

Daiwa Securities SMBC Co. Ltd.

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January 29, 2002

Non-consolidated financial summary

(For the third quarter ended December 31, 2001)

(1) Operating results (from April 1, 2001 to December 31, 2001)

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

	Operating revenues		Net operating revenues		Operating income	
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change
Third quarter (2001/12)	75,405	(38.7)%	70,123	-	2,357	(94.6)%
Third quarter (2000/12)	123,094	-	-	-	43,726	-
Fiscal 2000 (2001/3)	230,735	-	-	-	123,484	-

	Ordinary income		Net income	
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change
Third quarter (2001/12)	3,021	(93.1)%	160	(99.3)%
Third quarter (2000/12)	43,735	-	24,263	-
Fiscal 2000 (2001/3)	123,640	-	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 Dec. 31, 2001	4,267,937	342,331	8.0%	415.8%
As of Dec. 31, 2000	5,530,820	347,398	9.2%	477.3%
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.

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Results of Operation

Overview of Operating Income

(1) Commissions

For the nine months ended December 31, 2001, commission revenues amounted to 40,611 million yen, a 29.8% decrease compared with the nine months ended December 31, 2000. Components of the commissions received are as follow:

a) Brokerage Commissions

The total Brokerage commissions have declined by 26.5% to 8,002 million yen, compared to the third quarter of the prior year. Reflecting negative effects of domestic securities market condition, the company's equity brokerage commissions decreased as well as its trading volume.

b) Underwriting Commissions

The underwriting commissions of equity capital have decreased by 51.8% to 12,036 million yen, compared with the same period of last year due to the declining domestic public offerings and private placements deals.

The revenues from underwriting commissions of debt capital have increased by 16.5% to 6,984 million yen, compared with the third quarter of fiscal 2000.

c) Distribution Commissions

Revenues from distribution commissions amounted to 1,181 million yen, a 48.2% decrease from the third quarter of last year, reflecting declining commissions received from Investment Trust.

d) Other Commissions

Other Commissions amounted to 10,792 million yen, a 21.2% decrease compared with the third quarter of fiscal 2000, in which fees derived from asset management of Investment Trust decreased significantly by 51.8% to 3,548 million yen reflecting the declining service fee of MMF. Other commissions also include commissions received from M & A, Financial Advisory Service, arrangement fee from private funds, IPO consulting, and so forth.

(2) Net Gain on Trading Securities

Net trading revenue derived from equity market decreased significantly to 7,331 million yen, an 80.5% decrease compared to the third quarter of fiscal 2000. Net trading gain from fixed income and foreign exchange transactions totaled 4,764 million yen, a 35.0% decrease compared with the third quarter of last year. Consequently, total net trading gain for this third quarter totaled 12,095 million yen, a 73.1% decrease compared to last year.

(3) Net Interest and Dividend Income

Interest and Dividend Income totaled 22,698 million yen, whereas Interests Expenses were 5,282 million yen. Consequently, the net Interest and Dividends Income generates 17,416 million yen, a 42.3% increase from the same period of the prior year.

(4) Selling, General and Administrative Expenses

The third quarter's total Selling, General and Administrative expenses decreased 4.9% to 67,766 million yen compared with last year. In an effort to reduce expenditure, commissions paid and employment costs have been declined.

In conclusion, Operating Revenues for the third quarter of fiscal 2001 totaled 75,405 million yen, a 38.7% decrease compared with the same period of fiscal 2000. Net Operating Revenue resulted in 70,123 million yen, Operating Income in 2,357 million yen, Ordinary Income in 3,021 million yen, and finally, the Company recorded Net Income of 160 million yen for the third quarter of fiscal 2001.

Balance Sheet

	(millions of yen)		(millions of yen)	(millions of yen)
	Third quarter Dec.31 2001		Third quarter Dec.31 2000	Fiscal 2000 Mar.31 2001
Assets				
Current assets:	4,132,686	Current assets:	5,395,247	5,490,024
Cash and time deposits	96,759	Cash and time deposits	44,015	41,894
Cash segregated as deposits	22,097	Cash segregated as deposits related to securities transactions	1,408	1,586
Trading assets:	2,570,531	Receivables	280	1,929
Trading securities and others	2,227,775	Advance payments on securities subscribed	1,948	806
Derivative assets	342,755	Short-term loans receivable	166,354	289,539
Trade date accrual	163,064	Accrued income	6,814	8,703
Receivables related to margin transactions:	55,635	Trading assets:	2,067,981	2,490,598
Cash deposits as collateral for securities borrowed from securities finance companies	55,635	Trading securities and others	1,842,945	2,174,429
Receivable on collateralized securities transactions:	1,081,129	Option transactions	37,592	42,341
Cash deposits as collateral for securities borrowed	1,005,129	Derivative valuation accounts	187,443	273,827
Receivables related to Gensaki transactions	75,999	Receivables related to margin transactions:	59,133	137,648
Receivables	72	Loans receivable from customers for margin transactions	3	-
Advance payments on securities subscribed	67	Cash deposits as collateral for securities borrowed from securities finance companies	59,129	137,648
Short-term guarantee money deposited	5,640	Receivables related to Gensaki transactions	239,240	217,451
Short-term loans receivable	81,703	Cash deposits as collateral for securities borrowed	1,027,284	777,872
Accrued income	11,676	Securities in custody	1,760,783	1,501,176
Deferred income tax assets-current	18,194	Short-term guarantee money deposited	12,825	8,335
Other current assets	26,159	Deferred income tax assets-current	4,920	6,062
Less: Allowance for doubtful accounts-current	(44)	Other current assets	2,865	7,362
		Less: Allowance for doubtful accounts-current	(610)	(944)
Non-current assets:	135,251	Non-current assets:	135,573	136,555
Tangible fixed assets	4,552	Tangible fixed assets	4,724	4,972
Intangible fixed assets	25,245	Intangible fixed assets	17,841	21,856
Investments and others:	105,453	Investments and others:	113,006	109,726
Investment securities	42,145	Investment securities	37,150	37,758
Long-term loans receivable	40	Long-term loans receivable	34	37
Long-term guarantee deposits	13,822	Long-term guarantee deposits	8,806	9,045
Deferred income tax assets-non-current	44,466	Deferred income tax assets-non-current	61,196	57,218
Other investments	5,168	Other investments	5,826	5,790
Less: Allowance for doubtful accounts-non-current	(188)	Less: Allowance for doubtful accounts-non-current	(8)	(123)
Total assets	4,267,937	Total assets	5,530,820	5,626,580

(millions of yen)		(millions of yen)		
	Third quarter Dec.31.2001		Third quarter Dec. 31, 2000	Fiscal 2000 Mar.31.2001
Liabilities		Liabilities		
Current liabilities:	3,622,889	Current liabilities:	5,017,157	5,050,326
Trading liabilities:	1,007,353	Short-term borrowings	316,699	220,503
Trading securities and others	681,122	Commercial paper	473,300	516,300
Derivative liabilities	326,230	Bonds due within one year	5,000	4,400
Payables related to margin transactions:	26,514	Deposits received	6,961	8,471
Proceeds of securities sold for margin transactions	26,514	Trade date accrual	31,023	36,658
Payables on collateralized securities transactions	1,420,369	Advance receipts on securities subscribed	1,178	1,011
Cash deposits as collateral for securities loaned	1,125,627	Accrued expenses	4,521	5,365
Payables related to Gensaki transactions	294,742	Trading liabilities:	929,785	1,094,936
Deposits received	6,455	Trading securities and others	728,546	789,771
Cash deposits received from customers	33,840	Option transactions	34,717	40,317
Short-term borrowings	809,364	Derivative valuation accounts	166,522	264,847
Commercial paper	309,500	Payables related to margin transactions:	9,047	59,876
Bonds due within one year	3,605	Proceeds of securities sold for margin transactions	9,047	59,876
Accrued expenses	3,837	Payables related to Gensaki transactions	485,909	741,938
Accrued bonuses	960	Cash deposits as collateral for securities loaned	960,340	776,512
Other current liabilities	1,088	Short-term securities borrowed	1,604,032	1,321,226
		Cash deposits received from customers	22,647	50,115
		Securities deposited by customers as collateral	156,750	179,950
		Accrued income taxes	-	27,518
		Accrued bonuses	1,150	3,600
		Other current liabilities	8,807	1,941
Non-current liabilities:	300,596	Non-current liabilities:	164,957	180,576
Bonds	197,500	Bonds	58,200	73,200
Long-term borrowings	100,000	Long-term borrowings	100,000	100,000
Accrued retirement benefits	2,533	Deferred income tax liabilities-non-current	-	299
Other non-current liabilities	562	Accrued retirement benefits	1,576	1,865
		Multiemployer pension plan	4,232	4,232
		Other non-current liabilities	948	979
Statutory reserves:	2,119	Statutory reserves:	1,307	1,541
Reserve for securities transaction liabilities	2,119	Reserve for securities transaction liabilities	1,307	1,541
Reserve for financial futures transaction liabilities	0	Reserve for financial futures transaction liabilities	0	0
Total liabilities	3,925,606	Total liabilities	5,183,422	5,232,444
Stockholders' equity		Stockholders' equity		
Common stock	205,600	Common stock	205,600	205,600
Legal reserve:	122,462	Legal reserve:	117,321	117,321
Additional paid-in capital	117,321	Additional paid-in capital	117,321	117,321
Earned surplus reserve	5,141			
Retained earnings:	14,412	Retained earnings:	24,263	70,802
Special reserve for depreciation	359	Special reserve for depreciation	517	517
Unappropriated retained earnings	14,053	Unappropriated retained earnings	23,746	70,284
including net income for the current term		including net income 24,263 mil yen for Dec. 2000,		
160 million yen		70,802 mil yen for FY2000		
Revaluation reserve for investment securities, net of tax effect	(142)	Revaluation reserve for investment securities, net of tax effect	213	412
Total stockholders' equity	342,331	Total stockholders' equity	347,398	394,136
Total liabilities and stockholders' equity	4,267,937	Total liabilities and stockholders' equity	5,530,820	5,626,580

Income Statement

(millions of yen)

	Third quarter Apr. 1, 2001 - Dec. 31, 2001
Operating revenues	75,405
Commissions	40,611
Net gain on trading securities	12,095
Interest and dividend income	22,698
Interest expenses	5,282
Net operating revenues	70,123
Selling, general and administrative expenses:	67,766
Commission and other expenses	23,408
Employees' compensation and benefits	16,767
Real estate expenses	8,389
Data processing and office supplies	10,769
Depreciation expenses	5,564
Taxes other than income taxes	1,694
Others	1,173
Operating income	2,357
Non-operating income	799
Non-operating expenses	135
Ordinary income	3,021
Extraordinary gains	3,666
Extraordinary losses	5,996
Income before income taxes and others	692
Income taxes-current	32
Refund of Income taxes	190
Reversal of accrued income taxes	33
Income taxes-deferred	723
Net income	160
Unappropriated retained earnings-carryforward	13,892
Unappropriated retained earnings	14,053

(millions of yen)

	Third quarter Apr. 1, 2000 - Dec. 31, 2000	Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001
Operating revenues	123,094	230,735
Commissions	57,829	73,643
Net gain on trading securities	44,939	128,934
Net gain on other commodities trading	2	2
Interest and dividend income	20,322	28,155
Operating expenses:	79,367	107,251
Selling, general and administrative expenses:	71,281	94,993
Commission and other expenses	27,284	34,743
Employees' compensation and benefits	18,245	24,963
Real estate expenses	7,260	9,917
Data processing and office supplies	10,719	14,282
Depreciation expenses	4,107	5,768
Taxes other than income taxes	1,887	2,833
Others	1,776	2,485
Interest expenses:	8,085	12,258
Operating income	43,726	123,484
Non-operating income	416	677
Non-operating expenses	407	521
Ordinary income	43,735	123,640
Extraordinary gains	-	-
Extraordinary losses	563	797
Income before income taxes and others	43,171	122,843
Income taxes-current	6,520	36,661
Income taxes-deferred	12,387	15,379
Net income	24,263	70,802
Unappropriated retained earnings-carryforward	(517)	(517)
Unappropriated retained earnings	23,746	70,284

Notes to financial statements

The financial statements of the Company for the third quarter of fiscal 2001 ended December 31, 2001 are prepared in accordance with the "Regulations regarding Balance Sheets, Income Statements, Operating Reports and Schedules under the Commercial Law" (Ministry of Justice Ordinance No.31, 1963), the "Cabinet Office Ordinance Concerning Securities Companies" (Prime Minister's Office Ordinance and MOF Ordinance No.32, 1998), and the "Uniform Accounting Standards of Securities Companies" (set by the board of directors of the Japan Securities Dealers' Association, September 28, 2001).

Basis of financial statements

1. Valuation of securities

(1) Valuation of trading account

Securities and derivative transactions in trading account are recorded at fair value.

(2) Valuation of non-trading securities

(a) Subsidiary and related company stocks are valued at moving average cost method.

(b) Other securities in non-trading account are valued at fair value on the closing date with posting net unrealized gain on securities net of tax effect directly in stockholders' equity, if their fair value is available.

Those securities cost is based on moving average method. Other securities are valued at moving average cost method, if their fair value is not available.

2. Depreciation of depreciable assets

(1) Tangible fixed assets

Declining-balance method is applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. Useful life for depreciation is based on Corporation Tax Law.

(2) Intangible fixed assets, and investments and others

Straight-line method is applied. Useful life for depreciation is based on Corporation Tax Law. Software for in-house use is depreciated under straight-line method based on internal estimated useful life (5 years).

3. Accounting policies for various provisions

(1) Provision for doubtful accounts

The Company provides the allowance based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans.

(2) Accrued employees' bonuses

Estimated amount of employees' bonuses is accrued based on the Company's bylaws.

(3) Accrued retirement benefits

The Company provides accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of December 31, 2001, as the rise in salaries in the future does not cause fluctuation in the benefit obligation and therefore the service costs are vested fiscal year by fiscal year.

4. Translation of foreign currency Assets and Liabilities

Regarding to accounts receivable and payable in foreign currencies, their book values are translated into yen amount using exchange rate at the last business day of the third quarter. The difference incurred in translating receivable and payable are included in Income Statement. In addition, assets and liabilities of foreign branch offices are translated into yen using exchange rate at the last business day of the third quarter, and their profits and losses are translated into yen using the average exchange rate for the period. The differences incurred in translating these items are recorded on Income Statement.

5. Accounting for certain lease transactions

Finance leases in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.

6. Other material items

(Consumption Taxes)

Consumption taxes are separately recorded. Non-deductible consumption taxes imposed on certain assets are expensed when incurred.

(Amortization of deferred assets)

Expenses for issue of bond are amortized in a lump when incurred.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets

	<u>As of Dec. 31, 2001</u>	<u>As of Dec. 31, 2000</u>	millions of yen <u>As of Mar. 31, 2001</u>
	5,353	3,465	4,010

2. Guarantee

	<u>As of Dec. 31, 2001</u>	<u>As of Dec. 31, 2000</u>	millions of yen <u>As of Mar. 31, 2001</u>
	934	4,104	3,910

3. Long-term borrowings are the subordinated borrowings stipulated by Article 2 of the "Cabinet Office Ordinance on the Capital Adequacy Rule for Securities Companies" (Cabinet office Ordinance No. 23, 2001).

4. Changes in balance sheet due to amendment of the "Uniform Accounting Standards of Securities Companies"

- (i) Domestic trusted money segregated for customers as fiduciary assets were previously included in "Cash and time deposits" in accordance with Clause 3, Article 47 of the Securities and Exchange Act of Japan. The newly introduced "Cash segregated as deposits" is made up of the domestic trusted money segregated for customers as fiduciary assets and the former "Cash segregated as deposits related to securities transactions".
- (ii) "Securities in custody", "Securities deposited by customers as collateral" and "Short-term securities borrows" are removed from balance sheet accounts.
- (iii) "Option transactions" and "Derivative valuation accounts" were previously presented separately. Those aggregated amounts are presented as "Derivative assets" or "Derivative liabilities".
- (iv) "Cash deposits as collateral for securities borrowed" and "Receivables related to Gensaki transactions" are presented as a sub-account of newly introduced "Receivables on collateralized securities transactions".
- (v) "Cash deposits as collateral for securities loaned" and "Payables related to Gensaki transactions" are presented as a sub-account of newly introduced "Payables on collateralized securities transactions".

Notes to income statement

1. Details of extraordinary gains/losses

	Third quarter <u>Apr. 1, 2001 - Dec. 31, 2001</u>	Third quarter <u>Apr. 1, 2000 - Dec. 31, 2000</u>	(millions of yen) Fiscal 2000 <u>Apr. 1, 2000 - Mar. 31, 2001</u>
Extraordinary gains			
Gain on sale of investment securities	233	-	-
Reversal of multiemployer pension plan (Note)	2,599	-	-
Reversal of allowance for doubtful accounts	834	-	-
Extraordinary losses			
Write-off of goodwill	5,000	-	-
Consumption tax incurred regarding goodwill not falling under other deductions	98	-	-
Loss on sale of investment securities	33	-	-
Write-off of investment securities	122	-	-
Valuation loss of fixed assets	162	-	-
Provision for securities transaction liabilities	578	563	797
Provision for financial futures transaction liabilities	-	0	0

(Note): Reversal of multiemployer pension plan is a deduction of actual obligation on withdrawal from the Securities Companies' Welfare Pension Fund from the provision for multiemployer pension plan.

2. Changes in income statement due to amendment of the "Uniform Accounting Standards of Securities Companies" "Net operating revenues", a deduction of "Interest expenses" from "Operating revenues", is presented.

Supplemental information for the third quarter ended December 31, 2001

(Apr. 1, 2001 – Dec. 31 2001)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Third quarter (2001/12)	Third quarter (2000/12)	Comparison	Fiscal 2000 (2001/3)
Brokerage commission	8,002	10,884	73.5%	13,714
Stock and other	7,868	10,747	73.2%	13,531
Bond and other	121	136	88.9%	182
Underwriting	20,636	30,973	66.6%	37,296
Stock and other	12,036	24,980	48.2%	29,381
Bond and other	6,984	5,992	116.5%	7,914
Distribution	1,181	2,281	51.8%	3,384
Beneficiary certificates	664	1,209	54.9%	1,680
Other commission	10,792	13,690	78.8%	19,247
Beneficiary certificates	3,548	7,364	48.2%	9,232
Total	40,611	57,829	70.2%	73,643

(2) Asset class

(millions of yen)

	Third quarter (2001/12)	Third quarter (2000/12)	Comparison	Fiscal 2000 (2001/3)
Stock and other	20,229	36,590	55.3%	44,296
Bond and other	8,936	7,756	115.2%	10,483
Beneficiary certificates	5,841	8,574	68.1%	10,914
Others	5,604	4,908	114.2%	7,949
Total	40,611	57,829	70.2%	73,643

2. Breakdown of trading gains/losses

(millions of yen)

	Third quarter (2001/12)	Third quarter (2000/12)	Comparison	Fiscal 2000 (2001/3)
Stock and other	7,331	37,607	19.5%	115,403
Bond, Forex and other	4,764	7,331	65.0%	13,531
Bond and other	4,014	10,175	39.5%	18,606
Forex and other	749	(2,843)	- %	(5,075)
Total	12,095	44,939	26.9%	128,934

3. Trading volume of stocks (excluding futures transaction)
of yen)

(millions of share, millions

	Third quarter (2001/12)		Third quarter (2000/12)		Comparison		Fiscal 2000 (2001/3)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of Shares	Amount
Total	28,672	33,669,485	27,879	44,618,127	102.8 %	75.5 %	39,514	60,131,859
Dealing (a)	15,898	18,305,512	14,544	23,217,250	109.3 %	78.8 %	20,817	31,387,302
Brokerage (b)	12,774	15,363,973	13,335	21,400,876	95.8 %	71.8 %	18,696	28,744,556
b/(a + b)	44.6 %	45.6 %	47.8 %	48.0 %			47.3 %	47.8 %
TSE share	6.4 %	7.2 %	6.8 %	7.7 %			6.7 %	7.7 %

4. Underwriting activities

(millions of share, millions of yen)

	Third quarter (2001/12)	Third quarter (2000/12)	Comparison	Fiscal 2000 (2001/3)
<u>Underwriting:</u>				
Stock (number of shares)	48	60	80.5%	73
(yen amount)	227,961	516,635	44.1%	648,552
Bond (face value)	2,793,516	2,435,674	114.7%	3,097,155
Beneficiary Certificates (face value)	52,500	-	-	-
CP & others (face value)	1,260,110	1,292,600	97.5%	1,822,300
<u>Distribution (*)</u>				
Stock (number of shares)	48	119	40.6%	133
(yen amount)	229,636	540,344	42.5%	672,230
Bond (face value)	2,605,159	2,467,808	105.6%	3,129,498
Beneficiary certificates (face value)	1,383,865	3,120,124	44.4%	4,667,340
CP & others (face value)	1,260,110	1,292,600	97.5%	1,822,300

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Dec. 31, 2001	Dec. 31, 2000	Mar. 31, 2001
Basic item	Stockholders' equity (A)	342,331	347,184	342,313
Supplementary item	Valuation profits of investment securities	-	368	412
	Statutory reserve	2,119	1,307	1,541
	Allowance for doubtful accounts	44	619	944
	Subordinated borrowings	100,000	100,000	100,000
	Total (B)	102,164	102,295	102,897
	Assets excluded from capital (C)	132,683	137,935	137,876
	Net capital (A)+(B)-(C) (D)	311,812	311,544	307,335
Risk equivalent	Market risk equivalent	39,703	34,252	49,056
	Counterparty risk equivalent	14,087	12,705	16,399
	Basic risk equivalent	21,199	18,308	18,809
	Total (E)	74,990	65,266	84,265
	Capital adequacy ratio (D)/(E)	415.8%	477.3%	364.7%

(Reference Data)

Quarterly income statement

(millions of yen)

(millions of yen)

	Fiscal 2000			Fiscal 2001		
	Third quarter Oct. 1, 2000 - Dec. 31, 2000	Fourth quarter Jan. 1, 2001 - Mar. 31, 2001		First quarter Apr. 1, 2001- Jun. 30, 2001	Second quarter Jul. 1, 2001- Sep. 30, 2001	Third quarter Oct. 1, 2001- Dec. 31, 2001
Operating revenue	8,016	107,641	Operating revenue	26,957	20,965	27,482
Commissions	14,878	15,813	Commissions	13,104	14,475	13,030
Brokerage commission	2,847	2,830	Brokerage commission	2,778	2,687	2,535
Stock and other	2,790	2,784	Stock and other	2,748	2,630	2,489
Bond and other	56	45	Bond and other	30	51	38
Underwriting commission	8,184	6,322	Underwriting commission	6,188	7,876	6,571
Stock and other	6,710	4,401	Stock and other	3,579	5,228	3,228
Bond and other	1,474	1,921	Bond and other	2,609	2,647	1,727
Distribution commission	343	1,102	Distribution commission	179	522	479
Beneficiary certificates	184	470	Beneficiary certificates	127	333	203
Other commission	3,503	5,557	Other commission	3,958	3,389	3,444
Beneficiary certificates	1,994	1,868	Beneficiary certificates	1,364	1,182	1,001
Net gain on trading	(13,362)	83,995	Net gain on trading	6,614	2,449	3,031
Stock and other	(8,917)	77,795	Stock and other	4,278	(1,995)	5,048
Bond and other	(3,256)	8,431	Bond and other	5,205	(2,750)	1,559
Forex and other	(1,188)	(2,231)	Forex and other	(2,869)	7,195	(3,576)
Net gain on other commodities trading	2	-	Interest and dividend income	7,238	4,040	11,419
Interest and dividend income	6,497	7,833	Interest expenses	1,995	1,755	1,531
Operating expenses	25,976	27,883	Net operating revenues	24,962	19,209	25,951
Selling, general and administrative expense	21,950	23,711	Selling, general and administrative expenses	22,840	23,950	20,975
Commission and other expenses	7,760	7,458	Commission and other expenses	7,225	9,208	6,975
Employees' compensation and benefits	5,363	6,717	Employees' compensation and benefits	5,909	5,815	5,042
Real estate expenses	2,455	2,657	Real estate expenses	2,803	2,859	2,726
Data processing and office supplies	3,550	3,562	Data processing and office supplies	4,062	3,277	3,429
Depreciation expenses	1,459	1,661	Depreciation expenses	1,737	1,879	1,946
Taxes other than income taxes	749	945	Taxes other than income taxes	686	524	483
Others	611	708	Others	416	386	370
Interest expenses	4,025	4,172	Operating income	2,122	(4,740)	4,975
Operating income	(17,959)	79,757	Non-operating income	249	127	422
Non-operating income	100	261	Non-operating expenses	8	221	(94)
Non-operating expenses	163	114	Ordinary income	2,363	(4,834)	5,492
Ordinary income	(18,023)	79,905	Extraordinary gains	994	2,653	18
Extraordinary gains	-	-	Extraordinary losses	5,323	484	187
Extraordinary losses	149	233	Income before income taxes and others	(1,965)	(2,666)	5,323
Income before income taxes and others	(18,172)	79,671	Income taxes-current	3	23	4
Income taxes-current	(11,532)	30,140	Refund of Income taxes	-	124	65
Income taxes-deferred	3,963	2,991	Reversal of accrued income taxes	33	-	-
Net income	(10,604)	46,538	Income taxes-deferred	(638)	(805)	2,166
			Net income	(1,297)	(1,759)	3,217

Note: The operating results for the second and third quarter of fiscal 2001 are presented in accordance with the amended "Uniform Accounting Standards of Securities Companies" (set by the directors of the Japan Securities Dealers' Association, September 28, 2001). The operating results for the first quarter of fiscal 2001 are reclassified in that manner.