

**Daiwa Securities Co. Ltd.**2-6-4 Otemachi Chiyoda-ku  
Tokyo 100-8101, 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	Yr/yr	Operating income	Yr/yr	Ordinary income	Yr/yr
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
First quarter (2001/6)	36,713	(-32.6)	163	(-98.9)	161	(-98.9)
First quarter (2000/6)	54,485		14,747		14,943	
Fiscal 2000 (2001/3)	178,959		23,994		24,355	

	Net income	Yr/yr
	Millions of yen	% change
First quarter (2001/6)	16	(-99.8)
First quarter (2000/6)	8,494	
Fiscal 2000 (2001/3)	13,396	

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	520,409	190,558	52.3	298.4
As of Jun. 30, 2000	839,142	197,741	35.2	269.4
As of Mar. 31, 2001	586,653	202,644	48.5	251.3

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 Co. Ltd.**  
**Balance Sheet**

(millions of yen)

Assets				
	(A)	(B)	(A) -(B)	Fiscal 2000
	First quarter Jun. 30, 2001	First quarter Jun. 30, 2000	Increase/ Decrease	Mar. 31, 2001
<b>Current assets:</b>	<b>457,011</b>	<b>769,831</b>	<b>-312,819</b>	<b>507,636</b>
Cash and time deposits	129,678	226,832	-97,154	118,831
Cash segregated as deposits related to securities transactions	1,427	1,402	24	1,363
Receivables	4,873	9,687	-4,814	8,545
Trade date accrual	565	572	-7	687
Advance payments on securities subscribed	346	540	-194	293
Short-term loans receivable	2,207	2,840	-633	61,103
Accrued income	7,037	10,380	-3,343	8,670
Trading assets:	34,646	9,772	24,874	36,331
Trading securities and others	34,563	9,687	24,876	36,217
Derivative valuation accounts	83	84	-1	113
Receivables related to margin transactions:	101,095	203,594	-102,499	90,644
Loans receivable from customers for margin transactions	96,320	203,060	-106,740	88,171
Cash deposits as collateral for securities borrowed from securities finance companies	4,775	534	4,240	2,472
Cash deposits as collateral for securities borrowed	8,824	16,859	-8,035	6,035
Securities in custody	156,254	277,958	-121,703	168,527
Short-term guarantee money deposited	5,479	5,503	-24	2,587
Deferred income tax assets-current	1,829	1,247	582	2,018
Other current assets	3,060	3,078	-17	2,415
Less: Allowance for doubtful accounts-current	-313	-441	127	-417
<b>Non-current assets:</b>	<b>63,397</b>	<b>69,311</b>	<b>-5,914</b>	<b>79,017</b>
Tangible fixed assets	6,627	4,245	2,382	6,717
Intangible fixed assets	12,575	3,125	9,450	10,936
Investments and others:	44,193	61,941	-17,747	61,362
Long-term loans receivable	5,000	5,000	0	5,000
Long-term guarantee deposits	29,303	48,016	-18,713	46,724
Deferred income tax assets-non-current	7,667	7,058	609	7,511
Other investments	2,407	1,873	534	2,354
Less: Allowance for doubtful accounts-non-current	-184	-7	-177	-227
<b>Total assets</b>	<b>520,409</b>	<b>839,142</b>	<b>-318,733</b>	<b>586,653</b>

**Daiwa Securities Co. Ltd.**  
**Balance Sheet**

(millions of yen)

Liabilities				
	(A)	(B)	(A) -(B)	
	First quarter	First quarter	Increase/ Decrease	Fiscal 2000
	Jun. 30, 2001	Jun. 30, 2000		Mar. 31, 2001
<b>Current liabilities:</b>	<b>310,457</b>	<b>622,807</b>	<b>-312,349</b>	<b>364,922</b>
Short-term borrowings	29,000	181,000	-152,000	67,500
Deposits received	58,279	75,156	-16,877	57,164
Advance receipts on securities subscribed	449	705	-256	811
Accrued expenses	6,397	7,038	-640	6,245
Trading liabilities:	47	12	35	56
Trading securities and others	21	6	15	-
Derivative valuation accounts	25	6	19	56
Payables related to margin transactions:	26,138	25,741	397	23,367
Loans from securities finance companies for margin transactions	14,384	19,112	-4,727	14,453
Proceeds of securities sold for margin transactions	11,754	6,628	5,125	8,913
Short-term securities borrowed	14,647	29,408	-14,761	12,015
Cash deposits received from customers	27,680	47,993	-20,312	29,812
Securities deposited by customers as collateral	141,607	248,549	-106,942	156,511
Accrued income taxes	42	465	-423	297
Other current liabilities	6,167	6,735	-568	11,140
<b>Non-current liabilities:</b>	<b>18,899</b>	<b>18,294</b>	<b>605</b>	<b>18,653</b>
Accrued retirement benefits	3,529	1,876	1,653	3,189
Multiemployer pension plan	15,220	15,220	-	15,220
Other non-current liabilities	150	1,198	-1,048	243
<b>Statutory reserves:</b>	<b>493</b>	<b>299</b>	<b>193</b>	<b>433</b>
Reserve for securities transaction liabilities	493	299	193	433
<b>Total liabilities</b>	<b>329,850</b>	<b>641,401</b>	<b>-311,550</b>	<b>384,009</b>
<b>Stockholders' equity</b>				
Common stock	100,000	100,000	-	100,000
Legal reserve:	52,440	51,220	1,220	51,220
Additional paid-in capital	50,010	50,010	-	50,010
Earned surplus reserve	2,430	1,210	1,220	1,210
Retained earnings:	38,118	46,521	-8,402	51,424
General-purpose reserve	367	238	128	238
Unappropriated retained earnings	37,751	46,283	-8,531	51,185
(Net income for the current term)	(16)	(8,494)	(-8,477)	(13,396)
<b>Total stockholders' equity</b>	<b>190,558</b>	<b>197,741</b>	<b>-7,182</b>	<b>202,644</b>
<b>Total liabilities and stockholders' equity</b>	<b>520,409</b>	<b>839,142</b>	<b>-318,733</b>	<b>586,653</b>

## Daiwa Securities Co. Ltd

Income Statement

(millions of yen)

	(A)	(B)	(A)/(B)	
	First quarter	First quarter		Fiscal 2000
	Apr. 1, 2001 -	Apr. 1, 2000 -	Comparison	Apr. 1, 2000 -
	Jun. 30, 2001	Jun. 30, 2000	(%)	Mar. 31, 2001
<b>Operating revenues</b>	<b>36,713</b>	<b>54,485</b>	<b>67.4</b>	<b>178,959</b>
Commissions	32,335	50,362	64.2	157,918
Net gain on trading securities	3,842	2,922	131.5	17,021
Net gain on other commodities trading	-	0	-	13
Interest and dividend income	535	1,199	44.6	4,006
<b>Operating expenses</b>	<b>36,550</b>	<b>39,737</b>	<b>92.0</b>	<b>154,965</b>
Selling, general and administrative expenses	36,351	39,511	92.0	153,638
Commission and other expenses	7,577	8,828	85.8	33,022
Employees' compensation and benefits	14,994	17,620	85.1	66,243
Real estate expenses	6,404	6,435	99.5	26,613
Data processing and office supplies	5,741	5,419	105.9	22,066
Depreciation expenses	985	450	218.7	2,233
Taxes other than income taxes	158	141	111.4	483
Others	490	615	79.7	2,976
Interest expenses	198	226	87.5	1,326
<b>Operating income</b>	<b>163</b>	<b>14,747</b>	<b>1.1</b>	<b>23,994</b>
Non-operating income	26	569	4.6	1,083
Non-operating expenses	27	373	7.4	722
<b>Ordinary income</b>	<b>161</b>	<b>14,943</b>	<b>1.1</b>	<b>24,355</b>
Extraordinary gains	-	-	-	-
Extraordinary losses	60	62	95.4	196
Provision for securities transaction liabilities	60	62	95.4	196
<b>Income before income taxes and others</b>	<b>101</b>	<b>14,880</b>	<b>0.7</b>	<b>24,158</b>
Income taxes-current	52	500	10.4	6,100
Income taxes-deferred	33	5,886	0.6	4,662
<b>Net income</b>	<b>16</b>	<b>8,494</b>	<b>0.2</b>	<b>13,396</b>
Unappropriated retained earnings-carryforward	37,734	37,788	99.9	37,788
<b>Unappropriated retained earnings</b>	<b>37,751</b>	<b>46,283</b>	<b>81.6</b>	<b>51,185</b>

**Supplemental information for the first quarter ended June 30, 2001**

## 1. Breakdown of commission income

## (1) Activity

(millions of yen)

	First quarter (2001/6)	First quarter (2000/6)	Comparison(%)	Fiscal 2000 (2001/3)
Brokerage commission	14,900	22,629	65.8	65,764
(Stock and other)	(14,897)	(22,626)	(65.8)	( 65,747)
(Bond and other)	( 2)	( 1)	(152.9)	( 14)
Underwriting	-	-	-	-
Distribution	8,513	17,385	49.0	52,312
(Beneficiary certificate)	( 5,755)	( 13,072)	( 44.0)	( 35,783)
Other commission	8,921	10,347	86.2	39,841
(Beneficiary certificate)	( 6,467)	( 7,805)	( 82.9)	( 29,939)
Total	32,335	50,362	64.2	157,918

## (2) Asset class

(millions of yen)

	First quarter (2001/6)	First quarter (2000/6)	Comparison(%)	Fiscal 2000 (2001/3)
Stock and other	16,707	25,421	65.7	78,609
Bond and other	2,996	3,539	84.6	11,720
Beneficiary certificate	12,224	20,879	58.5	65,725
Others	406	522	77.9	1,863
Total	32,335	50,362	64.2	157,918

## 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	115	-185	-	203
Bond, Forex and other	3,727	3,107	120.0	16,818
(Bond and other)	( 2,392)	( 1,873)	( 127.7)	( 10,765)
(Forex and other)	( 1,334)	( 1,233)	( 108.2)	( 6,053)
Total	3,842	2,922	131.5	17,021

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	2,958	2,096,558	3,078	3,428,926	96.1%	61.1%	9,631	10,221,530
(Dealing) (a)	(137)	(140,570)	(166)	(279,843)	(82.7%)	(50.2%)	(593)	(958,064)
(Brokerage)(b)	(2,820)	(1,955,988)	(2,911)	(3,149,082)	(96.9%)	(62.1%)	(9,037)	(9,263,466)
(b)/(a + b)	95.3%	93.3%	94.6%	91.8%			93.8%	90.6%
TSE share	2.3%	1.6%	3.0%	2.1%			2.5%	1.9%
Brokerage commission / Share	5.07yen		7.38yen				6.90 yen	

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>	-	-	-	-
<u>Distribution (*)</u>				
Stock (number of shares)	7	15	50.9%	59
(yen amount)	40,137	119,932	33.5%	528,329
Bond (face value)	225,773	164,028	137.6%	546,524
Beneficiary certificates (face value)	2,672,188	3,873,493	69.0%	10,640,152
CP & others (face value)	-	-	-	-

(\*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Jun. 30, 2001	Jun. 30, 2000	Mar. 31, 2001
Basic item	Total stockholders' equity (A)	190,558	197,741	190,542
Supplementary item	Statutory reserve	493	299	433
	Allowance for doubtful accounts	98	449	215
	Total (B)	591	748	648
	Assets excluded from capital (C)	67,034	73,007	82,487
	Net capital (A)+(B)-(C) (D)	124,116	125,483	108,702
Risk equivalent	Market risk equivalent	570	1,493	565
	Counterparty risk equivalent	3,042	5,304	3,605
	Fundamental risk equivalent	37,972	39,768	39,068
	Total (E)	41,585	46,566	43,239
	Capital adequacy ratio (D) / (E) X 100%	298.4%	269.4%	251.3%

(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
<b>Operating revenue</b>	<b>54,485</b>	<b>47,775</b>	<b>39,320</b>	<b>37,378</b>	<b>36,713</b>
Commissions	50,362	43,811	32,999	30,744	32,335
Brokerage commission	22,629	17,762	12,399	12,973	14,900
(Stock and other)	22,626	17,759	12,397	12,963	14,897
(Bond and other)	1	2	1	9	2
Underwriting commission	-	-	-	-	-
(Stock and other)	-	-	-	-	-
(Bond and other)	-	-	-	-	-
Distribution commission	17,385	15,209	11,523	8,193	8,513
(Beneficiary certificate)	13,072	9,364	7,392	5,953	5,755
Other commission	10,347	10,839	9,076	9,577	8,921
(Beneficiary certificate)	7,805	8,166	7,137	6,828	6,467
Net gain on trading	2,922	2,899	5,400	5,798	3,842
(Stock and other)	-185	317	-55	125	115
(Bond and other)	1,873	1,532	3,537	3,821	2,392
(Forex and other)	1,233	1,049	1,918	1,851	1,334
Net gain on other commodities trading	0	5	7	0	-
Interest and dividend income	1,199	1,058	912	835	535
<b>Operating expenses</b>	<b>39,737</b>	<b>39,979</b>	<b>37,090</b>	<b>38,157</b>	<b>36,550</b>
Selling, general and administrative expenses:	39,511	39,596	36,760	37,770	36,351
Commission and other expenses	8,828	8,679	8,106	7,408	7,577
Employees' compensation and benefits	17,620	16,912	15,544	16,166	14,994
Real estate expenses	6,435	6,790	6,609	6,778	6,404
Data processing and office supplies	5,419	5,732	5,212	5,701	5,741
Depreciation expenses	450	493	541	748	985
Taxes other than income taxes	141	74	139	127	158
Others	615	914	606	840	490
Interest expenses	226	382	329	387	198
<b>Operating income</b>	<b>14,747</b>	<b>7,795</b>	<b>2,229</b>	<b>-779</b>	<b>163</b>
Non-operating income	569	177	136	199	26
Non-operating expenses	373	152	96	99	27
<b>Ordinary income</b>	<b>14,943</b>	<b>7,820</b>	<b>2,270</b>	<b>-678</b>	<b>161</b>
Extraordinary gains	-	-	-	-	-
Extraordinary losses	62	51	39	42	60
<b>Income before income taxes and others</b>	<b>14,880</b>	<b>7,769</b>	<b>2,230</b>	<b>-721</b>	<b>101</b>
Income taxes-current	500	4,800	-350	1,150	52
Income taxes-deferred	5,886	-1,359	1,410	-1,275	33
<b>Net income</b>	<b>8,494</b>	<b>4,328</b>	<b>1,170</b>	<b>-596</b>	<b>16</b>