

July 24, 2003

Non-consolidated financial summary

(For the first quarter ended June 30, 2003)

(1) Operating results (from April 1, 2003 to June 30, 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	change	Yr/yr change
First quarter (2003/6)	39,027	35.1%	36,707	35.2%	9,240	91.5%
First quarter (2002/6)	28,883	7.1%	27,149	-	4,824	127.1%
Fiscal 2002 (2003/3)	118,300		110,875		15,473	

	Ordinary income		Net income		Return on stockholders' equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	(Annual basis)
First quarter (2003/6)	9,850	97.9%	5,908	113.4%	6.7%
First quarter (2002/6)	4,976	110.5%	2,768	-	3.2%
Fiscal 2002 (2003/3)	16,565		6,357		1.8%

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, 2003	6,607,137	354,396	5.4%	350.7%
As of Jun. 30, 2002	5,564,938	350,446	6.3%	468.3%
As of Mar. 31, 2003	6,222,012	353,792	5.7%	369.9%

Note. Number of shares outstanding:

As of Jun. 30, 2003: 3,200

As of Jun. 30, 2002: 3,200

As of Mar. 31, 2003: 3,200

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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 first quarter of Fiscal 2002)

(1) Commissions

For the first quarter ended June 30, 2003, total commission revenues amounted to 8,767 million yen (20.0% down), of which 3,432 million yen (41.3% down) were derived from equity, 3,547 million yen (31.3% up) from fixed income, and 271 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 2,361 million yen (7.4% down). Despite of the increased trading volume of stocks on the Tokyo Stock Exchange (1,289 million shares, 42.2% up), traded volume in amount decreased to 793.9 billion yen (10.4% down).

b) Underwriting Commissions

Underwriting Commissions totaled 3,875 million yen (28.4% down). Underwriting commissions derived from equity decreased to 996 million yen (69.0% down). On the other hand, underwriting commissions derived from fixed income increased to 2,781 million yen (26.6% up).

c) Distribution Commissions

Revenues from distribution commissions decreased to 92 million yen (43.8% down).

d) Other Commissions

Other Commissions amounted to 2,438 million yen (13.9% down). Other commissions from M&A, Financial Advisory Service, IPO consulting, and so forth decreased to 1,418 million yen (16.9% down). Asset management fees in Investment Trust decreased a 54.9% to 244 million yen.

(2) Net Gain on Trading Securities

Net trading gains in equity trading increased to 7,268 million yen (38.6% up). In addition, net trading gains from fixed income together with those from foreign exchange transactions increased to 14,879 million yen (71.8% up). Consequently, overall Net Gain on Trading Securities significantly increased to 22,148 million yen (59.3% up) compared to the same period of last year.

(3) Net Interest and Dividend Income

Interest and Dividend Income totaled 8,111 million yen, whereas Interests Expenses totaled 2,319 million yen. Net Interest and Dividend Income came to 5,792 million yen (153.3% up), reflecting the continued impact of the current money market with low interest rate and increased dividends and interest revenues.

(4) Selling, General and Administrative Expenses

Of the Selling, General and Administration Expenses, Commissions paid, Depreciation expenses, personnel expenses, and Real Estate expenses increased to 12,164 million yen (56.6% up), 2,261 million yen (12.3% up), 6,181 million yen (11.8% up) and 2,456 million yen (1.5% up), respectively. Data processing & office supplies decreased to 3,593 million yen (0.3% down). As a whole, Selling, General and Administration Expenses totaled 27,467 million yen (23.0% up).

In conclusion, Operating Revenues for this first quarter came to 39,027 million yen (35.1% up), and Net Operating Revenues to 36,707 million yen (35.2% up). Furthermore, Operational Income came to 9,240 million yen (91.5% up), and Ordinary Income to 9,850 million yen (97.9% up). Finally, Net Income for this first quarter of fiscal 2003 recorded a large increase to 5,908 million yen (113.4% up).

(B) Financial Condition (Comparisons in parenthesis are made versus the fiscal 2002)

For the first quarter of fiscal 2003, total assets increased by 385.1 billion yen to 6,607.1 billion yen compared with last year. Trade Date Accrual, Receivable on Collateralized Securities Transactions, and Short Term Loans Receivable increased by 666.6 billion yen, 66.0 billion yen and 44.6 billion yen, respectively.

On the other hand, total liabilities were 6,252.7 billion yen, a 384.5 billion yen more than last year, which was mostly attributable to the increase of Payable on Collateralized Securities Transactions by 667.0 billion yen. The company newly issued 62.5 billion yen of corporate bond in order to raise funds. Total Stockholder's Equity increased by 600 million yen to 354.3 billion yen compared to last year.

Balance Sheets

(millions of yen)

	First quarter Jun. 30, 2003	First quarter Jun. 30, 2002	Increase/ Decrease	Fiscal 2002 Mar. 31, 2003
Assets				
Current assets:	6,473,232	5,423,450	1,049,781	6,079,947
Cash and time deposits	65,789	46,821	18,968	105,018
Cash segregated as deposits	20,008	20,005	3	20,008
Trading assets:	3,836,888	3,186,085	650,803	4,216,614
Trading securities and others	3,313,377	2,790,360	523,017	3,644,400
Derivative assets	523,510	395,724	127,786	572,213
Trade date accrual	666,631	-	666,631	-
Receivables related to margin transactions:	101,697	77,002	24,695	68,944
Loans receivable from customers for margin transactions	519	56	462	55
Cash deposits as collateral for securities borrowed from securities finance companies	101,178	76,945	24,232	68,889
Receivables on collateralized securities transactions:	1,615,057	1,801,038	(185,981)	1,549,050
Cash deposits as collateral for securities borrowed	1,538,085	1,671,322	(133,237)	1,487,949
Receivables related to Gensaki transactions	76,971	129,716	(52,744)	61,100
Receivables	128	195	(67)	285
Short-term guarantee money deposited	8,663	11,096	(2,432)	9,407
Short-term loans receivable	130,236	251,610	(121,373)	85,622
Accrued income	8,437	3,508	4,928	9,161
Deferred income tax assets	1,023	688	335	818
Other current assets	18,695	25,493	(6,797)	15,062
Less: Allowance for doubtful accounts-current	(26)	(94)	68	(45)
Non-current assets:	133,905	141,487	(7,581)	142,065
Tangible fixed assets	4,026	4,044	(17)	4,120
Intangible fixed assets	30,866	25,400	5,466	29,725
Investments and others:	99,012	112,042	(13,030)	108,219
Investment securities	43,745	44,145	(400)	42,941
Long-term loans receivable	1,036	1,045	(8)	1,033
Long-term guarantee deposits	6,443	6,298	144	6,403
Deferred income tax assets	43,955	55,987	(12,032)	48,278
Other investments	4,315	4,808	(493)	10,045
Less: Allowance for doubtful accounts-non-current	(483)	(243)	(240)	(482)
Total assets	6,607,137	5,564,938	1,042,199	6,222,012

(millions of yen)

	First quarter Jun. 30, 2003	First quarter Jun. 30, 2002	Increase/ Decrease	Fiscal 2002 Mar. 31, 2003
Liabilities				
Current liabilities:	5,806,454	4,899,023	907,430	5,469,446
Trading liabilities:	1,355,132	1,392,605	(37,473)	1,372,131
Trading securities and others	869,775	1,043,360	(173,584)	850,362
Derivative liabilities	485,357	349,245	136,111	521,768
Trade date accrual	-	798,092	(798,092)	58,765
Payables related to margin transactions:	60,972	21,787	39,184	42,790
Loans from securities finance companies for margin transactions	11	-	11	-
Proceeds of securities sold for margin transactions	60,960	21,787	39,172	42,790
Payables on collateralized securities transactions	3,209,103	1,143,274	2,065,829	2,542,096
Cash deposits as collateral for securities loaned	2,311,828	1,071,841	1,239,986	1,902,792
Payables related to Gensaki transactions	897,275	71,432	825,842	639,304
Deposits received	13,317	6,852	6,464	59,382
Cash deposits received from customers	20,496	22,636	(2,140)	17,800
Short-term borrowings	893,901	1,117,558	(223,656)	1,068,817
Commercial paper	230,200	357,500	(127,300)	289,800
Bonds due within one year	5,859	14,508	(8,649)	5,766
Accrued expenses	4,347	4,077	270	7,203
Accrued income taxes	140	50	90	-
Other current liabilities	12,982	20,080	(7,097)	4,891
Non-current liabilities:	443,191	312,954	130,236	395,708
Bonds	339,428	209,700	129,728	291,950
Long-term borrowings	100,000	100,000	-	100,000
Accrued retirement benefits	3,136	2,610	525	3,041
Other non-current liabilities	626	644	(17)	716
Statutory reserves:	3,095	2,513	582	3,065
Reserve for securities transaction liabilities	3,095	2,513	582	3,065
Reserve for financial futures transaction liabilities	0	0	-	0
Total liabilities	6,252,741	5,214,491	1,038,249	5,868,220
Stockholders' equity				
Common stock	205,600	205,600	-	205,600
Capital surplus	117,321	117,321	-	117,321
Additional paid-in capital	117,321	117,321	-	117,321
Earned surplus	31,485	27,588	3,897	31,176
Earned surplus reserve	5,141	5,141	-	5,141
Reserve for special depreciation	250	301	(50)	301
Unappropriated retained earnings including net income 5,908 million yen for Jun. 2003, net income 2,768 million yen for Jun. 2002 and net income 6,357 million yen for FY2002.	26,093	22,145	3,948	25,734
Revaluation reserve for investment securities, net of tax effect	(10)	(62)	52	(305)
Total stockholders' equity	354,396	350,446	3,949	353,792
Total liabilities and stockholders' equity	6,607,137	5,564,938	1,042,199	6,222,012

Income Statements

(millions of yen)

	Fiscal 2003 Apr. 1, 2003 - Jun. 30, 2003	Fiscal 2002 Apr. 1, 2002 - Jun. 30, 2002	Yr/yr change	Fiscal 2002 Apr. 1, 2002 - Mar. 31, 2003
Operating revenues	39,027	28,883	35.1%	118,300
Commissions	8,767	10,960	(20.0)%	52,073
Net gain on trading securities	22,148	13,902	59.3%	44,308
Interest and dividend income	8,111	4,021	101.7%	21,919
Interest expenses	2,319	1,734	33.7%	7,425
Net operating revenues	36,707	27,149	35.2%	110,875
Selling, general and administrative expenses:	27,467	22,324	23.0%	95,401
Commission and other expenses	12,164	7,767	56.6%	37,571
Employees' compensation and benefits	6,181	5,527	11.8%	21,582
Real estate expenses	2,456	2,418	1.5%	10,320
Data processing and office supplies	3,593	3,604	(0.3)%	14,132
Depreciation expenses	2,261	2,014	12.3%	8,566
Taxes other than income taxes	415	522	(20.4)%	1,737
Others	393	469	(16.1)%	1,490
Operating income	9,240	4,824	91.5%	15,473
Non-operating income	636	234	171.7%	1,953
Non-operating expenses	27	82	(66.7)%	861
Ordinary income	9,850	4,976	97.9%	16,565
Extraordinary gains	-	4	-	61
Extraordinary losses	30	220	(86.3)%	2,401
Income before income taxes and others	9,819	4,759	106.3%	14,226
Income taxes-current	(6)	236	-	(1,576)
Refund of Income taxes	-	1	-	52
Income taxes-deferred	3,916	1,756	123.0%	9,497
Net income	5,908	2,768	113.4%	6,357
Unappropriated retained earnings-carryforward	20,185	19,376	4.2%	19,376
Unappropriated retained earnings	26,093	22,145	17.8%	25,734

Notes to financial statements

The financial statements of the Company for the first quarter ended June 30, 2003 are prepared in accordance with 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, November 14, 1974), based on the 'Regulations of Interim Financial Statements' (Ministry of Finance Ordinance No. 38, 1977) and its Article 38 and 57.

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. 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 June 30, 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.

4. 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.

5. 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.

6. Other material items

(1) Consumption Taxes

Consumption taxes are separately recorded.

(2) Deferred assets

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

Notes to balance sheets

1. Accumulated depreciation of tangible fixed assets

	<u>As of Jun. 30, 2003</u>	<u>As of Jun. 30, 2002</u>	(millions of yen) <u>As of Mar. 31, 2003</u>
	7,623	6,167	7,295

2. Guarantee

	<u>As of Jun. 30, 2003</u>	<u>As of Jun. 30, 2002</u>	(millions of yen) <u>As of Mar. 31, 2003</u>
	414	407	428

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 statements

	(millions of yen)		
Details of extraordinary gains/losses	First quarter <u>Apr. 1, 2003 - Jun. 30, 2003</u>	First quarter <u>Apr. 1, 2002 - Jun. 30, 2002</u>	Fiscal 2002 <u>Apr. 1, 2002 - Mar. 31, 2003</u>
Extraordinary gains			
Gain on sale of investment securities	-	4	49
Reversal of allowance for doubtful accounts	-	-	12
Extraordinary losses			
Write-down of investment securities	-	-	1,257
Valuation loss of fixed assets	-	-	259
Loss on sale of investment securities	-	18	129
Provision for securities transaction liabilities	30	202	754

Supplemental information for the first quarter ended June 30, 2003

(Apr. 1, 2003 – Jun. 30 2003)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	First quarter (2003/6)	First quarter (2002/6)	Yr/yr change	Fiscal 2002 (2003/3)
Brokerage commission	2,361	2,551	(7.4)%	8,367
Stock and other	2,345	2,512	(6.6)%	8,228
Bond and other	7	30	(74.8)%	99
Underwriting	3,875	5,413	(28.4)%	24,896
Stock and other	996	3,217	(69.0)%	16,144
Bond and other	2,781	2,196	26.6%	8,424
Distribution	92	163	(43.8)%	1,159
Beneficiary certificates	18	150	(87.6)%	795
Other commission	2,438	2,831	(13.9)%	17,649
Beneficiary certificates	244	543	(54.9)%	1,809
Total	8,767	10,960	(20.0)%	52,073

(2) Asset class

(millions of yen)

	First quarter (2003/6)	First quarter (2002/6)	Yr/yr change	Fiscal 2002 (2003/3)
Stock and other	3,432	5,849	(41.3)%	24,869
Bond and other	3,547	2,701	31.3%	11,505
Beneficiary certificates	271	701	(61.3)%	2,644
Others	1,515	1,707	(11.2)%	13,053
Total	8,767	10,960	(20.0)%	52,073

2. Breakdown of trading gains/losses

(millions of yen)

	First quarter (2003/6)	First quarter (2002/6)	Yr/yr change	Fiscal 2002 (2003/3)
Stock and other	7,268	5,243	38.6%	(1,646)
Bond, Forex and other	14,879	8,659	71.8%	45,954
Bond and other	10,022	6,093	64.5%	38,569
Forex and other	4,856	2,565	89.3%	7,385
Total	22,148	13,902	59.3%	44,308

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

	First quarter (2003/6)		First quarter (2002/6)		Yr/yr change		Fiscal 2002 (2003/3)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	13,452	10,284,090	10,005	11,623,041	34.5%	(11.5)%	37,527	35,748,055
Dealing (a)	7,375	5,624,763	5,574	6,233,626	32.3%	(9.8)%	21,078	19,431,316
Brokerage (b)	6,077	4,659,326	4,431	5,389,415	37.2%	(13.5)%	16,449	16,316,739
b/(a + b)	45.2%	45.3%	44.3%	46.4%			43.8%	45.6%
TSE share	6.6%	8.1%	6.6%	7.1%			6.9%	7.2%

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

	First quarter (2003/6)	First quarter (2002/6)	Yr/yr change	Fiscal 2002 (2003/3)
Underwriting:				
Stock (number of shares)	119	9	-	164
(yen amount)	75,593	92,672	(18.4)%	319,658
Bond (face value)	1,182,149	1,225,272	(3.5)%	5,063,041
CP & others (face value)	195,900	423,670	(53.8)%	1,466,260
Distribution (*)				
Stock (number of shares)	119	9	-	165
(yen amount)	75,811	92,724	(18.2)%	343,934
Bond (face value)	1,173,128	1,236,555	(5.1)%	4,903,100
Beneficiary certificates (face value)	108,999	289,502	(62.3)%	1,112,711
CP & others (face value)	194,700	411,670	(52.7)%	1,406,460

(*)Including secondary offering and private placement

5. Capital adequacy ratio (millions of yen)

		First quarter Jun. 30, 2003	First quarter Jun. 30, 2002	Fiscal 2002 Mar. 31, 2003
Basic item	Stockholders' equity (A)	354,396	350,446	348,192
Supplementary item	Valuation profits of investment securities	-	-	-
	Statutory reserve	3,095	2,513	3,065
	Allowance for doubtful accounts	26	94	45
	Subordinated borrowings	100,000	100,000	100,000
	Total (B)	103,122	102,607	103,111
	Assets excluded from capital (C)	131,567	138,376	140,270
	Net capital (A)+(B)-(C) (D)	325,951	314,678	311,033
Risk equivalent	Market risk equivalent	53,581	33,203	47,442
	Counterparty risk equivalent	17,635	14,063	15,887
	Basic risk equivalent	21,700	19,927	20,738
	Total (E)	92,917	67,194	84,068
	Capital adequacy ratio (D)/(E)	350.7%	468.3%	369.9%

(Reference Data)

Quarterly income statements

(millions of yen)

	Fiscal 2002				Fiscal 2003
	First quarter Apr. 1, 2002- Jun. 30, 2002	Second quarter Jul. 1, 2002 - Sep. 30, 2002	Third quarter Oct. 1, 2002 - Dec. 31, 2002	Fourth quarter Jan. 1, 2003 - Mar. 31, 2003	First quarter Apr. 1, 2003- Jun. 30, 2003
Operating revenue	28,883	27,722	31,828	29,866	39,027
Commissions	10,960	13,996	12,121	14,994	8,767
Brokerage commission	2,551	2,072	1,791	1,951	2,361
(Stock and other)	2,512	2,027	1,763	1,924	2,345
(Bond and other)	30	32	14	21	7
Underwriting commission	5,413	6,344	6,391	6,746	3,875
(Stock and other)	3,217	4,356	4,457	4,113	996
(Bond and other)	2,196	1,878	1,878	2,470	2,781
Distribution commission	163	444	209	342	92
(Beneficiary certificates)	150	358	117	169	18
Other commission	2,831	5,134	3,729	5,954	2,438
(Beneficiary certificates)	543	484	420	361	244
Net gain on trading	13,902	8,326	13,708	8,371	22,148
(Stock and other)	5,243	1,366	2,472	(10,729)	7,268
(Bond and other)	6,093	4,201	10,470	17,804	10,022
(Forex and other)	2,565	2,758	765	1,295	4,856
Interest and dividend income	4,021	5,400	5,998	6,500	8,111
Interest expenses	1,734	1,711	1,921	2,057	2,319
Net operating revenues	27,149	26,011	29,906	27,808	36,707
Selling, general and administrative expenses	22,324	23,936	23,291	25,849	27,467
Commission and other expenses	7,767	9,211	9,057	11,534	12,164
Employees' compensation and benefits	5,527	5,392	5,276	5,385	6,181
Real estate expenses	2,418	2,749	2,595	2,555	2,456
Data processing and office supplies	3,604	3,799	3,569	3,159	3,593
Depreciation expenses	2,014	2,063	2,093	2,395	2,261
Taxes other than income taxes	522	383	362	469	415
Others	469	337	335	348	393
Operating income	4,824	2,074	6,614	1,959	9,240
Non-operating income	234	1,201	231	286	636
Non-operating expenses	82	281	84	412	27
Ordinary income	4,976	2,994	6,761	1,832	9,850
Extraordinary gains	4	41	18	(2)	-
Extraordinary losses	220	498	678	1,003	30
Income before income taxes and others	4,759	2,538	6,101	826	9,819
Income taxes-current	236	27	(5)	(1,834)	(6)
Refund of income taxes	1	47	-	3	-
Reversal of accrued income taxes	-	2	0	(2)	-
Income taxes-deferred	1,756	1,069	2,617	4,054	3,916
Net income	2,768	1,490	3,489	(1,391)	5,908