

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

January 30, 2001

Non-consolidated financial summary

(For the third quarter ended December 31, 2000)

(1) Operating results (from April 1, 2000 to December 31, 2000)

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	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Third quarter (2000/12)	141,580	24,773	25,034	13,993
Fiscal 1999 (2000/3)	258,286	106,859	106,837	51,343

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Capital adequacy ratio
	Millions of yen	Millions of yen	%	%
As of Dec. 31, 2000	622,218	203,240	46.0	269.6
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)

	(A)	(B)	(A)-(B)
	Third quarter	Fiscal 1999	Increase/ Decrease
	Dec. 31, 2000	Mar. 31, 2000	
Assets			
Current assets:	545,923	1,017,259	-471,336
Cash and time deposits	133,922	279,799	-145,877
Cash segregated as deposits related to securities transactions	1,418	1,787	-369
Receivables	4,027	15,230	-11,203
Trade date accrual	1,050	199	851
Advance payments on securities subscribed	510	510	0
Short-term loans receivable	34,442	22,446	11,996
Accrued income	7,279	11,699	-4,419
Trading assets:	44,805	9,924	34,880
Trading securities and others	44,474	9,885	34,589
Derivative valuation accounts	330	39	290
Receivables related to margin transactions:	126,006	308,210	-182,203
Loans receivable from customers for margin transactions	124,924	308,011	-183,086
Cash deposits as collateral for securities borrowed from securities finance companies	1,082	198	883
Cash deposits as collateral for securities borrowed	5,745	19,703	-13,957
Securities in custody	180,523	331,852	-151,329
Short-term guarantee money deposited	3,409	6,809	-3,400
Deferred income tax assets-current	855	7,307	-6,452
Other current assets	2,314	2,347	-32
Less: Allowance for doubtful accounts-current	-388	-568	179
Non-current assets:	76,295	68,955	7,340
Tangible fixed assets	5,513	4,334	1,178
Intangible fixed assets	9,006	1,898	7,108
Investments and others:	61,774	62,721	-946
Long-term loans receivable	5,000	5,000	-
Long-term guarantee deposits	47,486	48,954	-1,467
Deferred income tax assets-non-current	7,399	6,884	515
Other investments	1,911	1,893	18
Less: Allowance for doubtful accounts-non-current	-22	-10	-12
Total assets	622,218	1,086,214	-463,996

Daiwa Securities Co. Ltd.
Balance Sheet

(millions of yen)

	(A) Third quarter Dec. 31, 2000	(B) Fiscal 1999 Mar. 31, 2000	(A)-(B) Increase/ Decrease
<i>Liabilities</i>			
Current liabilities:	399,888	867,793	-467,904
Short-term borrowings	102,500	268,000	-165,500
Deposits received	48,270	88,258	-39,987
Advance receipts on securities subscribed	574	725	-150
Accrued expenses	6,421	8,829	-2,407
Trading liabilities:	30	205	-174
Trading securities and others	2	0	2
Derivative valuation accounts	28	205	-176
Payables related to margin transactions:	25,708	29,994	-4,285
Loans from securities finance companies for margin transactions	19,050	24,747	-5,696
Proceeds securities sold for margin transactions	6,658	5,247	1,410
Short-term securities borrowed	12,016	32,687	-20,671
Cash deposits received from customers	28,979	70,140	-41,160
Securities deposited by customers as collateral	168,506	299,164	-130,658
Accrued income taxes	-	52,073	-52,073
Other current liabilities	6,878	17,712	-10,834
Non-current liabilities:	18,699	16,838	1,860
Accrued retirement benefits	2,896	1,618	1,278
Multiemployer pension plan	15,220	15,220	-
Other non-current liabilities	582	-	582
Statutory reserves:	390	236	153
Reserve for securities transaction liabilities	390	236	153
Total liabilities	418,977	884,868	-465,890
<i>Stockholders' equity</i>			
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:	52,020	51,336	684
General-purpose reserve	238	-	238
Unappropriated retained earnings	51,782	51,336	445
(Net income for the current term)	(13,993)	(51,343)	(-37,350)
Total stockholders' equity	203,240	201,346	1,894
Total liabilities and stockholders' equity	622,218	1,086,214	-463,996

Daiwa Securities Co. Ltd
Income statement

(millions of yen)

	Third quarter Apr. 1, 2000 - Dec. 31, 2000	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Operating revenues	141,580	258,286
Commissions	127,173	240,898
Net gain on trading	11,222	13,162
Net gain on other commodities trading	13	5
Interest and dividend income	3,171	4,220
Operating expenses	116,807	151,426
Selling, general and administrative expenses	115,868	150,594
Commission and other expenses	25,614	30,984
Employees' compensation and benefits	50,077	64,623
Real estate expenses	19,834	27,179
Data processing and office supplies	16,364	22,762
Depreciation expenses	1,485	1,720
Taxes other than income taxes	355	367
Others	2,136	2,957
Interest expenses	939	831
Operating income	24,773	106,859
Non-operating income	883	184
Non-operating expenses	622	206
Ordinary income	25,034	106,837
Extraordinary gains	-	-
Extraordinary losses	153	17,484
Provision for multiemployer pension plan	-	15,220
Business start-up-related expenses	-	1,078
Expenses for reorganization of system	-	950
Provision for securities transaction liabilities	153	236
Income before income taxes and others	24,880	89,352
Income taxes-current	4,950	52,200
Income taxes-deferred	5,937	-14,191
Net income	13,993	51,343
Unappropriated retained earnings-carryforward	37,788	-7
Unappropriated retained earnings	51,782	51,336

Note:

- Year to year comparison is omitted, as the company started operations on April 26, 1999.
- "Commission and other expenses" includes "Royalty on trademark" paid to

Daiwa Securities Group Inc. as follows.

Third quarter of fiscal 2000: 7,079 million yen

Fiscal 1999: 1,291 million yen

Supplemental information for the third quarter of fiscal 2000

(Apr. 1, 2000 – Dec. 31, 2000)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Third quarter (2000/12)	Fiscal 1999 (2000/3)
Brokerage commission	52,790	112,856
(Stock and other)	(52,784)	(112,835)
(Bond and other)	(4)	(16)
Underwriting & distribution	-	-
Subscription & distribution	44,119	91,430
(Beneficiary certificate)	(29,830)	(78,229)
Other commission	30,263	36,611
(Beneficiary certificate)	(23,110)	(27,034)
Total	127,173	240,898

(2) Asset class

(millions of yen)

	Third quarter (2000/12)	Fiscal 1999 (2000/3)
Stock and other	63,406	125,141
Bond and other	9,446	8,998
Beneficiary certificate	52,942	105,268
Others	1,378	1,489
Total	127,173	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)

	Third quarter (2000/12)	Fiscal 1999 (2000/3)
Stock and other	77	1,945
Bond, Forex and other	11,145	11,216
(Bond and other)	(6,943)	(6,930)
(Forex and other)	(4,201)	(4,286)
Total	11,222	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)

	Third quarter (2000/12)		Fiscal 1999 (2000/3)	
	Number of Shares	Amount	Number of shares	Amount
Total	7,534	8,342,785	11,606	17,752,427
(Dealing) (a)	(484)	(821,890)	(542)	(1,057,218)
(Brokerage)(b)	(7,049)	(7,520,895)	(11,064)	(16,695,208)
(b)/(a + b)	93.6%	90.1%	95.3%	94.0%
TSE share	2.7%	2.0%	3.3%	3.0%
Brokerage commission/ Share	7.12 yen		9.87 yen	

4. Underwriting activities

(millions of share, millions of yen)

	Third quarter (2000/12)	Fiscal 1999 (2000/3)
<u>Underwriting:</u>	-	-
<u>Subscription & distribution (*)</u>	-	-
Stock (number of shares)	51	92
(yen amount)	423,594	464,488
Bond (face value)	211,026	365,732
Beneficiary certificates (face value)	8,291,922	12,809,138
CP & others (face value)	-	-

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Dec. 31, 2000	Mar. 31, 2000
Basic item	Total stockholders' equity (A)	203,240	201,346
Supplementary item	Statutory reserve	390	236
	Allowance for doubtful accounts	410	578
	Total (B)	801	814
Assets excluded from capital	(C)	79,367	72,126
Capital after exclusion (A)+(B)-(C)	(D)	124,674	130,033
Risk equivalent	Market risk equivalent	613	1,487
	Counterparty risk equivalent	3,899	7,810
	Fundamental risk equivalent	41,718	40,196
	Total (E)	46,231	49,494
Capital adequacy ratio	(D) / (E) X 100%	269.6%	262.7%

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