction liabilities	34	69
Total reserves under the special laws	34	69
Total liabilities	6,437,162	7,482,500
(NET ASSETS)		
Shareholder's equity		
Capital stock	10,000	10,000
Capital surplus:	378,143	378,395
<i>Other capital surplus</i>	378,143	378,395
Retained earnings:	26,744	50,269
<i>Other retained earnings</i>	26,744	50,269
<i>Retained earnings brought forward</i>	26,744	50,269
Total Shareholder's equity	414,888	438,664
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,489	546
Total valuation and translation adjustments	1,489	546
Net assets	416,377	439,210
Total liabilities and net assets	6,853,539	7,921,710

2. Income Statement

(Millions of Yen)

	For the 12 months ended Mar. 31, 2011
Operating revenue	
Commission received	135,887
Net trading income	62,606
Other net gain on goods trading	0
Financial revenue	20,168
Total operating revenue	<u>218,663</u>
Financial expenses	<u>13,474</u>
Net operating revenue	205,188
Selling, general and administrative expenses	166,646
<i>Trading related expenses</i>	21,901
<i>Personal expenses</i>	79,115
<i>Real estate expenses</i>	18,194
<i>Outsourcing and stationery expenses</i>	29,258
<i>Depreciation</i>	6,874
<i>Taxes and dues</i>	1,675
<i>Other</i>	9,626
Operating income	38,542
Non-operating income	1,478
Non-operating expenses	1,683
Ordinary income	38,336
Extraordinary income	
Gain on sales of investment securities	27
Gain on sales of subsidiaries and affiliates' stocks	29
Reversal of allowance for doubtful accounts	23
Total extraordinary income	<u>80</u>
Extraordinary loss	
Loss on retirement of noncurrent assets	289
Loss on sales of investment securities	707
Loss on valuation of investment securities and others	1,686
Provision of reserve for financial products transaction liabilities	34
Loss on adjustment for changes of accounting standard for asset retirement obligations	774
Expenses for change in corporate name	931
Impairment loss	276
Total extraordinary losses	<u>4,700</u>
Income before income taxes	33,716
Income taxes-current	516
Income taxes-deferred	9,675
Total income taxes	<u>10,191</u>
Net income	23,524

* The operating results for the previous fiscal year are not presented above because Nikko Cordial Securities Inc. (currently renamed as SMBC Securities Inc.) began its operations as a financial instruments business operator effective on October 1, 2009, succeeding all of the operations (excluding selected assets and liabilities) of former Nikko Cordial Securities Inc. and certain businesses, including the domestic debt and equity underwriting business, of Nikko Citigroup Ltd. (currently Citigroup Global Markets Japan Inc.) through a corporate de-merger.

3. Statement of Changes in Net Assets

(Millions of Yen)

	For the 10 months Mar. 31, 2010	For the 12 months Mar. 31, 2011
Shareholders' equity		
Capital stock		
Balance at end of previous period		10,000
Changes of items during the period		
Issuance of new shares	10,000	—
Total changes of items during the period	<u>10,000</u>	<u>—</u>
Balance at end of period	<u>10,000</u>	<u>10,000</u>
Capital surplus		
Other capital surplus		
Balance at end of previous period		378,143
Changes of items during the period		
Issuance of new shares	378,143	251
Total changes of items during the period	<u>378,143</u>	<u>251</u>
Balance at end of period	<u>378,143</u>	<u>378,395</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at end of previous period		26,744
Changes of items during the period		
Net income	26,744	23,524
Total changes of items during the period	<u>26,744</u>	<u>23,524</u>
Balance at end of period	<u>26,744</u>	<u>50,269</u>
Total shareholders' equity		
Balance at end of previous period		414,888
Changes of items during the period		
Issuance of new shares	388,143	251
Net income	26,744	23,524
Total changes of items during the period	<u>414,888</u>	<u>23,776</u>
Balance at end of period	<u>414,888</u>	<u>438,664</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at end of previous period		1,489
Changes of items during the period		
Net changes of items other than shareholders' equity	1,489	(942)
Total changes of items during the period	<u>1,489</u>	<u>(942)</u>
Balance at end of period	<u>1,489</u>	<u>546</u>
Net assets		
Balance at end of previous period		416,377
Changes of items during the period		
Issuance of new shares	388,143	251
Net income	26,744	23,524
Net changes of items other than shareholders' equity	1,489	(942)
Total changes of items during the period	<u>416,377</u>	<u>22,833</u>
Balance at end of period	<u>416,377</u>	<u>439,210</u>

4. Note on going concern

There is no applicable information to be disclosed.

5. Basis of the financial statements

(1) Valuation of financial instruments

(A) Trading products

Securities, derivatives and other products classified as trading products are measured at fair value.

(B) Stocks of subsidiaries and affiliates

Stocks of subsidiaries and affiliates are measured at cost using the moving average method.

(C) Investments and other assets (relieve of stocks of subsidiaries and affiliates)

a. Securities with available fair values

Securities with available fair values are measured on the balance sheet at fair value at the end of the current period. The difference between the acquisition cost using the moving average method and fair value is directly recorded in Valuation difference on available-for-sale securities in Net assets on the balance sheet.

b. Investments in partnerships

Investments in partnerships are recorded as Investment securities at net asset value in proportion to the Company's interests. For certain investments in partnerships which are deemed to be subsidiaries and/or other significant investments in partnerships, the balances on the financial statements of the relevant partnerships are recorded in the respective lines in proportion to the Company's interests.

c. Securities with no available fair values and other assets

Securities with no available fair values are measured at cost using the moving average method.

(2) Depreciation method for noncurrent assets

(A) Property and equipment (exclude lease assets)

Indirect method (only buildings (exclude building leaseholds) were the straight-line method) by the declining-balance method is applied.

(B) Intangible assets (exclude lease assets)

Direct method by the straight-line method is applied.

(C) Lease assets

Indirect method by the straight-line method is applied.

(3) Accounting policies for provisions

(A) Allowance for doubtful accounts

To provide for possible losses from loans, the Company estimates the allowance for performing loans using a projected loss rate based on historical loss experiences, and estimates the allowance for non-performing loans based on individually determined possible losses.

(B) Provision for bonuses

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

(C) Provision for retirement benefits

To provide for payments of annuity holder retirement benefits, the Company records Provision for retirement benefits based on the estimated value of future obligations and plan assets at the end of the current period.

(D) Reserve for financial products transaction liabilities

To provide for possible losses from accidents involved in financial instruments transactions, the Company recorded financial instruments transaction liability reserve computed in accordance with Article 46.5.1 of "Financial Instruments and Exchange Act" and Article 175 of the "Cabinet Office Ordinance Concerning Financial Instruments Transaction Business"(Cabinet Office Ordinance No.52, 2007).

(4) Other basis of presentation

(A) Accounting for consumption taxes

Consumption taxes are accounted for using the tax exclusion method.

(B) Amortization on good will

Goodwill is principally amortized within 20 years based on the straight-line method.

6. Changes in basic significant matters for preparing the financial statements

Changes due to revised accounting standard

Accounting Standard for Asset Retirement Obligations (Statement No.18, March 31st 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (Guidance No.21, March 31st 2008) have been applied since this fiscal year.

As a result, operating income and ordinary income increased by 13 million yen, and net income before taxes decreased by 788 million yen.

7. Notes to the financial statementsNotes to the balance sheet

(Millions of Yen)

	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2011</u>
(1) Accumulated depreciation of property and equipment	12,911	13,932
(2) Liabilities for guarantees	15,093	13,413

In accordance with the Auditing Committee Report No.61 "Audit Treatment of Accounting and Reporting of Debt Guarantees and Similar Acts" issued by the 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.

(3) Subordinated borrowings

Short-term loans payable and Long-term loans payable include subordinated debts (subordinated borrowings) provided in Article 176 of the "Cabinet Office Ordinance Concerning Financial Instruments Transaction Business" (Cabinet Office Ordinance No.52, 2007), and the amount are follows.

	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2011</u>
Short-term loans payable	—	200,000
Long-term loans payable	200,000	—

III. Supplementary Information**1. Commission Received**

(A) Breakdown by Categories

(Millions of Yen)

	For the 12 months ended Mar.31 2011
Brokerage commissions	17,076
< Equities >	< 16,308 >
< Bonds >	< 115 >
< Investment trusts >	< 652 >
Underwriting and distribution commissions	18,972
< Equities >	< 8,130 >
< Bonds >	< 10,775 >
Flotation and distribution fees	62,153
< Investment trusts >	< 61,542 >
Other fees received	37,684
< Investment trusts >	< 25,370 >
Total	135,887

(B) Breakdown by Products

(Millions of Yen)

	For the 12 months ended Mar.31 2011
Equities	26,753
Bonds	11,892
Investment trusts	87,565
Others	9,675
Total	135,887

2. Net Trading Income

(Millions of Yen)

	For the 12 months ended Mar.31 2011
Equities, etc.	(518)
Bonds, forex, etc.	63,125
< Bonds, etc. >	< 57,241 >
< Forex, etc. >	< 5,883 >
Total	62,606

3. Equity Trading Activity (excluding futures transactions)

(Millions of Yen and shares)

	For the 12 months ended Mar.31 2011	
	Number of shares	Amount
Total	6,501	4,017,867
< Proprietary >	< 821 >	< 655,261 >
< Agency >	< 5,679 >	< 3,362,605 >
Brokerage ratio	87.4 %	83.7 %
TSE share	0.5 %	0.5 %

4. Underwriting/Subscription / Distribution

(Millions of Yen and shares)

		For the 12 months ended Mar.31 2011
Underwriting	Equities (Number of shares)	196
	Equities (Amounts)	203,948
	Bonds (Face value)	5,740,601
	Others (Amounts)	36,600
*Subscription and distribution	Equities (Number of shares)	1,920
	Equities (Amounts)	237,082
	Bonds (Face value)	4,558,330
	Invest. trusts (Amounts)	5,851,196
	Others (Amounts)	50,856

* Include secondary offerings, private placement and solicitation for selling and others for professional investors

5. Capital Adequacy Ratio

(Millions of Yen)

		Mar. 31, 2011	Mar. 31, 2010
Basic items	Total capital (A)	438,664	414,888
Supplementary items	Valuation difference on available-for-sale securities, etc.	546	1,489
	Reserves under the special laws	69	34
	Allowance for doubtful accounts	71	31
	Short-term subordinated borrowings	200,000	200,000
	Sub-total (B)	200,686	201,554
Deductible assets (C)	225,181	232,228	
Net capital (A) + (B) - (C) (D)	414,169	384,214	
Risk total	Market Risk	27,311	21,541
	Counterparty Risk	12,017	12,385
	Basic Risk	40,489	33,845
	Sub-total (E)	79,817	67,772
Capital adequacy ratio (D) / (E)*100	518.8 %	566.9 %	

Note: 1. The table above shows calculation of the capital adequacy ratio based on financial results in accordance with the provision set out in the Financial Instruments and Exchange Law.

2. "Short-term subordinated borrowings" at the end of the fiscal year is subordinated borrowings.

Amount : 50,000 millions of yen

Contract date : October 1, 2009

Maturity date : October 3, 2011

Amount : 150,000 millions of yen

Contract date : January 4, 2010

Maturity date : January 5, 2012

6. Trend Statement of Operations

(Millions of Yen)

	FY2009 4Q 01/01/10 03/31/10	FY2010 1Q 04/01/10 06/30/10	FY2010 2Q 07/01/10 09/30/10	FY2010 3Q 10/01/10 12/31/10	FY2010 4Q 01/01/11 03/31/11
Operating revenue	57,777	58,251	53,119	56,697	50,594
Commission received	41,555	36,236	32,277	36,165	31,207
Brokerage commissions	5,097	4,612	2,928	4,110	5,426
(Equities)	4,670	4,367	2,803	3,923	5,215
(Bonds)	148	28	18	42	25
(Investment trusts)	277	216	106	144	185
Underwriting and distribution commissions	14,433	4,595	4,469	6,187	3,720
(Equities)	11,978	2,102	1,307	3,263	1,456
(Bonds)	2,455	2,452	3,161	2,897	2,264
Flotation and distribution fees	9,612	18,137	15,299	16,645	12,070
(Investment trusts)	9,564	17,812	15,225	16,555	11,949
Other fees received	12,412	8,891	9,580	9,222	9,989
(Investment trusts)	6,329	6,313	6,141	6,444	6,470
Net trading income	13,602	17,605	14,853	15,466	14,681
Equities, etc.	434	116	(171)	451	(914)
Bonds, forex, etc.	13,167	17,489	15,024	15,014	15,596
(Bonds, etc.)	12,559	12,977	14,482	13,700	16,081
(Forex, etc.)	608	4,511	542	1,314	(484)
Other net gain on goods trading	0	0	0	0	0
Financial revenue	2,619	4,408	5,988	5,065	4,705
Financial expenses	2,620	3,237	3,471	3,453	3,311
Net operating revenue	55,157	55,013	49,647	53,244	47,282
Selling, general and administrative expenses	40,590	40,543	41,069	41,814	43,219
Trading related expenses	4,677	4,590	5,626	5,764	5,920
Personal expenses	20,366	20,084	18,863	20,476	19,691
Real estate expenses	4,421	4,470	4,468	4,423	4,832
Outsourcing and stationery expenses	6,912	7,040	7,356	6,860	8,000
Depreciation	1,663	1,604	1,641	1,745	1,882
Taxes and dues	370	437	421	426	389
Other	2,178	2,316	2,690	2,117	2,501
Operating income	14,566	14,470	8,578	11,430	4,063
Non-operating income	181	212	1,142	(221)	345
Non-operating expenses	140	1,337	409	469	(532)
Ordinary income	14,607	13,344	9,311	10,739	4,940
Extraordinary income	13	30	(3)	40	13
Extraordinary loss	(625)	2,359	427	10	1,902
Income before income taxes	15,247	11,015	8,880	10,768	3,051
Income taxes-current	1,894	371	40	40	65
Income taxes-deferred	(7,272)	399	2,947	4,884	1,444
Net income	20,624	10,245	5,893	5,844	1,541