

Daiwa Securities Co. Ltd.

2-6-4 Otemachi Chiyoda-ku

Tokyo 100-8101, Japan

(URL <http://www.daiwa.co.jp/>)

April 26, 2002

Non-consolidated financial summary

(For fiscal year ended March 31, 2002)

(1) Operating results (from April 1, 2001 to March 31, 2002)

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

" - " indicates a loss or negative figure.

	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 2001 (2002/3)	127,541	(-28.7) %	126,713	(-)	-11,253	(-)
Fiscal 2000 (2001/3)	178,959		-		23,994	

	Ordinary income		Net income		Return on stockholders' equity	
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	(Annual basis)	%
Fiscal 2001 (2002/3)	-11,028	(-)	-3,641	(-)	-1.9	
Fiscal 2000 (2001/3)	24,355		13,396		6.6	

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, 2002	330,137	186,900	56.6	328.0
As of Mar. 31, 2001	586,653	202,644	48.5	251.3

Note.1 . Number of shares outstanding (shares):

As of March 31, 2002:

3,200

As of March 31, 2001:

3,200

Note.2 Stockholders' equity ratio = Total stockholders' equity / (Total liabilities* + Total stockholders' equity)

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

Contact: Yoshiaki Bai, General Manager, Finance Department

Phone: +813-3243-2111

Daiwa Securities Co. Ltd.

Balance Sheet

	(millions of yen)		(millions of yen)
	Fiscal 2001 Mar.31 2002		Fiscal 2000 Mar.31 2001
<i>Assets</i>		<i>Assets</i>	
Current assets:	268,909	Current assets:	507,636
Cash and time deposits	70,856	Cash and time deposits	118,831
Cash segregated as deposits	70,591	Cash segregated as deposits related to securities transactions	1,363
Trading assets:	36,316	Receivables	8,545
Trading securities and others	35,779	Trade date accrual	687
Derivative assets	536	Advance payments on securities subscribed	293
Trade date accrual	2,279	Short-term loans receivable	61,103
Receivables related to margin transactions:	55,019	Accrued income	8,670
Loans receivable from customers for margin transactions	49,218	Trading assets:	36,331
Cash deposits as collateral for securities borrowed from securities finance companies	5,800	Trading securities and others	36,217
Receivable on collateralized securities transactions	6,025	Derivative valuation accounts	113
Cash deposits as collateral for securities borrowed	6,025	Receivables related to margin transactions:	90,644
Receivables	4,013	Loans receivable from customers for margin transactions	88,171
Short-term guarantee money deposited	2,625	Cash deposits as collateral for securities borrowed from securities finance companies	2,472
Short-term loans receivable	2,637	Cash deposits as collateral for securities borrowed	6,035
Accrued income	7,431	Securities in custody	168,527
Deferred income tax assets-current	9,752	Short-term guarantee money deposited	2,587
Other current assets	1,756	Deferred income tax assets-current	2,018
Less: Allowance for doubtful accounts-current	-393	Other current assets	2,415
		Less: Allowance for doubtful accounts-current	-417
Non-current assets:	61,227	Non-current assets:	79,017
Tangible fixed assets	10,116	Tangible fixed assets	6,717
Intangible fixed assets	16,784	Intangible fixed assets	10,936
Investments and others:	34,326	Investments and others:	61,362
Investment securities	516	Investment securities	28
Long-term loans receivable	4,874	Long-term loans receivable	5,000
Long-term guarantee deposits	25,284	Long-term guarantee deposits	46,724
Deferred income tax assets-non-current	1,830	Deferred income tax assets-non-current	7,511
Other investments	2,030	Other investments	2,326
Less: Allowance for doubtful accounts-non-current	-208	Less: Allowance for doubtful accounts-non-current	-227
Total assets	330,137	Total assets	586,653

(millions of yen)

(millions of yen)

	Fiscal 2001 Mar.31.2002		Fiscal 2000 Mar.31.2001
<i>Liabilities</i>		<i>Liabilities</i>	
Current liabilities:	137,753	Current liabilities:	364,922
Trading liabilities:	488	Short-term borrowings	67,500
Trading securities and others	443	Deposits received	57,164
Derivative liabilities	45	Advance receipts on securities subscribed	811
Payables related to margin transactions:	17,881	Accrued expenses	6,245
Loans from securities finance companies for margin transaction	3,590	Trading liabilities:	56
Proceeds of securities sold for margin transactions	14,290	Trading securities and others	-
Deposits received	53,303	Derivative valuation accounts	56
Cash deposits received from customers	14,854	Payables related to margin transactions:	23,367
Short-term borrowings	37,000	Loans from securities finance companies for margin transaction	14,453
Accrued expenses	6,165	Proceeds of securities sold for margin transactions	8,913
Accrued income taxes	118	Short-term securities borrowed	12,015
Accrued bonuses	5,500	Cash deposits received from customers	29,812
Other current liabilities	2,441	Securities deposited by customers as collateral	156,511
		Accrued income taxes	297
		Accrued bonuses	8,100
		Other current liabilities	3,040
Non-current liabilities:	4,861	Non-current liabilities:	18,653
Accrued retirement benefits	4,636	Accrued retirement benefits	3,189
Other non-current liabilities	224	Multiemployer pension plan	15,220
		Other non-current liabilities	243
Statutory reserves:	621	Statutory reserves:	433
Reserve for securities transaction liabilities	621	Reserve for securities transaction liabilities	433
Total liabilities	143,237	Total liabilities	384,009
<i>Stockholders' equity</i>		<i>Stockholders' equity</i>	
Common stock	100,000	Common stock	100,000
Legal reserve:	52,440	Legal reserve:	51,220
Additional paid-in capital	50,010	Additional paid-in capital	50,010
Earned surplus reserve	2,430	Earned surplus reserve	1,210
Retained earnings:	34,460	Retained earnings:	51,424
Special reserve for depreciation	367	Special reserve for depreciation	238
Unappropriated retained earnings including net income for the current term JPY -3,641	34,093	Unappropriated retained earnings including net income for the current term, JPY 13,396	51,185
Total stockholders' equity	186,900	Total stockholders' equity	202,644
Total liabilities and stockholders' equity	330,137	Total liabilities and stockholders' equity	586,653

Daiwa Securities Co. Ltd.

Income Statement

	(millions of yen)		(millions of yen)
	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002		Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001
Operating revenues	127,541	Operating revenues	178,959
Commissions	103,774	Commissions	157,918
Net gain on trading securities	21,897	Net gain on trading securities	17,021
Interest and dividend income	1,869	Net gain on other commodities trading	13
Interest expenses	828	Interest and dividend income	4,006
Net operating revenues	126,713	Operating expenses	154,965
Selling, general and administrative expenses	137,966	Selling, general and administrative expenses	153,638
Commission and other expenses	26,988	Commission and other expenses	33,022
Employees' compensation and benefits	56,721	Employees' compensation and benefits	66,243
Real estate expenses	24,337	Real estate expenses	26,613
Data processing and office supplies	21,955	Data processing and office supplies	22,066
Depreciation expenses	4,845	Depreciation expenses	2,233
Taxes other than income taxes	419	Taxes other than income taxes	483
Others	2,699	Others	2,976
Operating income	-11,253	Interest expenses	1,326
Non-operating income	300	Operating income	23,994
Non-operating expenses	75	Non-operating income	1,083
Ordinary income	-11,028	Non-operating expenses	722
Extraordinary gains	6,673	Ordinary income	24,355
Extraordinary losses	1,090	Extraordinary gains	-
Income before income taxes and others	-5,444	Extraordinary losses	196
Income taxes-current	250	Income before income taxes and others	24,158
Income taxes-deferred	-2,053	Income taxes-current	6,100
Net income	-3,641	Income taxes-deferred	4,662
Unappropriated retained earnings-carryforward	37,734	Net income	13,396
Unappropriated retained earnings	34,093	Unappropriated retained earnings-carryforward	37,788
		Unappropriated retained earnings	51,185

Note: Royalty on trademark paid to Daiwa Securities Group Inc. of 6,377 million yen for fiscal 2001, and 8,947million yen for fiscal 2000 is included in "Commission and other expenses".

Statement of appropriation of retained earnings

(millions of yen)

	Fiscal 2001		Fiscal 2000	
Unappropriated retained earnings	34,093		51,185	
Reversal of reserve for special depreciation	128		34	
Total	34,221		51,219	
Appropriations of retained earnings		-		13,484
Legal reserve	-		1,220	
Cash dividends(*)	-		12,000	
Director's bonuses	-		102	
Reserve for special depreciation	-		162	
Unappropriated retained earnings carried forward	34,221		37,735	

(*) Cash dividends for fiscal year 2000: 3,750,000 yen per share

Notes to financial statements

The financial statements of the Company for fiscal year ended March 31, 2002 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

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 appendices) 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 March 31, 2002, 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. Hedging transaction

Interests received or paid on interest rate swap for hedging are accrued without marking-to-market, and premium or discount on forward foreign exchange contract for hedging is allocated to each fiscal term without marking-to-market.

6. Other material items

(Consumption Taxes)

Consumption taxes are separately recorded.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets

(millions of yen)

<u>As of Mar.31,2002</u>	<u>As of Mar.31,2001</u>
4,972	2,746

2. 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 borrowed" 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" is presented as a sub-account of newly introduced "Receivables on collateralized securities transactions".

Notes to income statement

1. Details of extraordinary gains/losses

(millions of yen)

	Fiscal 2001 <u>Apr. 1, 2001 -</u> <u>Mar. 31, 2002</u>	Fiscal 2000 <u>Apr. 1, 2000 -</u> <u>Mar. 31, 2001</u>
Extraordinary gains		
Reversal of multiemployer pension plan (Note).	6,562	-
Reversal of allowance for doubtful accounts	111	-
Extraordinary losses		
Early retirement benefit	338	-
Valuation loss of fixed assets	217	-
Provision for securities transaction liabilities	188	196
Loss on sale or disposal of fixed assets	173	-
Cancel money for lease	172	-

(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 fiscal 2001

(Apr. 1, 2001 – Mar. 31, 2002)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Fiscal 2001 (2002/3)	Fiscal 2000 (2001/3)	Yr/yr change
Brokerage commission	43,466	65,764	-33.9%
(Stock and other)	(43,234)	(65,747)	-34.2%
(Bond and other)	(3)	(14)	-77.9%
Underwriting	-	-	-
Distribution	26,100	52,312	-50.1%
(Beneficiary certificates)	(14,047)	(35,783)	-60.7%
Other commission	34,207	39,841	-14.1%
(Beneficiary certificates)	(22,097)	(29,939)	-26.2%
Total	103,774	157,918	-34.3%

(2) Asset class

(millions of yen)

	Fiscal 2001 (2002/3)	Fiscal 2000 (2001/3)	Yr/yr change
Stock and other	52,125	78,609	-33.7%
Bond and other	12,505	11,720	6.7%
Beneficiary certificates	36,373	65,725	-44.7%
Others	2,769	1,863	48.7%
Total	103,774	157,918	-34.3%

2. Breakdown of trading gains/losses

(millions of yen)

	Fiscal 2001 (2002/3)	Fiscal 2000 (2001/3)	Yr/yr change
Stock and other	64	203	-68.3%
Bond, Forex and other	21,832	16,818	29.8%
Bond and other	(13,684)	(10,765)	27.1%
Forex and other	(8,148)	(6,053)	34.6%
Total	21,897	17,021	28.6%

3. Trading volume of stocks (excluding futures transaction)

(millions of share, millions of yen)

	Fiscal 2001 (2002/3)		Fiscal 2000 (2001/3)		Yr/yr change	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	9,262	6,340,116	9,631	10,221,530	-3.8%	-38.0%
Dealing (a)	(509)	(491,521)	(593)	(958,064)	-14.2%	-48.7%
Brokerage (b)	(8,753)	(5,848,595)	(9,037)	(9,263,466)	-3.2%	-36.9%
b/(a + b)	94.5%	92.2%	93.8%	90.6%	/	
TSE share	1.9%	1.3%	2.5%	1.9%		
Brokerage commission/Shares	4.72 yen		6.90 yen			

4. Underwriting activities

(millions of share, millions of yen)

	Fiscal 2001 (2002/3)	Fiscal 2000 (2001/3)	Yr/yr change
<u>Underwriting:</u>	-	-	-
Stock (number of shares)	-	-	-
(yen amount)	-	-	-
Bond (face value)	-	-	-
CP & others (face value)	-	-	-
<u>Distribution (*)</u>			
Stock (number of shares)	51	59	-14.4%
(yen amount)	216,027	528,329	-59.1%
Bond (face value)	873,391	706,308	23.7%
Beneficiary certificates (face value)	8,120,265	10,640,152	-23.7%
CP & others (face value)	-	-	-

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Mar. 31, 2002	Mar. 31, 2001
Basic item	Stockholders' equity (A)	186,900	190,542
Supplementary item	Statutory reserve	621	433
	Allowance for doubtful accounts	53	215
	Total (B)	675	648
Assets excluded from capital	(C)	63,679	82,487
Net capital	(A)+(B)-(C) (D)	123,896	108,702
Risk equivalent	Market risk equivalent	513	565
	Counterparty risk equivalent	2,688	3,605
	Basic risk equivalent	34,568	39,068
	Total (E)	37,770	43,239
Capital adequacy ratio	(D)/(E)	328.0%	251.3%

(Reference Data)

Quarterly income statement

	(millions of yen)		(millions of yen)			
	Fiscal 2000		Fiscal 2001			
	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	Fourth quarter Jan. 1, 2002 - Mar. 31, 2002
Operating revenue	37,378	Operating revenue	36,713	28,501	29,294	33,031
Commissions	30,744	Commissions	32,335	23,936	22,475	25,027
Brokerage commission	12,973	Brokerage commission	14,900	9,369	8,986	10,208
Stock and other	12,963	Stock and other	14,897	9,262	8,944	10,130
Bond and other	9	Bond and other	2	0	0	0
Underwriting commission	-	Underwriting commission	-	-	-	-
Stock and other	-	Stock and other	-	-	-	-
Bond and other	-	Bond and other	-	-	-	-
Distribution commission	8,193	Distribution commission	8,513	5,884	5,747	5,954
Beneficiary certificates	5,953	Beneficiary certificates	5,755	2,205	3,351	2,734
Other commission	9,577	Other commission	8,921	8,681	7,740	8,863
Beneficiary certificates	6,828	Beneficiary certificates	6,467	5,760	5,160	4,708
Net gain on trading	5,798	Net gain on trading	3,842	4,015	6,418	7,620
Stock and other	125	Stock and other	115	-398	184	162
Bond and other	3,821	Bond and other	2,392	3,223	3,415	4,652
Forex and other	1,851	Forex and other	1,334	1,190	2,818	2,805
Net gain on other commodities trading	0	Interest and dividend income	535	549	400	383
Interest and dividend income	835	Interest expenses	198	227	198	203
		Net operating revenues	36,515	28,273	29,096	32,827
Operating expenses	38,157	Selling, general and administrative expenses	36,351	36,199	32,446	32,968
Selling, general and administrative expenses	37,770	Commission and other expenses	7,577	6,967	6,115	6,327
Commission and other expenses	7,408	Employees' compensation and benefits	14,994	14,918	12,929	13,878
Employees' compensation and benefits	16,166	Real estate expenses	6,404	6,428	5,855	5,648
Real estate expenses	6,778	Data processing and office supplies	5,741	5,846	5,579	4,787
Data processing and office supplies	5,701	Depreciation expenses	985	1,026	1,201	1,631
Depreciation expenses	748	Taxes other than income taxes	158	85	111	64
Taxes other than income taxes	127	Others	490	926	653	629
Others	840					
Interest expenses	387					
Operating income	-779	Operating income	163	-7,926	-3,349	-140
Non-operating income	199	Non-operating income	26	124	30	119
Non-operating expenses	99	Non-operating expenses	27	21	164	-137
Ordinary income	-678	Ordinary income	161	-7,822	-3,483	116
Extraordinary gains	-	Extraordinary gains	-	6,756	12	-94
Extraordinary losses	42	Extraordinary losses	60	180	47	802
Income before income taxes and others	-721	Income before income taxes and others	101	-1,246	-3,519	-780
Income taxes-current	1,150	Income taxes-current	52	98	50	50
Income taxes-deferred	-1,275	Income taxes-deferred	33	-451	-1,371	-264
Net income	-596	Net income	16	-893	-2,198	-566

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