

Daiwa Securities SMBC Co. Ltd.

3-5 Yaesu 1-chome, Chuo-ku
Tokyo 103-8289, Japan

April 25, 2003

Non-consolidated financial summary

(For fiscal year ended March 31, 2003)

(1) Operating results (from April 1, 2002 to March 31, 2003)

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
Fiscal 2002 (2003/3)	118,300	8.1%	110,875	8.0%	15,473	25.0%
Fiscal 2001 (2002/3)	109,481		102,670		12,381	

	Ordinary income		Net income		Return on stockholders' equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr Change	(Annual basis)
Fiscal 2002 (2003/3)	16,565	25.2%	6,357	17.1 %	1.8%
Fiscal 2001 (2002/3)	13,231		5,426		1.5%

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 Mar. 31, 2003	6,222,012	353,792	5.7%	369.9%
As of Mar. 31, 2002	4,344,082	347,628	8.0%	500.2%

Note. Number of shares outstanding:

As of Mar. 31, 2003: 3,200

As of Mar. 31, 2002: 3,200

Representative: Akira Kiyota, President

Contact: Tenzan Watanabe, General Manager, Treasury Department

Phone: +813-3243-2211

This non-consolidated financial summary has reflected the revision made on with "Revisions on the financial summaries (Supplemental Information) of Daiwa Securities SMBC Co. Ltd." released on November 11, 2005 and other prior related press releases.

Results of Operation

(A) Overview of Operating Income (Comparisons in parenthesis are made versus the fiscal 2001)

(1) Commissions

For the fiscal year ended March 31, 2003, total commission revenues amounted to 52,073 million yen (4.8% down), of which 24,869 million yen (6.8% down) were derived from equity, 11,505 million yen (7.3% down) from fixed income, and 2,644 million yen (61.3% down) from Beneficiary Certificates. The components of the commissions received are set forth below:

a) Brokerage Commissions

Total Brokerage commissions decreased to 8,367 million yen (22.0% down) due to the declined daily average volume of stocks traded on the Tokyo Stock Exchange Market (739.6 billion yen, 10.0% down).

b) Underwriting Commissions

Underwriting Commissions totaled 24,896 million yen (5.4% down). Underwriting commissions derived from equity increased to 16,144 million yen (2.7% up). On the other hand, underwriting commissions derived from fixed income decreased to 8,424 million yen (6.1% down).

c) Distribution Commissions

Revenues from distribution commissions decreased to 1,159 million yen (32.2% down). Distribution commissions received from Investment Trust decreased to 795 million yen (16.5% down).

d) Other Commissions

Other Commissions amounted to 17,649 million yen, 10.4% higher than last year. Commissions from M&A, Financial Advisory Service, IPO consulting, and so forth significantly increased to 12,726 million yen (44.6% up). Asset management fees of Investment Trust decreased by 57.3% to 1,809 million yen.

(2) Net Gain on Trading Securities

Since net trading gain from fixed income together with net trading gain from foreign exchange transactions outstandingly increased to 45,954 million yen (305.4% up), despite of loss of 1,646 million yen from equity trading, overall net trading gain significantly increased to 44,308 million yen (69.8% up) compared to last year.

(3) Net Interest and Dividend Income

Interest and Dividend Income totaled 21,919 million yen, whereas Interests Expenses totaled 7,425 million yen. Net Interest and Dividend Income came to 14,493 million yen, a 33.7% decrease compared with last year. Taking advantage of the current money market with low interest rate, interest expenses were relatively low, although whose positive effect was overall offset by the decrease of dividends and interest revenues.

(4) Selling, General and Administrative Expenses

Selling General and Administration Expenses totaled 95,401 million yen (5.7% up). Commissions paid, Depreciation expenses, and Data processing & office supplies increased to 37,571 million yen (20.3% up), 8,566 million yen (12.6% up), and 14,132 million yen (1.1% up), respectively. On the other hand, with the company's constant effort of expenditure control, Real estate expenses and Employment expenses decreased to 10,320 million yen (8.8% down) and 21,582 million yen (4.0% down).

In conclusion, Operating Revenues for the fiscal 2002 were 118,300 million yen (8.1% up), and Net Operating Revenue became 110,875 million yen (8.0% up). Furthermore, Operational Income came to 15,473 million yen (25.0% up), and Ordinary Income 16,565 million yen (25.2% up). Net Extraordinary income resulted in loss of 2,339 million yen. Finally, the Net Income for the fiscal 2002 came to 6,357 million yen (17.1% up).

(B) Financial Condition (Comparisons in parenthesis are made versus the fiscal 2001)

For the fiscal 2002, the total assets increased by 1,877.9 billion yen to 6,222.0 billion yen compared with the fiscal 2001. Increased position of government bonds principally caused trading security account increased by 2,025.7 billion yen.

On the other hand, the total liabilities were 5,868.2 billion yen, a 1,871.7 billion yen more than last year, which was mostly attributable to the increase of Payable on Collateralized Securities Transactions by 1,963.5 billion yen. The company newly issued 167.6 billion yen of corporate bond in order to raise funds. Total Shareholder's Equity increased by 6.1 billion yen to 353.7 billion yen compared to last year.

Balance Sheet

(millions of yen)

	Fiscal 2002 Mar. 31, 2003	Fiscal 2001 Mar. 31, 2002	Increase/ Decrease
Assets			
Current assets:	6,079,947	4,197,042	1,882,904
Cash and time deposits	105,018	87,985	17,032
Cash segregated as deposits	20,008	22,233	(2,225)
Trading assets:	4,216,614	2,190,816	2,025,797
Trading securities and others	3,644,400	1,848,322	1,796,077
Derivative assets	572,213	342,493	229,720
Receivables related to margin transactions:	68,944	70,253	(1,308)
Loans receivable from customers for margin transactions	55	8	46
Cash deposits as collateral for securities borrowed from securities finance companies	68,889	70,244	(1,355)
Receivable on collateralized securities transactions:	1,549,050	1,696,982	(147,932)
Cash deposits as collateral for securities borrowed	1,487,949	1,559,260	(71,310)
Receivables related to Gensaki transactions	61,100	137,722	(76,621)
Receivables	285	1,980	(1,694)
Short-term guarantee money deposited	9,407	9,109	297
Short-term loans receivable	85,622	87,174	(1,551)
Accrued income	9,161	5,613	3,547
Deferred income tax assets	818	-	818
Other current assets	15,062	24,945	(9,882)
Less: Allowance for doubtful accounts-current	(45)	(52)	6
Non-current assets:	142,065	147,039	(4,973)
Tangible fixed assets	4,120	4,376	(255)
Intangible fixed assets	29,725	26,660	3,064
Investments and others:	108,219	116,002	(7,782)
Investment securities	42,941	43,919	(978)
Long-term loans receivable	1,033	1,042	(8)
Long-term guarantee deposits	6,403	7,427	(1,024)
Deferred income tax assets	48,278	58,927	(10,649)
Other investments	10,045	4,928	5,116
Less: Allowance for doubtful accounts-non-current	(482)	(243)	(238)
Total assets	6,222,012	4,344,082	1,877,930

(millions of yen)

	Fiscal 2002 Mar. 31, 2003	Fiscal 2001 Mar. 31, 2002	Increase/ Decrease
Liabilities			
Current liabilities:	5,469,446	3,690,236	1,779,209
Trading liabilities:	1,372,131	1,072,774	299,356
Trading securities and others	850,362	767,688	82,673
Derivative liabilities	521,768	305,085	216,683
Trade date accrual	58,765	178,643	(119,878)
Payables related to margin transactions:	42,790	25,267	17,522
Proceeds of securities sold for margin transactions	42,790	25,267	17,522
Payables on collateralized securities transactions	2,542,096	578,574	1,963,522
Cash deposits as collateral for securities loaned	1,902,792	500,477	1,402,315
Payables related to Gensaki transactions	639,304	78,096	561,207
Deposits received	59,382	10,537	48,844
Cash deposits received from customers	17,800	23,273	(5,472)
Short-term borrowings	1,068,817	1,413,104	(344,286)
Commercial paper	289,800	366,100	(76,300)
Bonds due within one year	5,766	4,604	1,162
Accrued expenses	7,203	4,884	2,319
Accrued income taxes	-	50	(50)
Deferred income tax liabilities	-	460	(460)
Other current liabilities	4,891	11,961	(7,070)
Non-current liabilities:	395,708	303,906	91,802
Bonds	291,950	200,800	91,150
Long-term borrowings	100,000	100,000	-
Accrued retirement benefits	3,041	2,530	511
Other non-current liabilities	716	576	140
Statutory reserves:	3,065	2,310	754
Reserve for securities transaction liabilities	3,065	2,310	754
Reserve for financial futures transaction liabilities	0	0	-
Total liabilities	5,868,220	3,996,453	1,871,766
Stockholders' equity			
Common stock	-	205,600	-
Legal reserve:	-	122,462	-
Additional paid-in capital	-	117,321	-
Earned surplus reserve	-	5,141	-
Retained earnings:	-	19,678	-
Special reserve for depreciation	-	359	-
Unappropriated retained earnings including net income 5,426 million yen for FY2001	-	19,319	-
Revaluation reserve for investment securities, net of tax effect	-	(112)	-
Common stock	205,600	-	-
Capital surplus	117,321	-	-
Additional paid-in capital	117,321	-	-
Earned surplus	31,176	-	-
Earned surplus reserve	5,141	-	-
Special reserve for depreciation	301	-	-
Unappropriated retained earnings including net income 6,357 million yen for FY2002	25,734	-	-
Revaluation reserve for investment securities, net of tax effect	(305)	-	-
Total stockholders' equity	353,792	347,628	6,164
Total liabilities and stockholders' equity	6,222,012	4,344,082	1,877,930

Income Statement

(millions of yen)

	Fiscal 2002 Apr. 1, 2002 - Mar. 31, 2003	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002	Increase/ Decrease	Yr/yr change
Operating revenues	118,300	109,481	8,819	8.1%
Commissions	52,073	54,724	(2,650)	(4.8)%
Net gain on trading securities	44,308	26,089	18,218	69.8%
Interest and dividend income	21,919	28,667	(6,747)	(23.5)%
Interest expenses	7,425	6,810	614	9.0%
Net operating revenues	110,875	102,670	8,204	8.0%
Selling, general and administrative expenses:	95,401	90,288	5,113	5.7%
Commission and other expenses	37,571	31,222	6,349	20.3%
Employees' compensation and benefits	21,582	22,491	(909)	(4.0)%
Real estate expenses	10,320	11,316	(996)	(8.8)%
Data processing and office supplies	14,132	13,985	147	1.1%
Depreciation expenses	8,566	7,607	959	12.6%
Taxes other than income taxes	1,737	1,967	(229)	(11.7)%
Others	1,490	1,697	(206)	(12.2)%
Operating income	15,473	12,381	3,091	25.0%
Non-operating income	1,953	1,069	884	82.7%
Non-operating expenses	861	220	641	291.1%
Ordinary income	16,565	13,231	3,334	25.2%
Extraordinary gains	61	3,604	(3,542)	(98.3)%
Extraordinary losses	2,401	6,650	(4,249)	(63.9)%
Income before income taxes and others	14,226	10,184	4,041	39.7%
Income taxes-current	(1,576)	87	(1,663)	-
Refund of Income taxes	52	190	(138)	(72.5)%
Reversal of accrued income taxes	-	33	(33)	-
Income taxes-deferred	9,497	4,894	4,602	94.0%
Net income	6,357	5,426	930	17.1%
Unappropriated retained earnings-carryforward	19,376	13,892	5,484	39.5%
Unappropriated retained earnings	25,734	19,319	6,414	33.2%

Statement of appropriation of retained earnings

	(Appropriation plan)		(millions of yen)	
	Fiscal 2002		Fiscal 2001	
Unappropriated retained earnings	25,734		19,319	
Reversal of reserve for special depreciation	50		57	
Total	25,785		19,376	
Appropriations of retained earnings		5,600		-
Cash dividends(*)	5,600		-	
Unappropriated retained earnings carried forward	20,185		19,376	

(*) Cash dividends for fiscal year 2002: 1,750,000 yen per share

Notes to financial statements

The financial statements of the Company for fiscal 2002 ended March 31, 2003 are prepared in accordance with the "Enforcement Regulations of Commercial Law" (Ministry of Justice Ordinance No.22, 2002), the "Cabinet Office Ordinance Concerning Securities Companies" (Prime Minister's Office Ordinance and Ministry of Finance 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 financial instruments

(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, and 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. Deferred assets

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

4. Accounting policies for various provisions

(1) Allowance 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 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 March 31, 2003, 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.

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. Hedge transaction

A premium or discount on forward foreign exchange contracts to hedge foreign currency denominated deposits is allocated to each fiscal term without marking-to-market.

7. Other material items

(Consumption Taxes)

Consumption taxes are separately recorded.

(Consolidated Tax System)

Consolidated tax system is applied from this fiscal year.

(Changes in presentation of Stockholders' equity)

Stockholders' equity as of March 31, 2003 is presented in accordance with the "Enforcement Regulations of Commercial Law."

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets

<u>As of Mar. 31, 2003</u>	<u>As of Mar. 31, 2002</u>
7,295	5,827

(millions of yen)

2. Guarantee

<u>As of Mar. 31, 2003</u>	<u>As of Mar. 31, 2002</u>
428	410

(millions of yen)

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).

Notes to income statement

(millions of yen)

Details of extraordinary gains/losses

	Fiscal 2002 <u>Apr. 1, 2002 - Mar. 31, 2003</u>	Fiscal 2001 <u>Apr. 1, 2001 - Mar. 31, 2002</u>
Extraordinary gains		
Gain on sale of investment securities	49	233
Reversal of the provision for multiemployer pension Plan (Note 1)	-	2,599
Reversal of allowance for doubtful accounts	12	771
Extraordinary losses		
Write-down of investment securities	1,257	480
Valuation loss of fixed assets	259	272
Loss on sale of investment securities	129	33
Amortization of goodwill (Note2)	-	5,000
Non-deductible consumption tax relating to goodwill	-	93
Provision for securities transaction liabilities	754	769

(Note 1): The reversal of the provision for multiemployer pension plan is the amount after the deduction of expenses actually paid to Securities Companies' Welfare Pension Fund upon withdrawal.

(Note 2): Amortization of goodwill is incurred as a result of the acquisition of goodwill from former Sakura Securities Company Ltd. in April 2001.

Supplemental information for fiscal 2002

(Apr. 1, 2002 – Mar. 31 2003)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Fiscal 2002 (2003/3)	Fiscal 2001 (2002/3)	Yr/yr Change
Brokerage commission	8,367	10,727	(22.0)%
Stock and other	8,228	10,517	(21.8)%
Bond and other	99	190	(48.0)%
Underwriting	24,896	26,306	(5.4)%
Stock and other	16,144	15,716	2.7%
Bond and other	8,424	8,973	(6.1)%
Distribution	1,159	1,709	(32.2)%
Beneficiary certificates	795	953	(16.5)%
Other commission	17,649	15,980	10.4%
Beneficiary certificates	1,809	4,240	(57.3)%
Total	52,073	54,724	(4.8)%

(2) Asset class

(millions of yen)

	Fiscal 2002 (2003/3)	Fiscal 2001 (2002/3)	Yr/yr Change
Stock and other	24,869	26,684	(6.8)%
Bond and other	11,505	12,411	(7.3)%
Beneficiary certificates	2,644	6,829	(61.3)%
Others	13,053	8,798	48.4%
Total	52,073	54,724	(4.8)%

2. Breakdown of trading gains/losses

(millions of yen)

	Fiscal 2002 (2003/3)	Fiscal 2001 (2002/3)	Yr/yr Change
Stock and other	(1,646)	14,753	
Bond, Forex and other	45,954	11,335	305.4%
Bond and other	38,569	9,566	303.2%
Forex and other	7,385	1,768	317.5%
Total	44,308	26,089	69.8%

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

	Fiscal 2002 (2003/3)		Fiscal 2001 (2002/3)		Yr/yr change	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	37,527	35,748,055	38,404	43,419,448	(2.3)%	(17.7)%
Dealing (a)	21,078	19,431,316	21,040	23,460,803	0.2%	(17.2)%
Brokerage (b)	16,449	16,316,739	17,364	19,958,645	(5.3)%	(18.2)%
b/(a + b)	43.8%	45.6%	45.2%	46.0%		
TSE share	6.9%	7.2%	6.5%	7.1%		

4. Underwriting activities (millions of share, millions of yen)

	Fiscal 2002 (2003/3)	Fiscal 2001 (2002/3)	Yr/yr Change
Underwriting:			
Stock (number of shares)	164	63	158.9%
(yen amount)	319,658	272,702	17.2%
Bond (face value)	5,063,041	3,605,953	40.4%
Beneficiary Certificates (face value)	-	52,500	- %
CP & others (face value)	1,466,260	1,600,110	(8.4)%
Distribution (*)			
Stock (number of shares)	165	63	160.7%
(yen amount)	343,934	272,887	26.0%
Bond (face value)	4,903,100	3,393,263	44.5%
Beneficiary certificates (face value)	1,112,711	1,610,511	(30.9)%
CP & others (face value)	1,406,460	1,584,110	(11.2)%

(*)Including secondary offering and private placement

5. Capital adequacy ratio (millions of yen)

		Mar. 31, 2003	Mar. 31, 2002
Basic item	Stockholders' equity (A)	348,192	347,628
Supplementary item	Valuation profits of investment securities	-	-
	Statutory reserve	3,065	2,310
	Allowance for doubtful accounts	45	52
	Subordinated borrowings	100,000	100,000
	Total (B)	103,111	102,362
	Assets excluded from capital (C)	140,270	144,253
	Net capital (A)+(B)-(C) (D)	311,033	305,738
Risk equivalent	Market risk equivalent	47,442	27,250
	Counterparty risk equivalent	15,887	13,364
	Basic risk equivalent	20,738	20,498
	Total (E)	84,068	61,112
Capital adequacy ratio	(D)/(E)	369.9%	500.2%

(Reference Data)

Quarterly income statement

(millions of yen)

	Fiscal 2001	Fiscal 2002			
	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	Jan. 1, 2002 - Mar. 31, 2002	Apr. 1, 2002- Jun. 30, 2002	Jul. 1, 2002 - Sep. 30, 2002	Oct. 1, 2002 - Dec. 31, 2002	Jan. 1, 2003 - Mar. 31, 2003
Operating revenue	34,075	28,883	27,722	31,828	29,866
Commissions	14,112	10,960	13,996	12,121	14,994
Brokerage commission	2,725	2,551	2,072	1,791	1,951
(Stock and other)	2,649	2,512	2,027	1,763	1,924
(Bond and other)	69	30	32	14	21
Underwriting commission	5,669	5,413	6,344	6,391	6,746
(Stock and other)	3,680	3,217	4,356	4,457	4,113
(Bond and other)	1,989	2,196	1,878	1,878	2,470
Distribution commission	528	163	444	209	342
(Beneficiary certificates)	289	150	358	117	169
Other commission	5,188	2,831	5,134	3,729	5,954
(Beneficiary certificates)	691	543	484	420	361
Net gain on trading	13,993	13,902	8,326	13,708	8,371
(Stock and other)	7,422	5,243	1,366	2,472	(10,729)
(Bond and other)	5,551	6,093	4,201	10,470	17,804
(Forex and other)	1,019	2,565	2,758	765	1,295
Interest and dividend income	5,968	4,021	5,400	5,998	6,500
Interest expenses	1,528	1,734	1,711	1,921	2,057
Net operating revenues	32,546	27,149	26,011	29,906	27,808
Selling, general and administrative expenses	22,522	22,324	23,936	23,291	25,849
Commission and other expenses	7,813	7,767	9,211	9,057	11,534
Employees' compensation and benefits	5,723	5,527	5,392	5,276	5,385
Real estate expenses	2,927	2,418	2,749	2,595	2,555
Data processing and office supplies	3,215	3,604	3,799	3,569	3,159
Depreciation expenses	2,043	2,014	2,063	2,093	2,395
Taxes other than income taxes	272	522	383	362	469
Others	524	469	337	335	348
Operating income	10,024	4,824	2,074	6,614	1,959
Non-operating income	269	234	1,201	231	286
Non-operating expenses	85	82	281	84	412
Ordinary income	10,209	4,976	2,994	6,761	1,832
Extraordinary gains	(62)	4	41	18	(2)
Extraordinary losses	653	220	498	678	1,003
Income before income taxes and others	9,492	4,759	2,538	6,101	826
Income taxes-current	55	236	27	(5)	(1,834)
Refund of income taxes	0	1	47	-	3
Reversal of accrued income taxes	-	-	2	0	(2)
Income taxes-deferred	4,171	1,756	1,069	2,617	4,054
Net income	5,266	2,768	1,490	3,489	(1,391)