

Daiwa Securities Co. Ltd.2-6-4 Otemachi Chiyoda-ku
Tokyo 100-8101, Japan

April 27, 2001

Non-consolidated financial summary

(For the fiscal year ended March 31, 2001)

(1) Operating results (from April 1, 2000 to March 31, 2001)

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

" - " indicates a loss or negative figure.

	Operating revenues	Operating Income	Ordinary income
	Millions of yen	Millions of yen	Millions of yen
Fiscal 2000 (2001/3)	178,959	23,994	24,355
Fiscal 1999 (2000/3)	258,286	106,859	106,837

	Net income	Return on stockholder's equity
	Millions of yen	%
Fiscal 2000 (2001/3)	13,396	6.6
Fiscal 1999 (2000/3)	51,343	*29.2

Note. Change in accounting policies: None

(*) The beginning balance of stockholders' equity is based on the balance as of April 26, 1999 when the company commenced operations.

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Capital adequacy ratio
	Millions of yen	Millions of yen	%	%
As of Mar. 31, 2001	586,653	202,644	48.5	251.3
As of Mar. 31, 2000	1,086,214	201,346	26.7	262.7

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

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

Year-to-year comparison is omitted, as the company started operations on April 26, 1999.

Daiwa Securities Co. Ltd.
Balance Sheet

(millions of yen)

Assets			
	Fiscal 2000 Mar. 31, 2001	Fiscal 1999 Mar. 31, 2000	Increase/ Decrease
Current assets:	507,636	1,017,259	-509,623
Cash and time deposits	118,831	279,799	-160,968
Cash segregated as deposits related to securities transactions	1,363	1,787	-424
Receivables	8,545	15,230	-6,685
Trade date accrual	687	199	487
Advance payments on securities subscribed	293	510	-216
Short-term loans receivable	61,103	22,446	38,657
Accrued income	8,670	11,699	-3,028
Trading assets:	36,331	9,924	26,406
Trading securities and others	36,217	9,885	26,332
Derivative valuation accounts	113	39	73
Receivables related to margin transactions:	90,644	308,210	-217,566
Loans receivable from customers for margin transactions	88,171	308,011	-219,839
Cash deposits as collateral for securities borrowed from securities finance companies	2,472	198	2,273
Cash deposits as collateral for securities borrowed	6,035	19,703	-13,667
Securities in custody	168,527	331,852	-163,325
Short-term guarantee money deposited	2,587	6,809	-4,222
Deferred income tax assets-current	2,018	7,307	-5,289
Other current assets	2,415	2,347	68
Less: Allowance for doubtful accounts-current	-417	-568	150
Non-current assets:	79,017	68,955	10,062
Tangible fixed assets	6,717	4,334	2,382
Intangible fixed assets	10,936	1,898	9,038
Investments and others:	61,362	62,721	-1,358
Long-term loans receivable	5,000	5,000	-
Long-term guarantee deposits	46,724	48,954	-2,229
Deferred income tax assets-non-current	7,511	6,884	627
Other investments	2,354	1,893	461
Less: Allowance for doubtful accounts-non-current	-227	-10	-217
Total assets	586,653	1,086,214	-499,560

Daiwa Securities Co. Ltd.
Balance Sheet

(millions of yen)

Liabilities			
	Fiscal 2000	Fiscal 1999	Increase/ Decrease
	Mar. 31, 2001	Mar. 31, 2000	
Current liabilities:	364,922	867,793	-502,870
Short-term borrowings	67,500	268,000	-200,500
Deposits received	57,164	88,258	-31,094
Advance receipts on securities subscribed	811	725	85
Accrued expenses	6,245	8,829	-2,583
Trading liabilities:	56	205	-149
Trading securities and others	-	0	0
Derivative valuation accounts	56	205	-149
Payables related to margin transactions:	23,367	29,994	-6,627
Loans from securities finance companies for margin transactions	14,453	24,747	-10,293
Proceeds securities sold for margin transactions	8,913	5,247	3,666
Short-term securities borrowed	12,015	32,687	-20,672
Cash deposits received from customers	29,812	70,140	-40,328
Securities deposited by customers as collateral	156,511	299,164	-142,653
Accrued income taxes	297	52,073	-51,775
Accrued bonuses	8,100	9,500	-1,400
Other current liabilities	3,040	8,212	-5,172
Non-current liabilities:	18,653	16,838	1,814
Accrued retirement benefits	3,189	1,618	1,571
Multiemployer pension plan	15,220	15,220	-
Other non-current liabilities	243	-	243
Statutory reserves:	433	236	196
Reserve for securities transaction liabilities	433	236	196
Total liabilities	384,009	884,868	-500,858
Stockholders' equity			
Common stock	100,000	100,000	-
Legal reserve:	51,220	50,010	1,210
Additional paid-in capital	50,010	50,010	-
Earned surplus reserve	1,210	-	1,210
Retained earnings:	51,424	51,336	87
General-purpose reserve	238	-	238
Unappropriated retained earnings	51,185	51,336	-150
(Net income for the current term)	(13,396)	(51,343)	(- 37,946)
Total stockholders' equity	202,644	201,346	1,297
Total liabilities and stockholders' equity	586,653	1,086,214	-499,560

*Daiwa Securities Co. Ltd***Income Statement**

(millions of yen)

	Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Operating revenues	178,959	258,286
Commissions	157,918	240,898
Net gain on trading securities	17,021	13,162
Net gain on other commodities trading	13	5
Interest and dividend income	4,006	4,220
Operating expenses	154,965	151,426
Selling, general and administrative expenses	153,638	150,594
Commission and other expenses	33,022	30,984
Employees' compensation and benefits	66,243	64,623
Real estate expenses	26,613	27,179
Data processing and office supplies	22,066	22,762
Depreciation expenses	2,233	1,720
Taxes other than income taxes	483	367
Others	2,976	2,957
Interest expenses	1,326	831
Operating income	23,994	106,859
Non-operating income	1,083	184
Non-operating expenses	722	206
Ordinary income	24,355	106,837
Extraordinary gains	-	-
Extraordinary losses	196	17,484
Provision for multiemployer pension plan	-	15,220
Expenses for foundation	-	1,078
Expenses for reorganization of system	-	950
Provision for securities transaction liabilities	196	236
Income before income taxes	24,158	89,352
Income taxes-current	6,100	52,200
Income taxes-deferred	4,662	-14,191
Net income	13,396	51,343
Unappropriated retained earnings-carryforward	37,788	-7
Unappropriated retained earnings	51,185	51,336

Note.1 Year-to-year comparison is omitted, as the company started operations on April 26, 1999.

Note.2 Royalty on trademark paid to Daiwa Securities Group Inc. of 8,947million yen in fiscal 2000 and 12,914 million yen in fiscal 1999 is included in "commission and other expenses".

Statement of appropriation of retained earnings

(millions of yen)

(Appropriation plan)

	Fiscal 2000	
Unappropriated retained earnings	51,185	
Reversal of reserve for special depreciation	34	
Total	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		37,735

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

Supplemental information for fiscal year ended March 31, 2001

1. Breakdown of commission income

(1) Activity

(millions of yen)

	Fiscal 2000 (2001/3)	Fiscal 1999 (2000/3)
Brokerage commission	65,764	112,856
(Stock and other)	(65,747)	(112,835)
(Bond and other)	(14)	(16)
Underwriting & distribution	-	-
Subscription & distribution	52,312	91,430
(Beneficiary certificate)	(35,783)	(78,229)
Other commission	39,841	36,611
(Beneficiary certificate)	(29,939)	(27,034)
Total	157,918	240,898

(2) Asset class

(millions of yen)

	Fiscal 2000 (2001/3)	Fiscal 1999 (2000/3)
Stock	78,609	125,141
Bond	11,720	8,999
Beneficiary certificate	65,725	105,268
Others	1,863	1,488
Total	157,918	240,898

* Commission revenue on "Stock and other" includes commission revenue on CBs and warrants. Figures for "Fiscal 1999" are reclassified in such a manner.

2. Breakdown of trading gains/losses

(millions of yen)

	Fiscal 2000 (2001/3)	Fiscal 1999 (2000/3)
Stock and other	203	1,945
Bond, Forex and other	16,818	11,216
(Bond and other)	(10,765)	(6,930)
(Forex and other)	(6,053)	(4,286)
Total	17,021	13,162

Year-to-year comparison is omitted, as the company started operations on April 26, 1999

3. Trading volume of stocks (excluding futures transaction)

(millions of share, millions of yen)

	Fiscal 2000 (2001/3)		Fiscal 1999 (2000/3)	
	Number of shares	Amount	Number of shares	Amount
Total	9,631	10,221,530	11,606	17,752,427
(Dealing) (a)	593	958,064	(542)	(1,057,218)
(Brokerage)(b)	9,037	9,263,466	(11,064)	(16,695,208)
(b)/(a + b)	93.8%	90.6%	95.3%	94.0%
TSE share	2.5%	1.9%	3.3%	3.0%
Brokerage commission / Share	6.90 yen		9.87 yen	

4. Underwriting activities

(millions of share, millions of yen)

	Fiscal 2000 (2001/3)	Fiscal 1999 (2000/3)
<u>Underwriting:</u>	-	-
<u>Subscription & distribution (*)</u>		
Stock (number of shares)	59	92
(yen amount)	528,329	464,488
Bond (face value)	289,097	365,732
Beneficiary certificates (face value)	10,640,152	12,809,138
CP & others (face value)	-	-

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Mar. 31, 2001	Mar. 31, 2000
Basic item	Total stockholders' equity (A)	190,542	201,346
Supplementary item	Statutory reserve	433	236
	Allowance for doubtful accounts	215	578
	Total (B)	648	814
Assets excluded from capital	(C)	82,487	72,126
Capital after exclusion (A)+(B)-(C)	(D)	108,702	130,033
Risk equivalent	Market risk equivalent	565	1,487
	Counterparty risk equivalent	3,605	7,810
	Fundamental risk equivalent	39,068	40,196
	Total (E)	43,239	49,494
Capital adequacy ratio	(D) / (E) X 100%	251.3%	262.7%

(*) Dividends, directors' bonuses are excluded as of March 31 2001, as "Cabinet Office Ordinance on the Capital Adequacy Rule for Securities Companies" (Cabinet Office Ordinance No 23, 2001) was implemented on March 31, 2001.

(Reference Data)

Quarterly income statement

(millions of yen)

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