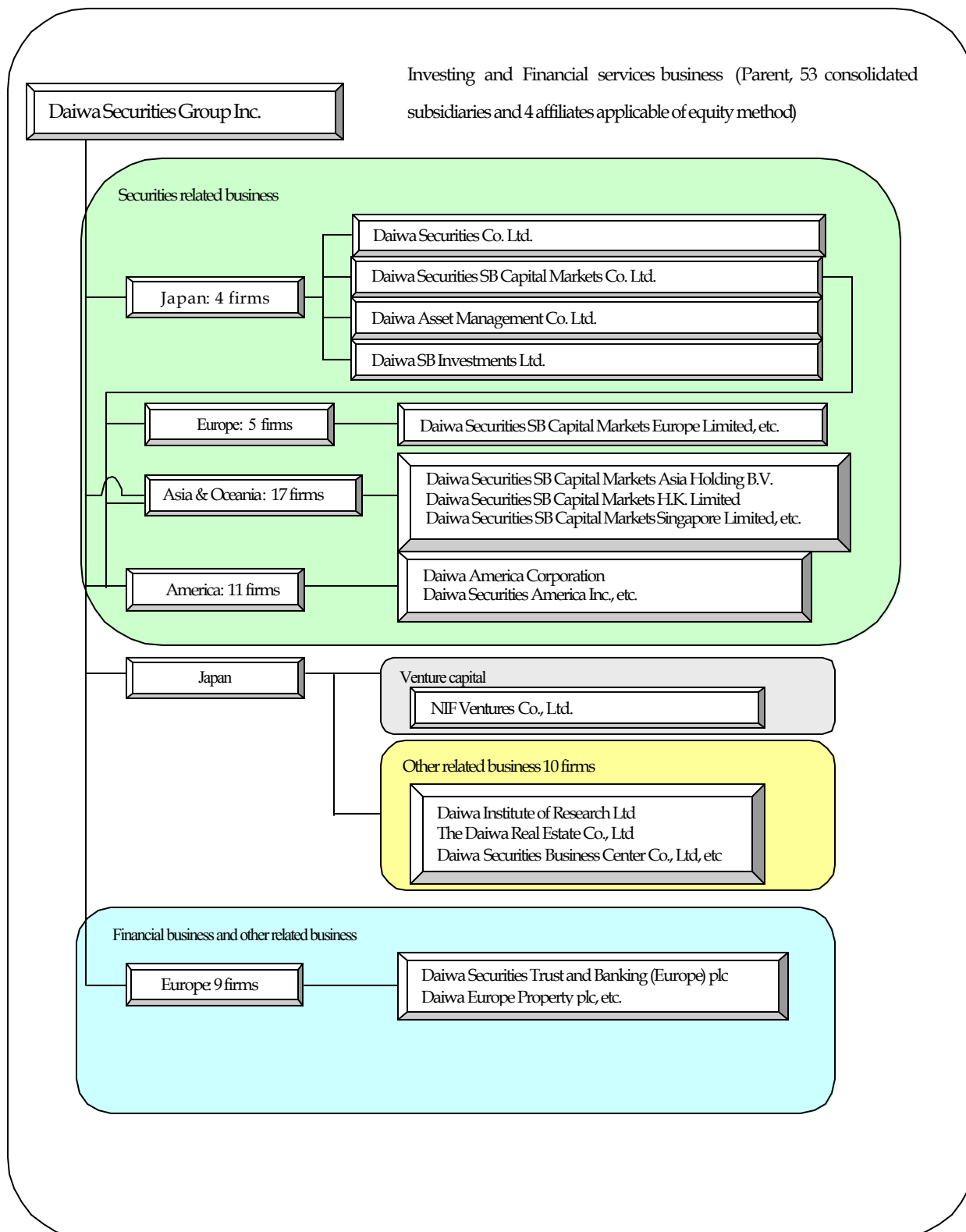


Information on Group Companies

The Company and its related companies, 53 consolidated subsidiaries and 4 affiliates applicable of equity method, predominantly operate in investing and financial segment, focusing on securities businesses such as “trading and brokerage of securities and derivatives”, “underwriting and distribution of securities”, “subscription and distribution of securities”, “private offering of securities” and “other business related to securities and financial fields”. The Group provides wide range of services, satisfying the worldwide customers’ needs for raising and investing of funds through the global networks linking major financial markets in Japan, America, Europe and Asia & Oceania.



Consolidated operating results for the third quarter of fiscal 2000

Consolidated operating revenues amounted to 497,133 million yen (103.8% of the third quarter of fiscal 1999) and consolidated operating expenses, to 400,772 million yen (126.1% of the third quarter of fiscal 1999). Ordinary income decreased to 96,442 million yen (61.1% of the third quarter of fiscal 1999). Consolidated net income posted 41,303 million yen (39.8% of the third quarter of fiscal 1999) with minority interest in income (loss for Daiwa Securities Group companies) of 13,341 million yen.

1. Summary of operating revenues**(1) Commissions****(i) Brokerage commission**

“Brokerage” commission decreased to 66,136 million yen (61.5% of the third quarter of fiscal 1999), due mainly to correction phase of stock markets.

(ii) Underwriting & distribution commission

“Underwriting & distribution” commission in investment banking expanded to 32,261 million yen (131.5% of the third quarter of fiscal 1999), as the commissions in connection with initial public offering were in a good shape.

(iii) Subscription & distribution commission

“Subscription & distribution” commission diminished to 32,548 million yen (51.8% of the third quarter of fiscal 1999), as the depressed stock market condition caused a decrease in commission on sale of investment trust.

(iv) Other commission

“Other” commission in asset management increased to 55,261 million yen, owing to an increment of trust fee on investment trust in Daiwa Asset Management Co. Ltd. Resultantly, “Other” commission grew to 70,151 million yen (108.0% of the third quarter of fiscal 1999).

(2) Net trading gains/losses

Although net trading gains on “Stock and other” increased to 46,982 million yen (120.1% of the third quarter of fiscal 1999), total net gains on trading decreased to 70,145 million yen (76.3% of the third quarter of fiscal 1999).

(3) Financial income

Net financial income augmented to 22,634 million yen (167.5% of the third quarter of fiscal 1999), with interest and dividend income of 166,569 million yen and financial expenses of 143,934 million yen.

2. Summary of profit and loss

Selling, general & administrative expenses edged up to 213,024 million yen (100.8% of third quarter of fiscal 1999), as curtailment in real estate expenses offset an increase in commission and other expenses caused by increment in advertisement expenses.

Extraordinary gains posted 3,866 million yen, including gain on sale of investment securities of 3,646 million yen. Extraordinary losses posted 9,326 million yen, including write-off of investment securities of 1,863 million yen, loss on sale or disposal of fixed assets of 2,253 million yen, loss on sale of investment securities of 1,933 million yen, and loss on sale of loan receivables of 1,363 million yen.

Operating results of overseas subsidiaries for the third quarter of fiscal 2000

Ordinary income by geographic area (millions of yen)

America	Europe	Asia & Oceania	Total
8,223	4,052	681	12,957

Consolidated balance sheet

(millions of yen)

	(A) Third quarter Dec. 31, 2000	(B) Third quarter Dec. 31, 1999	(A)-(B) Increase/ decrease	Fiscal 1999 Mar. 31, 2000
<i>Assets</i>				
Current assets:	8,220,094	6,853,589	1,366,504	7,661,139
Cash and time deposits	409,527	807,721	-398,194	732,475
Cash segregated as deposits related to securities transactions	8,487	8,506	-18	8,060
Notes receivable and accounts receivable	18,477	15,282	3,194	24,559
Receivables	5,609	41,277	-35,668	23,217
Advance payments on securities subscribed	2,459	3,947	-1,488	709
Short-term loans receivable	271,629	349,401	-77,771	142,491
Accrued income	28,718	32,219	-3,501	17,797
Securities	52,875	61,444	-8,568	65,276
Operational investment securities	44,466	41,340	3,126	44,742
Less: Allowance for possible investment losses	-714	-614	-99	-570
Trading assets:	2,571,837	1,841,266	730,571	2,859,623
Trading securities and others	2,344,824	1,676,605	668,219	2,736,870
Options transactions	38,329	11,411	26,917	12,409
Derivative valuation accounts	188,684	153,249	35,434	110,343
Other inventories	9,949	28,070	-18,121	24,072
Receivables related to margin transactions:	185,140	313,621	-128,481	393,629
Loans receivable from customers for margin transactions	124,928	268,877	-143,949	308,326
Cash deposits as collateral for securities borrowed from securities finance companies	60,211	44,743	15,468	85,302
Receivables related to gensaki transactions	239,240	2,398	236,842	24,099
Cash deposits as collateral for securities borrowed	2,504,057	1,385,123	1,118,934	1,368,118
Securities in custody	1,803,265	1,922,228	-118,963	1,820,905
Deferred income tax assets-current	6,063	6,350	-287	15,463
Other current assets	67,166	147,320	-80,154	104,294
Less: Allowance for doubtful accounts-current	-8,162	-153,316	145,154	-7,827
Non-current assets:	804,209	829,672	-25,462	828,447
Tangible fixed assets	314,000	348,977	-34,976	324,561
Intangible fixed assets	42,349	30,480	11,869	31,869
Investments and others	447,859	450,214	-2,355	472,016
Investment securities	229,589	249,184	-19,594	220,072
Long-term loans receivable	15,933	38,991	-23,058	26,125
Long-term guarantee deposits	33,100	33,493	-393	33,672
Deferred income tax assets-non-current	87,845	88,880	-1,034	98,074
Other investments	98,755	43,865	54,890	284,665
Less: Allowance for doubtful accounts-non-current	-17,364	-4,199	-13,164	-190,593
Translation adjustments	-	29,209	-29,209	24,626
Total assets	9,024,304	7,712,471	1,311,832	8,514,213

(millions of yen)

	(A) Third quarter Dec. 31, 2000	(B) Third quarter Dec. 31, 1999	(A)-(B) Increase/ decrease	Fiscal 1999 Mar. 31, 2000
<i>Liabilities</i>				
Current liabilities:	7,511,845	6,235,832	1,276,013	7,042,463
Notes payable and accounts payable	3,129	4,508	-1,379	6,090
Short-term borrowings	635,454	716,665	-81,211	783,242
Commercial paper	473,300	146,100	327,200	145,600
Bonds due within one year	23,941	57,184	-33,243	58,245
Mortgage backed securities sold	1,986	60,510	-58,524	42,823
Deposits received	101,247	167,492	-66,245	148,407
Trade date accrual	3,557	26,679	-23,122	57,537
Advance receipts on securities subscribed	1,753	3,634	-1,881	7,299
Trading liabilities:	1,298,389	992,106	306,283	1,234,298
Trading securities and others	1,101,844	838,831	263,012	1,117,439
Option transactions	30,046	7,054	22,992	10,591
Derivative valuation accounts	166,498	146,220	20,277	106,267
Payables related to margin transactions:	34,546	61,216	-26,669	53,617
Loans from securities finance companies for margin transactions	19,050	45,191	-26,140	24,915
Proceeds of securities sold for margin transactions	15,495	16,024	-529	28,701
Payables related to gensaki transactions	485,909	594,096	-108,186	1,123,837
Cash deposits as collateral for securities loaned	2,497,294	1,223,172	1,274,121	1,294,650
Short-term securities borrowed	1,480,258	1,416,994	63,263	1,340,903
Cash deposits received from customers	61,246	120,991	-59,744	84,265
Securities deposits by customers as collateral	325,256	511,053	-185,796	485,821
Accrued income taxes	1,793	45,891	-44,097	74,429
Deferred income tax liabilities-current	424	-	424	-
Other current liabilities	82,356	87,534	-5,177	101,391
Non-current liabilities:	667,278	672,761	-5,483	662,853
Bonds	276,339	125,183	151,156	121,013
Convertible bonds	135,695	135,705	-10	135,697
Long-term borrowings	194,897	382,356	-187,459	361,557
Long-term securities borrowed	6,000	14,850	-8,850	6,000
Deferred income tax liabilities-non-current	12,472	-	12,472	-
Accrued retirement benefits	6,333	8,917	-2,584	4,792
Multiemployer pension plan	28,442	-	28,442	28,442
Other non-current liabilities	7,097	5,749	1,348	5,350
Statutory reserves:	1,697	639	1,058	980
Total liabilities	8,180,822	6,909,233	1,271,588	7,706,298
Minority interest	157,808	137,760	20,048	141,843
<i>Stockholders' equity</i>				
Common stock	138,431	138,426	4	138,430
Additional paid-in capital	117,786	117,781	4	117,785
Retained earnings	436,747	412,871	23,875	413,468
Net unrealized gain on securities net of tax effect	16,761	-	16,761	-
Translation adjustments	-21,305	-	-21,305	-
Treasury stock	-2,748	-3,602	854	-3,613
Total stockholders' equity	685,673	665,477	20,196	666,071
Total liabilities, minority interest and stockholders' equity	9,024,304	7,712,471	1,311,832	8,514,213

Consolidated income statement

(millions of yen)

	(A) Third quarter Apr. 1, 2000 - Dec. 31, 2000	(B) Third quarter Apr. 1, 1999 - Dec. 31, 1999	(A)/(B) Comparison(%)	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Operating revenues	497,133	479,040	103.8	654,650
Commissions	201,098	259,871	77.4	364,115
Net gain on trading	70,145	91,923	76.3	117,625
Net gain on operational investment securities	4,234	-	-	8,199
Net gain on other commodities trading	15	232	6.8	345
Interest and dividend income	166,569	89,970	185.1	103,882
Other sales revenues	55,070	37,043	148.7	60,481
Operating expenses	400,772	317,713	126.1	427,720
Interest expenses	143,934	76,453	188.3	90,523
Cost of sales	43,813	30,012	146.0	49,698
Selling, general and administrative expenses:	213,024	211,247	100.8	287,498
Commission and other expenses	41,964	35,574	118.0	49,203
Employees' compensation and benefits	103,875	104,669	99.2	140,647
Real estate expenses	28,266	30,053	94.1	40,787
Data processing and office supplies	13,032	15,870	82.1	20,873
Depreciation expenses	11,324	10,142	111.7	14,780
Taxes other than income taxes	5,661	5,199	108.9	7,311
Others	8,899	9,736	91.4	13,892
Operating income	96,361	161,327	59.7	226,929
Non-operating income	5,861	5,425	108.0	7,432
Equity in earnings (profit)	2,242	-	-	-
Others	3,619	5,425	66.7	7,432
Non-operating expenses	5,780	8,974	64.4	10,240
Equity in earnings (loss)	-	397	-	551
Others	5,780	8,577	67.4	9,689
Ordinary income	96,442	157,777	61.1	224,121
Extraordinary gains	3,866	17,263	22.4	20,669
Extraordinary losses	9,326	56,453	16.5	109,618
Income before income taxes and others	90,981	118,587	76.7	135,173
Income taxes-current	16,081	48,458	33.2	77,643
Income taxes-deferred	20,255	3,089	655.7	-15,272
Minority interest in income	13,341	-	-	-
Minority interest in loss	-	36,717	-	32,572
Net income	41,303	103,757	39.8	105,375

Consolidated statement of retained earnings

(millions of yen)

	Third quarter Apr. 1, 2000 - Dec. 31, 2000	Third quarter Apr. 1, 1999 - Dec. 31, 1999	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Beginning balance of retained earnings	413,468	383,671	383,671
Increase in retained earnings	-	7,336	7,503
Increase in retained earnings due to expanded scope of equity method	-	7,336	7,503
Decrease in retained earnings	18,024	81,894	83,081
Decrease in retained earnings due to expanded scope of consolidation	-	75,227	76,414
Decrease in retained earnings due to change in stake in consolidated subsidiaries	497	-	-
Dividends	17,246	6,658	6,658
Directors' bonuses	280	8	8
Net income	41,303	103,757	105,375
Ending balance of retained earnings	436,747	412,871	413,468

Notes to consolidated financial statements

The consolidated financial statements of the Company for the third quarter of fiscal 2000 ended December 31, 2000 are prepared in accordance with 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, November 14, 1974), based on the "Regulations of Interim Consolidated Financial Statements" (MOF Ordinance No.24, 1999) and its Article 48 and 69.

Basis of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries53 Companies

Major companies:

Daiwa Securities Co. Ltd.
 Daiwa Securities SB Capital Markets Co. Ltd.
 Daiwa Asset Management Co. Ltd.
 Daiwa Securities Business Center Co., Ltd
 NIF Ventures Co., Ltd.
 Daiwa Institute of Research Ltd.
 The Daiwa Real Estate Co., Ltd.
 Daiwa Securities SB Capital Markets Europe Limited
 Daiwa Securities Trust and Banking (Europe) plc
 Daiwa Europe Property plc
 Daiwa America Corporation
 Daiwa Securities America Inc.
 Daiwa Securities SB Capital Markets Asia Holding B.V.
 Daiwa Securities SB Capital Markets H.K. Limited
 Daiwa Securities SB Capital Markets Singapore Limited

Daiwa Finance Co. Ltd. and Nippon Investment & Finance Co. Ltd. were merged and changed its corporate name to "NIF Ventures Co., Ltd." on April 1, 2000. Two overseas subsidiaries are excluded from scope of consolidation, due to liquidation.

Each amount of assets, operating revenues (or sales), net gain and retained earnings of non-consolidated subsidiaries has little influence on the consolidated financial statements and has little materiality as a whole.

2. Application of equity method

Affiliates applicable of equity method 4 Companies

Major companies:

Daiwa SB Investments Ltd.
 The Tokyo Tanshi Co., Ltd

Each amount of net gains/losses and retained earnings of both non-consolidated subsidiaries and affiliates inapplicable of equity method has little influence on the consolidated financial statements and has little materiality as a whole.

As the third quarter of one affiliate applicable of equity method ends other than December 31, the financial statements for the relevant third quarter are reflected.

3. Third quarter of fiscal 2000 of consolidated subsidiaries

As the third quarter of one consolidated subsidiary ends other than December 31, the financial statements for the relevant third quarter are employed and important transactions occurred by discrepancies with closing account date are adjusted for this consolidated financial statements.

4. Accounting policies

(1) Valuation of securities and inventories

(i) Valuation of specified trading account

In terms of domestic consolidated subsidiaries, securities, assets and derivative transactions in specified trading account are recorded at fair value. In terms of overseas subsidiaries, those policies are mainly applied.

(ii) Valuation of non-trading securities

Non-trading securities are valued as follows.

(a) Held-to-maturity securities

Held-to-maturity securities are valued at amortized cost.

(b) "Other" securities

Other securities than trading or held-to-maturity securities are valued at fair value on the closing date with posting net unrealized gain on securities net of tax effect directly in shareholders' equity, if their fair value is available. Those securities cost is mainly based on moving average method when sold. Other securities are valued at moving average cost method, if their fair value is not available.

Some portion of securities held by some domestic consolidated subsidiaries and operational investment securities are categorized as current assets.

(iii) Valuation of other inventories

Cost method determined by the specific identification method is mainly applied.

(2) Depreciation of depreciable assets

(i) Tangible fixed assets

In terms of domestic consolidated companies, declining-balance method is primarily applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. In terms consolidated subsidiaries overseas, straight-line method is mainly applied.

(ii) Intangible fixed assets

Straight-line method is mainly applied.

(3) Accounting policies for various provisions

(i) Provision for doubtful accounts

The domestic consolidated companies provide the allowance based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans. The consolidated subsidiaries overseas mainly provide the allowance specifically assessed.

(ii) Accrued employees' bonuses

Estimated amount of employees' bonuses is accrued based on each company's bylaws.

(iii) Accrued retirement benefits

The parent company and most of domestic consolidated subsidiaries provide accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of December 31, 2000, 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. Some consolidated subsidiaries provide accrued retirement benefits based on projected benefit obligation. As for the closed pension fund, accrued retirement benefits are provided based on the difference between projected benefit obligation and fund fair value.

(iv) Multiemployer pension plan

Most of domestic consolidated subsidiaries are members of multiemployer pension plan. The companies' liabilities are calculated by reasonable method, based on the difference between projected benefit obligation and fund fair value.

(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

Valuation gain or loss on hedging instrument is mainly deferred as assets or liabilities until the gain or loss on underlying hedged instruments is realized. 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

(i) Consumption Tax

Consumption taxes are separately recorded.

(ii) Amortization of deferred assets

Bond issue costs are amortized in a lump when incurred.

Notes to consolidated balance sheet

1. Guarantee

As of Dec. 31, 2000.....	6,171 million yen
As of Dec. 31, 1999.....	1,876 million yen
As of Mar. 31, 2000.....	1,571 million yen

2. Subordinated borrowings

Long-term borrowings include the subordinated borrowings stipulated by Article 2 of the "Cabinet Office Ordinance on the Capital Adequacy Rule for Securities Companies" (the Prime Minister's Office Ordinance and Ministry of Finance Ordinance No. 28, 1999).

As of Dec. 31, 2000.....	40,000 million yen
As of Dec. 31, 1999.....	40,000 million yen
As of Mar. 31, 2000.....	40,000 million yen

3. Gensaki and securities lending/borrowing transactions are accounted for in accordance with the "Uniform Accounting Standards of Securities Companies" (set by the board of directors of the Japan Securities Dealers' Association, November 14, 1974), based on Japanese Institute of Certified Public Accountants Auditing Committee Report No.17 "Auditing and Accounting Treatment regarding Application of Accounting Standards for Financial Instruments to Securities Companies" dated July 6, 2000, although "Accounting Standards for Financial Instruments" is introduced this fiscal year.

4. Other securities than trading or held-to-maturity securities are valued at fair value on the closing date if fair value is available. Net unrealized gain on securities net of tax effect is posted in shareholders' equity.

5. Translation adjustment that was posted in assets until fiscal 1999 are included in shareholders' equity in accordance with "Accounting Standards for Effects of Changes in Foreign Exchange Rates" amended by "Opinions on Revision of Accounting Standards for Effects of Changes in Foreign Exchange Rates (Business Accounting Deliberation Council, October 22, 1999)".

Notes to consolidated income statement**Details of extraordinary gains/losses**

	(millions of yen)		
	Third quarter	Third quarter	Fiscal 1999
	<u>Apr. 1, 2000 - Dec. 31, 2000</u>	<u>Apr. 1, 1999 - Dec. 31, 1999</u>	<u>Apr. 1, 1999 - Mar. 31, 2000</u>
Extraordinary gains			
Gain on sale of fixed assets.....	219	841	1,983
Gain on sale of investment securities.....	3,646	11,623	13,887
Gain on sale of affiliated companies' stocks.....	-	4,015	4,014
Reversal of reserve for securities transaction liabilities.....	-	779	779
Reversal of reserve for financial futures transaction liabilities.....	-	4	4
Extraordinary losses			
Valuation loss of fixed assets.....	132	-	2,489
Write-off of investment securities.....	1,863	670	4,103
Write-off of related companies' stocks.....	142	-	-
Loss on sale or disposal of fixed assets.....	2,253	5,046	8,677
Loss on sale of investment securities.....	1,933	995	1,145
Loss on sale of loan receivables.....	1,363	-	-
Valuation loss of investment securities.....	-	1,178	1,659
Expenses for reorganization of related companies.....	-	2,319	12,418
Relocation related expenses.....	-	434	434
Loss on liquidation of employees' retirement plans.....	-	-	3,170
Provision for multiemployer pension plan.....	-	-	28,442
Provision for doubtful accounts.....	920	29,674	30,602
Write-off of goodwill.....	-	8,000	8,000
Consumption tax incurred regarding goodwill not falling under other deductions..	-	4,359	4,359
Expenses for foundation of subsidiaries.....	-	3,134	3,134
Provision for securities transaction liabilities.....	716	639	980
Provision for financial futures transaction liabilities.....	0	0	0

Supplemental information for the third quarter of fiscal 2000

(Apr. 1, 2000 - Dec. 31, 2000)

1. Breakdown of commission revenue

Third quarter ended December 31, 2000

(millions of yen)

	Equity	Fixed income (Bond)	Asset Management	Investment Banking	Others	Total	3 rd quarter of fiscal 1999	Yr/yr comparison
Brokerage commission	65,626	502	7	-	-	66,136	107,564	61.5%
Underwriting & distribution	-	-	-	32,261	-	32,261	24,542	131.5%
(Stock and other)	-	-	-	(25,962)	-	(25,962)	(18,269)	(142.1%)
(Bond and other)	-	-	-	(6,253)	-	(6,253)	(6,049)	(103.4%)
Subscription & distribution	-	-	31,079	1,468	-	32,548	62,800	51.8%
Other commission	1,999	2,085	55,261	4,212	6,593	70,151	64,963	108.0%
(Agency commission)	-	(1,956)	(30,091)	-	-	(32,048)	-	-
Total	67,625	2,587	86,349	37,942	6,593	201,098	259,871	77.4%

Fiscal 1999 ended March 31, 2000

(millions of yen)

	Equity	Fixed income (Bond)	Asset Management	Investment Banking	Others	Total
Brokerage commission	145,968	1,487	7	-	12	147,476
Underwriting & distribution	-	-	-	34,887	-	34,887
(Stock and other)	-	-	-	(26,151)	-	(26,151)
(Bond and other)	-	-	-	(8,317)	-	(8,317)
Subscription & distribution	-	-	86,763	1,439	-	88,203
Other commission	2,876	3,394	70,430	7,217	9,629	93,548
(Agency commission)	-	(2,943)	(40,685)	-	-	(43,628)
Total	148,844	4,882	157,202	43,544	9,642	364,115

(Note): Brokerage commission of "Equity" section includes brokerage commissions on CBs and warrants.

Commission revenue on "Stock and other" includes commission revenue on CBs and warrants. Figures for "3rd quarter of fiscal 1999" and "Fiscal 1999" are reclassified in such a manner.

2. Breakdown of net trading gains

(millions of yen)

	Third quarter (2000/12)	Third quarter (1999/12)	(2000/12) vs(1999/12)(%)	Fiscal 1999 (2000/3)
Stock and other	46,982	39,105	120.1	52,346
Bond, Forex and other	23,162	52,817	43.9	65,278
(Bond and other)	(21,310)	(47,989)	(44.4)	(60,198)
(Forex and other)	(1,852)	(4,827)	(38.4)	(5,080)
Total	70,145	91,923	76.3	117,625

(Reference Data)

Quarterly consolidated 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	169,091	188,220	139,821
Commissions	76,037	71,737	53,322
Brokerage commission	27,815	22,166	16,153
(Stock and other)	27,567	22,027	16,031
(Bond and other)	241	139	121
Underwriting & distribution commission	9,118	14,624	8,518
(Stock and other)	6,584	12,406	6,971
(Bond and other)	2,524	2,204	1,523
Subscription & distribution commission	14,362	10,435	7,749
(Beneficiary certificate)	13,771	9,724	7,583
Other commission	24,740	24,510	20,900
(Beneficiary certificate)	19,390	19,065	16,805
Net gain on trading	41,141	33,382	-4,378
(Stock and other)	31,622	23,413	-8,052
(Bond and other)	9,087	8,577	3,645
(Forex and other)	431	1,391	29
Net gain on operational investment securities	2,536	1,308	388
Net gain on other commodities trading	0	5	9
Interest and dividend income	32,945	60,448	73,175
Other sales revenues	16,429	21,337	17,302
Operating expenses	110,354	143,727	146,690
Interest expenses	25,854	50,937	67,142
Cost of sales	12,858	18,922	12,031
Selling, general and administrative expenses:	71,641	73,867	67,515
Commission and other expenses	14,412	14,515	13,035
Employees' compensation and benefits	36,332	35,611	31,930
Real estate expenses	8,534	10,020	9,711
Data processing and office supplies	4,619	3,329	5,083
Depreciation expenses	3,485	3,865	3,973
Taxes other than income taxes	2,295	1,566	1,800
Others	1,961	4,957	1,980
Operating income	58,737	44,492	-6,869
Non-operating income	3,829	1,795	237
Non-operating expenses	2,204	1,591	1,984
Ordinary income	60,362	44,696	-8,616
Extraordinary gains	515	2,075	1,275
Extraordinary losses	537	7,818	971
Income before income taxes and others	60,340	38,953	-8,311
Income taxes-current	8,773	17,890	-10,583
Income taxes-deferred	12,609	1,330	6,315
Minority interest in income	9,365	7,378	-3,402
Net income	29,590	12,354	-641

January 30, 2001

Daiwa Securities Group Inc.
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	Yr/yr	Operating Income	Yr/yr	Ordinary income	Yr/yr
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
Third quarter (2000/12)	26,436	(- 26.5)	13,624	(64.7)	13,090	(111.9)
Third quarter (1999/12)	35,964		8,272		6,178	
Fiscal 1999 (2000/3)	41,283		10,068		8,414	

	Net income	Yr/yr	Earnings /share
	Millions of yen	% change	Yen
Third quarter (2000/12)	11,378	(- 91.1)	8.54
Third quarter (1999/12)	127,867		96.01
Fiscal 1999 (2000/3)	125,070		93.91

Note: 1. Average number of shares outstanding:

For the third quarter of fiscal 2000; 1,331,734,344

For the third quarter of fiscal 1999; 1,331,722,868

For fiscal 1999; 1,331,725,051

2. Change in accounting policies: None

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2000	1,298,104	755,829	58.2	567.55
As of Dec. 31, 1999	1,525,087	747,406	49.0	561.23
As of Mar. 31, 2000	1,498,350	744,617	49.7	559.13

Note: Number of shares outstanding:

As of December 31, 2000; 1,331,735,258

As of December 31, 1999; 1,331,726,118

As of March 31, 2000; 1,331,733,430

Daiwa Securities Group Inc.

Balance sheet

(millions of yen)

	(A) Third quarter Dec. 31, 2000	(B) Third quarter Dec. 31, 1999	(A)-(B) Increase/ decrease	Fiscal 1999 Mar. 31, 2000
<i>Assets</i>				
Current assets:	381,125	554,236	-173,110	572,168
Cash and time deposits	91,181	135,643	-44,461	194,301
Short-term loans receivable	270,438	389,977	-119,538	355,640
Accrued income	2,956	14,727	-11,771	5,119
Securities	-	2	-2	-
Other current assets	19,485	16,621	2,864	19,999
Less: Allowance for doubtful accounts-current	-2,937	-2,737	-200	-2,891
Non-current assets:	916,979	970,851	-53,871	926,182
Tangible fixed assets	10,971	11,690	-719	11,282
Intangible fixed assets	1,269	1,448	-179	1,415
Investments and others:	904,738	957,711	-52,973	913,484
Investment securities	729,152	763,897	-34,744	729,157
Long-term loans receivable	98,621	112,456	-13,835	104,250
Long-term guarantee deposits	61,046	63,815	-2,768	62,737
Others	16,795	20,397	-3,602	18,151
Less: Allowance for doubtful accounts-non-current	-877	-2,854	1,977	-812
Total assets	1,298,104	1,525,087	-226,982	1,498,350

(millions of yen)

	(A) Third quarter Dec. 31, 2000	(B) Third quarter Dec. 31, 1999	(A)-(B) Increase/ Decrease	Fiscal 1999 Mar. 31, 2000
<i>Liabilities</i>				
Current liabilities:	131,547	386,337	-254,790	360,838
Short-term borrowings	60,910	146,164	-85,254	222,460
Bonds due within one year	-	38,662	-38,662	38,662
Cash deposits as collateral for securities loaned	65,112	91,124	-26,012	83,320
Accrued income taxes	11	31	-20	21
Provision for financial assistance to subsidiaries	-	61,700	-61,700	-
Stock purchase warrant	501	-	501	-
Other current liabilities	5,012	48,654	-43,642	16,374
Non-current liabilities:	410,728	391,343	19,384	392,894
Bonds	108,400	-	108,400	-
Convertible bonds	135,695	135,705	-10	135,697
Long-term borrowings	101,000	203,000	-102,000	203,000
Long-term cash deposits received	49,772	51,425	-1,653	50,982
Deferred income taxes liabilities-non-current	12,472	-	12,472	-
Accrued retirement benefits	458	816	-357	1,000
Multiemployer pension plan	2,200	-	2,200	2,200
Other non-current liabilities	730	396	333	15
Total liabilities	542,275	777,681	-235,405	753,733
<i>Stockholders' equity</i>				
Common stock	138,431	138,426	4	138,430
Legal reserve:	163,121	163,116	4	163,120
Additional paid-in capital	117,786	117,781	4	117,785
Earned surplus reserve	45,335	45,335	-	45,335
Retained earnings:	437,086	445,862	-8,775	443,065
General-purpose reserve	417,000	317,000	100,000	317,000
Unappropriated retained earnings	20,086	128,862	-108,775	126,065
(Net income for the current term)	(11,378)	(127,867)	-116,488	(125,070)
Net unrealized gain on investment securities net of tax effect	17,188	-	17,188	-
Total stockholders' equity	755,829	747,406	8,423	744,617
Total liabilities and stockholders' equity	1,298,104	1,525,087	-226,982	1,498,350

Daiwa Securities Group Inc.
Income statement

(millions of yen)

	(A)	(B)	(A)/(B)	
	Third quarter Apr. 1, 2000 - Dec. 31, 2000	Third quarter Apr. 1, 1999 - Dec. 31, 1999	Comparison(%)	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Operating revenues	26,436	35,964	73.5	41,283
Dividends from related companies	12,252	20	60,966.7	20
Interest on loans to related companies	3,937	3,855	102.1	5,141
Other interest and dividend income	3,166	3,363	94.2	3,621
Royalty on trademark	7,079	9,148	77.4	12,914
Commissions	-	17,701	-	17,711
Net gain on trading	-	1,874	-	1,874
Operating expenses	12,811	27,691	46.3	31,214
Selling, general and administrative expenses:	7,370	20,387	36.2	21,951
Commission and other expenses	1,267	2,870	44.2	3,037
Employees' compensation and benefits	2,600	7,896	32.9	8,832
Real estate expenses	658	3,191	20.6	3,216
Data processing and office supplies	860	2,368	36.3	2,743
Depreciation expenses	643	854	75.3	1,021
Others	1,339	3,205	41.8	3,099
Interest expenses	5,440	7,304	74.5	9,263
Operating income	13,624	8,272	164.7	10,068
Non-operating income	209	2,393	8.8	1,047
Non-operating expenses	743	4,487	16.6	2,701
Ordinary income	13,090	6,178	211.9	8,414
Extraordinary gains	2,486	208,992	1.2	218,291
Extraordinary losses	4,188	5,472	76.5	19,815
Income before income taxes	11,389	209,698	5.4	206,891
Income taxes-current	11	31	35.9	21
Income taxes-deferred	-	81,800	-	81,800
Net income	11,378	127,867	8.9	125,070
Unappropriated retained earnings-carryforward	8,708	995	875.2	995
Unappropriated retained earnings at ending	20,086	128,862	15.6	126,065

Notes to financial statements

The financial statements of the Company for the third quarter of fiscal 2000 ended December 31, 2000 are prepared in accordance with "Regulations of Interim Financial Statements" (MOF Ordinance No. 38, 1977).

Basis of financial statements

1. Valuation of securities and investment securities

Subsidiary stocks and affiliated company stocks are valued at moving average cost method. Other securities than subsidiary stocks and affiliated company stocks are valued at the fair value on the closing date with posting net unrealized gain net of tax effect directly in shareholders' equity, if their fair value is available. Those securities are valued at moving average cost method, if their fair value is not available.

2. Depreciation of tangible fixed assets

Declining-balance method is primarily applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998.

3. Accounting 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 bonus

Estimated amount of employees' bonuses is accrued based on the bylaws.

(3) Accrued retirement benefits

Accrued retirement benefits for employees are provided in conformity with the bylaws to meet obligations as of December 31, 2000, 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. As for the closed pension fund, accrued retirement benefits are provided based on the difference between projected benefit obligation and fund fair value.

(4) Multiemployer pension plan

The Company is a member of multiemployer pension plan. The Company's liability is calculated by reasonable method, based on the difference between projected benefit obligation and fund fair value.

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

(1) Accounting for consumption taxes

Consumption taxes are separately recorded.

(2) Amortization of deferred assets

Bond issue costs are amortized in a lump when incurred.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets:

<u>As of December 31, 2000</u> 4,702 million yen	<u>As of December 31, 1999</u> 7,263 million yen	<u>As of March 31, 2000</u> 4,991 million yen
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2. Guarantee:

<u>As of December 31, 2000</u> 188,398 million yen	<u>As of December 31, 1999</u> 204,002 million yen	<u>As of March 31, 2000</u> 197,017 million yen
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3. Treasury stock included in other current assets:

<u>As of December 31, 2000</u> 35,660 shares 46 million yen	<u>As of December 31, 1999</u> 45,875 shares 62 million yen	<u>As of March 31, 2000</u> 50,611 shares 90 million yen
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4. Treasury stock included in investments and others:

<u>As of December 31, 2000</u> 3,838,000 shares 2,701 million yen	<u>As of December 31, 1999</u> 5,028,000 shares 3,539 million yen	<u>As of March 31, 2000</u> 5,004,000 shares 3,522 million yen
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(Treasury stock negotiable to directors and employees under Article 210-2 of the Commercial Law)

5. Details of increase in number of shares outstanding for the third quarter:

	<u>Number of shares Issued</u>	<u>Issued amount</u>	<u>Increase of common stock</u>
Conversion of Convertible Bonds	1 thousand shares	1 million yen	0 million yen

6. Other securities than subsidiary and affiliated company stocks are valued at fair value on the closing date if fair value is available. Net unrealized gain net of tax effect is posted in shareholders' equity in accordance with "Regulations of Financial Statements".

Notes to income statement

	(millions of yen)		
	Third quarter	Third quarter	Fiscal 1999
	<u>Apr. 1, 2000-</u>	<u>Apr. 1, 1999-</u>	<u>Apr. 1, 1999-</u>
	<u>Dec. 31, 2000</u>	<u>Dec. 31, 1999</u>	<u>Mar. 31, 2000</u>
Extraordinary gains			
Gain on transferring goodwill.....	-	200,000	200,000
Gain on sale of fixed assets.....	42	-	2,224
Gain on sale of investment securities.....	2,444	8,208	10,171
Gain on sale of subsidiaries' stocks.....	-	-	5,111
Reversal of reserve for securities transaction liabilities	-	779	779
Reversal of reserve for financial futures transaction liabilities....	-	4	4
Extraordinary losses			
Valuation loss of fixed assets	75	-	1,264
Write-off of investment securities.....	1,843	592	2,706
Loss on sale or disposal of fixed assets.....	78	-	1,128
Loss on sale of investment securities.....	1,568	610	884
Valuation loss of investment securities	-	768	1,448
Expenses for reorganization of related companies	-	-	4,941
Loss on financial assistance to subsidiaries	-	3,500	3,600
Provision for multiemployer pension plan	-	-	2,200
Provision for doubtful accounts	622	-	1,641