

Daiwa Securities SMBC Co. Ltd.3-5 Yaesu 1-chome, Chuo-ku
Tokyo 103-8289, Japan

July 27, 2001

Non-consolidated financial summary

(For the first quarter ended June 30, 2001)

(1) Operating results (from April 1, 2001 to June 30, 2001)

Note : All figures in the financial statements are rounded down to the nearest millionth.

" - " indicates a loss or negative figure.

	Operating revenues		Operating income		Ordinary income	
	millions of yen	Yr/yr % change	Millions of yen	Yr/yr % change	millions of yen	Yr/yr % change
First quarter (2001/6)	26,959	(-51.1)	2,124	(-93.2)	2,363	(-92.4)
First quarter (2000/6)	55,097	(45.2)	31,048	(95.9)	30,967	(92.1)
Fiscal 2000 (2001/3)	230,735	(34.1)	123,484	(70.1)	123,640	(69.3)

	Net income	
	millions of yen	Yr/yr % change
First quarter (2001/6)	-1,297	(-)
First quarter (2000/6)	17,595	(-)
Fiscal 2000 (2001/3)	70,802	(-)

Note. Change in accounting policies: None

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Capital adequacy ratio
	Millions of yen	Millions of yen	%	%
As of Jun. 30, 2001	5,650,331	341,546	8.1	450.9
As of Jun. 30, 2000	6,820,725	341,265	6.6	523.2
As of Mar. 31, 2001	5,626,580	394,136	9.6	364.7

Note:

Stockholders' equity ratio = Total stockholders' equity / (Total liabilities* + Total stockholders' equity)

(*)Excluding securities deposited by customers as collateral and short-term securities borrowed.

Daiwa Securities SMBC Co. Ltd.

Balance Sheet

(millions of yen)

Assets				
	(A) First quarter Jun. 30, 2001	(B) First quarter Jun. 30, 2000	(A) -(B) Increase/ Decrease	Fiscal 2000 Mar. 31, 2001
Current assets:	5,513,174	6,679,843	-1,166,669	5,490,024
Cash and time deposits	47,001	249,991	-202,989	41,894
Cash segregated as deposits related to securities transactions	1,819	1,056	763	1,586
Receivables	2,270	1,135	1,135	1,929
Trade date accrual	-	692,691	-692,691	-
Advance payments on securities subscribed	2,719	1,950	768	806
Short-term loans receivable	108,634	25,410	83,224	289,539
Accrued income	8,660	8,697	-36	8,703
Trading assets:	2,432,589	2,870,208	-437,618	2,490,598
Trading securities and others	2,067,202	2,719,163	-651,961	2,174,429
Option transactions	34,321	23,790	10,531	42,341
Derivative valuation accounts	331,065	127,254	203,811	273,827
Receivables related to margin transactions:	101,560	79,111	22,449	137,648
Loans receivable from customers for margin transactions	-	148	-148	-
Cash deposits as collateral for securities borrowed from securities finance companies	101,560	78,963	22,597	137,648
Receivables related to Gensaki transactions	612,128	97,184	514,943	217,451
Cash deposits as collateral for securities borrowed	756,981	960,096	-203,115	777,872
Securities in custody	1,413,762	1,674,158	-260,396	1,501,176
Short-term guarantee money deposited	8,436	14,419	-5,983	8,335
Deferred income tax assets-current	8,988	3,419	5,568	6,062
Other current assets	7,695	412	7,282	7,362
Less: Allowance for doubtful accounts-current	-74	-102	27	-944
Non-current assets:	137,157	140,881	-3,724	136,555
Tangible fixed assets	4,954	5,149	-194	4,972
Intangible fixed assets	22,389	13,786	8,602	21,856
Investments and others:	109,813	121,946	-12,132	109,726
Investment securities	41,730	37,303	4,427	37,758
Long-term loans receivable	43	33	10	37
Long-term guarantee deposits	7,568	8,765	-1,196	9,045
Deferred income tax assets-non-current	54,545	69,416	-14,870	57,218
Other investments	6,048	6,428	-379	5,790
Less: Allowance for doubtful accounts-non-current	-123	0	-123	-123
Total assets	5,650,331	6,820,725	-1,170,393	5,626,580

(millions of yen)

Liabilities				
	(A) First quarter Jun. 30, 2001	(B) First quarter Jun. 30, 2000	(A) -(B) Increase/ Decrease	Fiscal 2000 Mar. 31, 2001
Current liabilities:	5,100,716	6,361,837	-1,261,121	5,050,326
Short-term borrowings	211,440	256,200	-44,759	220,503
Commercial paper	298,500	154,000	144,500	516,300
Bonds due within one year	2,900	3,000	-99	4,400
Deposits received	21,904	7,818	14,085	8,471
Trade date accrual	87,735	-	87,735	36,658
Advance receipts on securities subscribed	3,390	2,233	1,157	1,011
Accrued expenses	4,261	3,672	589	5,365
Trading liabilities:	1,010,939	1,082,657	-71,717	1,094,936
Trading securities and others	662,623	955,198	-292,574	789,771
Option transactions	29,252	17,916	11,336	40,317
Derivative valuation accounts	319,063	109,541	209,521	264,847
Payables related to margin transactions:	21,869	4,738	17,131	59,876
Proceeds of securities sold for margin transactions	21,869	4,738	17,131	59,876
Payables related to Gensaki transactions	345,402	1,819,665	-1,474,262	741,938
Cash deposits as collateral for securities loaned	1,630,731	1,317,805	312,926	776,512
Short-term securities borrowed	1,240,278	1,464,461	-224,183	1,321,226
Cash deposits received from customers	44,913	25,352	19,561	50,115
Securities deposited by customers as collateral	173,484	209,697	-36,213	179,950
Accrued income taxes	3	7,851	-7,847	27,518
Other current liabilities	2,960	2,685	274	5,541
Non-current liabilities:	206,336	116,677	89,659	180,576
Bonds	99,200	10,500	88,700	73,200
Long-term borrowings	100,000	100,000	-	100,000
Deferred income tax liabilities-non-current	-	-	-	299
Accrued retirement benefits	2,002	1,054	948	1,865
Multiemployer pension plan	4,232	4,232	-	4,232
Other non-current liabilities	900	889	10	979
Statutory reserves:	1,732	945	786	1,541
Reserve for securities transaction liabilities	1,731	945	786	1,541
Reserve for financial futures transaction liabilities	0	0	0	0
Total liabilities	5,308,784	6,479,460	-1,170,675	5,232,444
Stockholders' equity				
Common stock	205,600	205,600	-	205,600
Legal reserve:	122,462	117,321	5,141	117,321
Additional paid-in capital	117,321	117,321	-	117,321
Earned surplus reserve	5,141	-	5,141	-
Retained earnings:	12,954	17,595	-4,641	70,802
Special reserve for depreciation	359	517	-158	517
Unappropriated retained earnings	12,595	17,078	-4,482	70,284
(Net income for the current term)	(-1,297)	17,595	(-18,893)	70,802
Revaluation reserve for investment securities, net of tax effect	530	748	-217	412
Total stockholders' equity	341,546	341,265	281	394,136
Total liabilities and stockholders' equity	5,650,331	6,820,725	-1,170,393	5,626,580

Daiwa Securities SMBC Co. Ltd.

Income Statement

(millions of yen)

	(A)	(B)	(A) / (B)	
	First quarter Apr. 1, 2001 - Jun. 30, 2001	First quarter Apr. 1, 2000 - Jun. 30, 2000	Comparison (%)	Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001
Operating revenues	26,959	55,097	48.9	230,735
Commissions	13,104	18,579	70.5	73,643
Net gain on trading securities	6,614	32,089	20.6	128,934
Net gain on other commodities trading	-	-	-	2
Interest and dividend income	7,240	4,428	163.5	28,155
Operating expenses	24,835	24,048	103.3	107,251
Selling, general and administrative expenses	22,840	22,668	100.8	94,993
Commission and other expenses	7,225	8,408	85.9	34,743
Employees' compensation and benefits	5,909	6,371	92.8	24,963
Real estate expenses	2,803	2,152	130.2	9,917
Data processing and office supplies	4,062	3,399	119.5	14,282
Depreciation expenses	1,737	1,268	136.9	5,768
Taxes other than income taxes	686	632	108.5	2,833
Others	416	435	95.5	2,485
Interest expenses	1,995	1,379	144.6	12,258
Operating income	2,124	31,048	6.8	123,484
Non-operating income	248	127	194.7	677
Non-operating expenses	8	208	4.0	521
Ordinary income	2,363	30,967	7.6	123,640
Extraordinary gains	994	-	-	-
Gain on sale of investment securities	125	-	-	-
Reversal of allowance for doubtful accounts	869	-	-	-
Extraordinary losses	5,323	201	2,648.0	797
Write off of goodwill	5,000	-	-	-
Consumption tax incurred regarding goodwill not falling under other deductions	98	-	-	-
Write off of investment securities	34	-	-	-
Provision for securities transaction liabilities	190	201	94.7	797
Provision for financial futures transaction liabilities	-	0	-	0
Income before income taxes and others	-1,965	30,766	-	122,843
Income taxes-current	3	7,888	0.0	36,661
Reversal of accrued income taxes	33	-	-	-
Income taxes-deferred	-638	5,281	-	15,379
Net income	-1,297	17,595	-	70,802
Unappropriated retained earnings-carryforward	13,892	-517	-	-517
Unappropriated retained earnings	12,595	17,078	73.8	70,284

Supplemental information for

(Apr. 1, 2001 – Jun. 30 2001)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	First quarter (2001/6)	First quarter (2000/6)	Comparison (%)	Fiscal 2000 (2001/3)
Brokerage commission	2,778	4,066	68.3%	13,714
(Stock and other)	(2,748)	(4,033)	(68.1%)	(13,531)
(Bond and other)	(30)	(32)	(95.0%)	(182)
Underwriting	6,188	8,847	70.0%	37,296
(Stock and other)	(3,579)	(6,135)	(58.3%)	(29,381)
(Bond and other)	(2,609)	(2,711)	(96.3%)	(7,914)
Distribution	179	851	21.0%	3,384
(Beneficiary certificates)	(127)	(674)	(19.0%)	(1,680)
Other commission	3,958	4,814	82.2%	19,247
(Beneficiary certificates)	(1,364)	(2,820)	(48.4%)	(9,232)
Total	13,104	18,579	70.5%	73,643

(2) Asset class

(millions of yen)

	First quarter (2001/6)	First quarter (2000/6)	Comparison (%)	Fiscal 2000 (2001/3)
Stock and other	6,526	10,387	62.8%	44,296
Bond and other	2,931	3,282	89.3%	10,483
Beneficiary certificates	1,492	3,494	42.7%	10,914
Others	2,155	1,414	152.3%	7,949
Total	13,104	18,579	70.5%	73,643

2. Breakdown of trading gains/losses

(millions of yen)

	First quarter (2001/6)	First quarter (2000/6)	Comparison (%)	Fiscal 2000 (2001/3)
Stock and other	4,278	27,178	15.7%	115,403
Bond, Forex and other	2,336	4,910	47.6%	13,531
(Bond and other)	(5,205)	(5,809)	(89.6%)	(18,606)
(Forex and other)	(-2,869)	(-899)	(-)	(-5,075)
Total	6,614	32,089	20.6%	128,934

3. Trading volume of stocks (excluding futures transaction)

(millions of share, millions of yen)

	First quarter (2001/6)		First quarter (2000/6)		Comparison (%)		Fiscal 2000 (2001/3)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of Shares	Amount
Total	9,457	12,703,012	9,942	16,089,635	95.1%	79.0%	39,514	60,131,859
(Dealing) (a)	(5,328)	(7,030,059)	(5,087)	(8,235,279)	(104.7)	(85.4)	(20,817)	(31,387,302)
(Brokerage)(b)	(4,128)	(5,672,953)	(4,854)	(7,854,356)	(85.0)	(72.2)	(18,696)	(28,744,556)
b/(a + b)	43.7%	44.7%	48.8%	48.8%			47.3%	47.8%
TSE share	5.4%	6.8%	7.0%	8.0%			6.7%	7.7%

4. Underwriting activities

(millions of share, millions of yen)

	First quarter (2001/6)	First quarter (2000/6)	Comparison (%)	Fiscal 2000 (2001/3)
<u>Underwriting:</u>				
Stock (number of shares)	14	10	133.9%	73
(yen amount)	72,129	118,125	61.1%	648,552
Bond (face value)	1,079,250	994,004	108.6%	3,097,155
CP & others (face value)	545,110	336,600	161.9%	1,822,300
<u>Distribution (*)</u>				
Stock (number of shares)	14	66	21.7%	133
(yen amount)	72,129	121,154	59.5%	672,230
Bond (face value)	1,028,473	1,017,968	101.0%	3,129,498
Beneficiary certificates (face value)	551,410	1,240,202	44.5%	4,667,340
CP & others (face value)	545,110	336,600	161.9%	1,822,300

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Jun. 30, 2001	Jun. 30, 2000	Mar. 31, 2001
Basic item	Stockholders' equity (*) (A)	341,016	340,516	342,313
Supplementary item	Valuation profits of investment securities	530	1,291	412
	Statutory reserve	1,732	945	1,541
	Allowance for doubtful accounts	74	102	944
	Subordinated borrowings	100,000	100,000	100,000
	Total (B)	102,337	102,339	102,897
	Assets excluded from capital (C)	133,327	140,562	137,876
	Net capital (A)+(B)-(C) (D)	310,026	302,293	307,335
Risk equivalent	Market risk equivalent	35,717	30,723	49,056
	Counterparty risk equivalent	13,501	9,027	16,399
	Fundamental risk equivalent	19,527	18,020	18,809
	Total (E)	68,747	57,771	84,265
	Capital adequacy ratio (D)/(E)	450.9%	523.2%	364.7%

(Reference Data)

Quarterly income statement

(millions of yen)

	Fiscal 2000				Fiscal 2001
	First quarter Apr. 1, 2000 - Jun. 30, 2000	Second quarter Jul. 1, 2000 - Sep. 30, 2000	Third quarter Oct. 1, 2000 - Dec. 31, 2000	Fourth quarter Jan. 1, 2001 - Mar. 31, 2001	First quarter Apr. 1, 2001 - Jun. 30, 2001
Operating revenue	55,097	59,980	8,016	107,641	26,959
Commissions	18,579	24,371	14,878	15,813	13,104
Brokerage commission	4,066	3,970	2,847	2,830	2,778
(Stock and other)	4,033	3,922	2,790	2,784	2,748
(Bond and other)	32	47	56	45	30
Underwriting commission	8,847	13,941	8,184	6,322	6,188
(Stock and other)	6,135	12,134	6,710	4,401	3,579
(Bond and other)	2,711	1,806	1,474	1,921	2,609
Distribution commission	851	1,087	343	1,102	179
(Beneficiary certificates)	674	350	184	470	127
Other commission	4,814	5,372	3,503	5,557	3,958
(Beneficiary certificates)	2,820	2,549	1,994	1,868	1,364
Net gain on trading	32,089	26,212	-13,362	83,995	6,614
(Stock and other)	27,178	19,346	-8,917	77,795	4,278
(Bond and other)	5,809	7,622	-3,256	8,431	5,205
(Forex and other)	-899	-756	-1,188	-2,231	-2,869
Net gain on other commodities trading	-	-	2	-	-
Interest and dividend income	4,428	9,396	6,497	7,833	7,240
Operating expenses	24,048	29,342	25,976	27,883	24,835
Selling, general and administrative expenses	22,668	26,662	21,950	23,711	22,840
Commission and other expenses	8,408	11,114	7,760	7,458	7,225
Employees' compensation and benefits	6,371	6,511	5,363	6,717	5,909
Real estate expenses	2,152	2,652	2,455	2,657	2,803
Data processing and office supplies	3,399	3,769	3,550	3,562	4,062
Depreciation expenses	1,268	1,379	1,459	1,661	1,737
Taxes other than income taxes	632	506	749	945	686
Others	435	729	611	708	416
Interest expenses	1,379	2,680	4,025	4,172	1,995
Operating income	31,048	30,638	-17,959	79,757	2,124
Non-operating income	127	188	100	261	248
Non-operating expenses	208	35	163	114	8
Ordinary income	30,967	30,790	-18,023	79,905	2,363
Extraordinary gains	-	-	-	-	994
Extraordinary losses	201	212	149	233	5,323
Income before income taxes and others	30,766	30,578	-18,172	79,671	-1,965
Income taxes-current	7,888	10,163	-11,532	30,140	3
Reversal of accrued income taxes	-	-	-	-	33
Income taxes-deferred	5,281	3,142	3,963	2,991	-638
Net income	17,595	17,272	-10,604	46,538	-1,297