

October 27, 2000

Consolidated financial summary

(For the first half ended September 30, 2000)

(1) Operating results (from April 1, 2000 to September 30, 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
First half (2000/9)	357,312	(17.7)	103,230	(10.8)	105,058	(16.6)
First half (1999/9)	303,614		93,207		90,109	
Last fiscal year (2000/3)	654,650		226,929		224,121	

	Net income	Yr/yr	Earnings /share	Fully diluted Earnings/share	Return on stockholders' equity (Annual basis)
	Millions of yen	% change	Yen	Yen	%
First half (2000/9)	41,945	(-47.8)	31.60	29.92	12.4
First half (1999/9)	80,301		60.53	56.36	25.0
Last fiscal year (2000/3)	105,375		79.43	76.19	16.1

Note 1. Equity in earnings: First half of fiscal 2000 2,284 million yen
 First half of fiscal 1999 -219 million yen
 Fiscal 1999 -551 million yen

Note 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 September 30, 2000	9,829,200	691,621	8.7	520.98
As of September 30, 1999	7,424,039	642,518	11.1	482.47
As of March 31, 2000	8,514,213	666,071	10.0	502.05

Stockholders' equity ratio = Total stockholders' equity / {(Total liabilities*) + Minority interest + Total stockholders' equity}

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

(3) Cash flow

	Operating activities	Investing activities	Financing activities	Ending balance of cash and cash equivalent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First half (2000/9)	-199,151	-52,914	65,549	298,447
Last fiscal year (2000/3)	-459,015	140,803	306,867	488,865

(4) Scope of consolidation and equity method

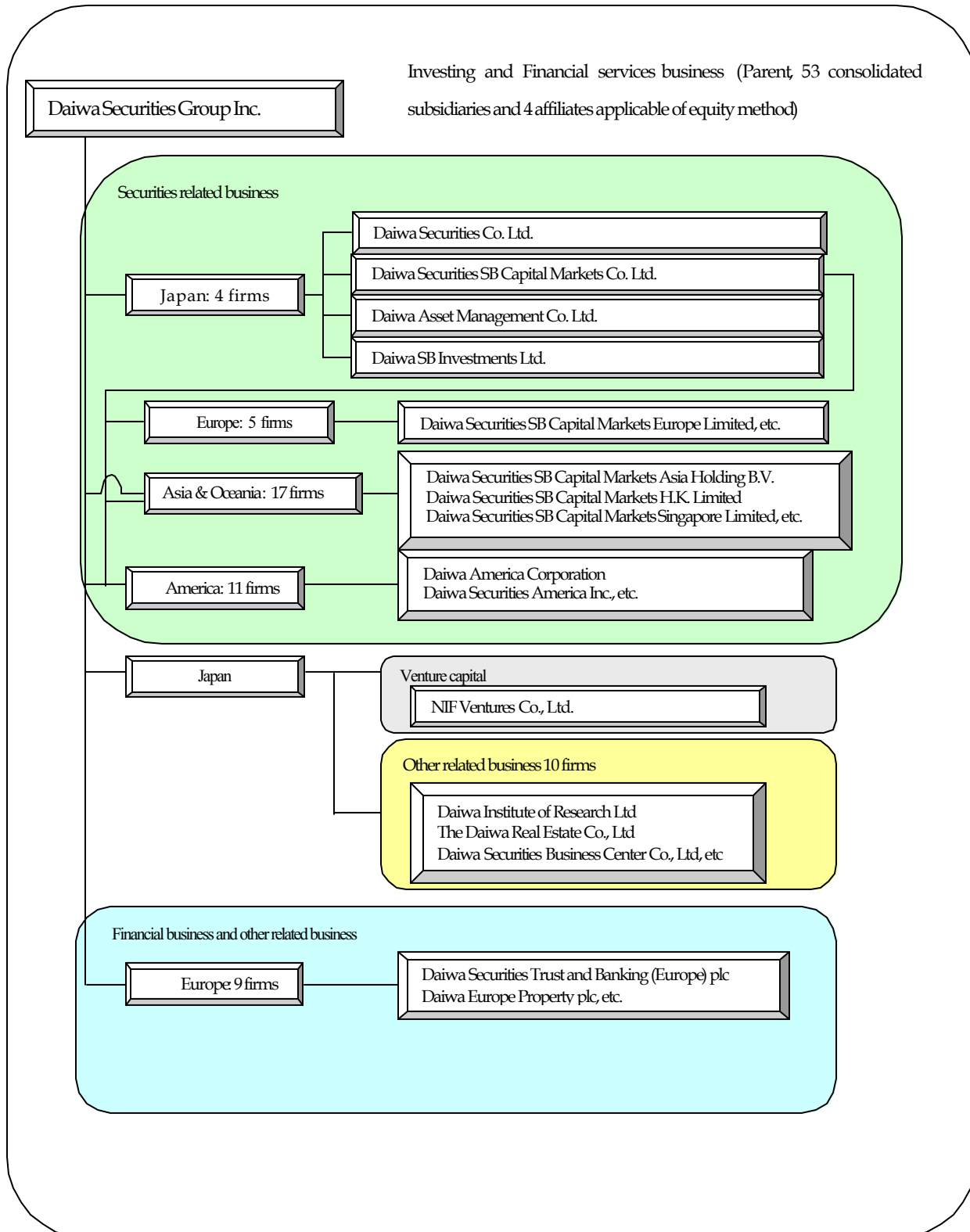
Consolidated subsidiaries: 53 Companies Affiliates applicable of equity method: 4 Companies

(5) Change in scope of consolidation and equity method

Consolidation (Exclusion): 3 Companies

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.



Management Policy

1. Principle Management Policy

Daiwa aims to become Japan's strongest securities company by developing our securities related businesses such as our retail and wholesale securities and asset management businesses. This goal will be achieved by maximizing group corporate value by utilizing the holding company structure and concentrating group management resources on securities related businesses.

2. Mid to Long Term Management Targets

We have announced the "Group Medium-term Management Plan" in March this year. The plan is for the three years starting April 2000. The three main targets in this "Group Medium-term Management Plan" are (a) Sustain a minimum ROE of 15% on a consolidated basis, (b) Double retail assets under custody (to 28.3 trillion yen) and (c) Obtain rating of A or above (by the two securities company subsidiaries)

Furthermore, this August we have set up the Corporate Branding Project to establish the "Daiwa Securities Group Brand".

3. Principle Policy on the Distribution of Profits

Under the management policy mentioned above, we aim to continue maximizing shareholder value including the distribution of profits.

We will determine dividends taking into account retention of profits necessary to grow, invest and build up our financial strength to achieve our target ROE. While conscious of maintaining a stable dividend flow for our investors, we will also reflect our financial performance on a consolidated basis. Under the "Group Medium-term Management Plan", we will appropriately distribute and manage shareholder's equity including any profits that we retain based on the policy of increasing shareholder value.

4. Establishing Group Management Infrastructure

To achieve the management targets mentioned above, we will establish the following Group management infrastructure.

(1) Group governance

Our aim is first, to create a structure enabling development of a comprehensive Group business strategy, second to establish Group governance by defining authorities of the Group holding company and Group companies and third to increase transparency of management for outside shareholders. To achieve these targets we have (a) Enhanced the function of Group executive officers and incorporate CEOs of main Group companies, (b) Enhanced the function of the Group management meeting, (c) Established the remuneration committee to provide advice on the remuneration policy and system of Group directors and senior management and (d) Expanded membership and function of the Advisory committee.

(2) Personnel policy

To establish a personnel structure that reflects the needs of each business entity while balancing the needs of the Group as a whole, we will (a) Increase the number of personnel engaging in securities related businesses (b) Train personnel to reach professional levels (c) Encourage activities of Group management by newly establishing “Daiwa Management Academy” (d) Strategically employ stock price linked incentives such as stock options and incentive warrants.

(3) Finance strategy

Constant increase of shareholder value is the basis of our financial management system. We will concentrate and rationally allocate management resources and efficiently manage risks for the purpose of concentrating Group resources to securities related businesses. For the immediate future the emphasis will be on increasing stable income and diversifying revenue sources to improve our financial stability. We will implement the Group cash management system to make efficient use of Group funds, monitor liquidity risk and increase corporate value.

(4) Public relations/ Investor relations strategy

We will increase the Daiwa Group’s brand recognition and improve brand image by developing a strategic communication program based on public/investor relations activities and through an active advertisement program. We will integrate new communication channels such as “Daiwa Internet TV” by utilizing the Internet.

(5) Information technology (IT) strategy

In this era where the securities business is becoming strongly associated with the information industry, strategic application of IT to such operations as the call center and online trading is essential in maintaining competitive superiority. We have appointed a Chief Information Officer (CIO) and established the Group IT strategy meeting to structure the Group’s IT strategic model, for quick decision making and for efficient use of capital regarding IT related projects.

5. Management Strategy for Each Business Sector

(1) Daiwa Securities (Retail securities business)

The retail securities company is well prepared for the full liberalization of commission rates, expansion of business areas and lower barriers to entry into the securities industry. To adapt to this new environment the retail securities company has introduced new channels such as the Internet and the call center. By taking advantage of being a full scale securities company, the retail securities company as “an approachable full line securities company” will pursue customer satisfaction and (a) Double retail assets under custody (28.3 trillion yen), (b) Double number of active accounts (four million accounts), (c) Obtain a rating of “A” or above.

(2) Daiwa Securities SB Capital Markets (Wholesale securities business)

Daiwa Securities SB Capital Markets was set up to specialize in the wholesale securities business. Being a joint venture with a major bank with a strong capital base also sets this company apart from competitors in the securities industry. The medium term management target of obtaining a rating of single “A” or above and an ROE of 15% will be achieved by (a) Securing position as a market leader in both equity and fixed income products, (b) Increasing IPO business by, (c) Increasing contribution of revenues by the Structured Finance, Derivatives and M&A businesses, (d) Rebuilding a global organization concentrating on Japan related cross border transactions and, (e) Establishing a business structure, personnel structure and overall infrastructure taking into considerations the special requirements of a wholesale securities company.

(3) Daiwa Asset Management, Daiwa SB Investments (Asset management business)

The asset management business is strategically important for Group management for mainly two reasons. One is the contribution to financial stability provided by its relatively stable revenue base. The second is its high potential to grow as investment trust products become a popular investment vehicle for retail investors.

Daiwa Asset Management will strategically and financially become more integrated with the Group. Furthermore it will increase net assets under management by establishing its position as market leader and by improving fund performance, increasing size of flagship funds, expanding attractive product base, strengthening brand recognition and attracting high quality people to its work force.

Daiwa SB Investments will expand its product base while maintaining a stable investment policy and increase its presence and reputation as one of Japan’s leading investment advisory firms.

(4) Daiwa Institute of Research “DIR” (Research and system development business)

While developing business in research and systems developments as one of Japan’s leading think tanks, DIR will contribute to increasing competitiveness of the Group.

(5) NIF Ventures (Venture capital business)

NIF Ventures aims to become one of Japan’s top venture capital companies by developing its business utilizing its track record and credibility and through its access to information and sales capacity as a member of the Daiwa group.

(6) Daiwa Securities Business Center (Back office operations)

Daiwa Securities Business Center will contribute to increasing Group corporate value by providing top quality back office services and cutting costs by acting as a shared service center for the Group companies.

6. Issues Outstanding

The Group management principles for this term are to (a) Expand future revenue base, (b) Pursue speed and dynamism and, (c) Strengthen inter Group cooperation. We have experienced the full liberalization of equity brokerage commissions and the entry into equity related businesses by bank affiliated securities companies during the last fiscal year. Furthermore we have witnessed the dramatic restructuring of Japanese corporates represented by the major city banks and the financial sector. We believe that the dramatic change in management environment for our Group will continue into the twenty-first century. By constructing action plans to achieve our “Group Medium-term Management Plan”, we will endeavor to maximize Group corporate value.

Consolidated operating results for the first half of fiscal 2000

Consolidated operating revenues amounted to 357,312 million yen (117.7% of the 1st half of fiscal 1999) and consolidated operating expenses, to 254,082 million yen (120.8% of the 1st half of fiscal 1999). Ordinary income increased to 105,058 million yen (116.6% of the 1st half of fiscal 1999).

Consolidated net income posted 41,945 million yen (52.2% of the 1st half of fiscal 1999) with minority interest (loss for Daiwa Securities Group companies) of 16,744 million yen.

1. Commissions

“Other commissions” in asset management increased to 38,455 million yen, owing to an increment of trust fee on investment trust in Daiwa Asset Management Co. Ltd. “Underwriting & distribution” commissions in investment banking increased to 23,743 million yen (173.7% of the 1st half of fiscal 1999), as the commissions in connection with initial public offering were in a good shape. Total commissions, however, decreased to 147,775 million yen (91.0% of the 1st half of fiscal 1999), mainly because of diminishing equity-related brokerage commissions and subscription and distribution commissions on newly set-up investment trust, reflecting correction phase of stock markets.

2. Net trading gains/losses

Total net gains on trading increased to 74,523 million yen (128.8% of the 1st half of fiscal 1999), primarily because net trading gains on stocks jumped up to 55,035 million yen (233.7% of the 1st half of fiscal 1999), taking advantage of increment of order flow along with volatility of stock markets.

3. Financial income

Net financial income augmented to 16,602 million yen (160.2% of the 1st half of fiscal 1999), with interest and dividend income of 93,394 million yen and financial expenses of 76,791 million yen.

4. Selling, general & administrative expenses

Selling, general & administrative expenses edged up to 145,508 million yen (101.4% of 1st half of fiscal 1999), as curtailment in real estate expenses offset an increase in commission and other expenses caused by increment in advertisement expenses.

5. Extraordinary gains/losses

Extraordinary gains posted 2,590 million yen, including gain on sale of investment securities of 2,412 million yen. Extraordinary losses posted 8,355 million yen, including write-off of investment securities of 2,856 million yen, loss on sale or disposal of fixed assets of 1,904 million yen, and loss on sale of loan receivables of 1,371 million yen.

6. Cash flow

Net cash used in operating activities was 199,151 million yen, mainly due to increase in trading assets and in collateral for securities borrowed, reflecting active trading operations. Net cash used in investing activities showed 52,914 million yen, primarily because of shifting from deposit to securities such as CD, responding to a change in interest rate situations. Net cash in financing activities of 65,549 million yen was mainly provided by bond issuance. Cash and cash equivalents after effect of exchange rate changes decreased by 190,417 million yen to 298,447 million yen during the first half of fiscal 2000.

Consolidated balance sheet

(millions of yen)

	First half Sep. 30, 2000	First half Sep. 30, 1999	Increase/ decrease	Fiscal 1999 Mar. 31, 2000
<i>Assets</i>				
Current assets:	8,999,588	6,464,436	2,535,151	7,661,139
Cash and time deposits	460,075	909,390	-449,314	732,475
Cash segregated as deposits	7,991	7,269	721	8,060
Notes receivable and accounts receivable	20,363	17,675	2,687	24,559
Receivables	10,919	31,589	-20,669	23,217
Advance payments on securities subscribed	64,272	560	63,712	709
Short-term loans receivable	212,007	346,658	-134,650	142,491
Accrued income	27,271	28,833	-1,561	17,797
Securities	137,315	59,980	77,335	65,276
Operational investment securities	49,998	38,755	11,242	44,742
Less: Allowance for possible investment losses	-639	-507	-132	-570
Trading assets:	3,208,008	1,676,559	1,531,448	2,859,623
Trading securities and others	3,066,179	1,501,528	1,564,651	2,736,870
Options transactions	19,983	5,434	14,549	12,409
Derivative valuation accounts	121,844	169,596	-47,751	110,343
Other inventories	14,912	28,321	-13,409	24,072
Receivables related to margin transactions:	306,064	332,107	-26,043	393,629
Loans receivable from customers for margin transactions	193,779	238,485	-44,706	308,326
Cash deposits as collateral for securities borrowed from securities finance companies	112,285	93,622	18,663	85,302
Receivables related to gensaki transactions	153,890	82,997	70,892	24,099
Cash deposits as collateral for securities borrowed	2,377,701	1,291,380	1,086,321	1,368,118
Securities in custody	1,870,724	1,658,942	211,781	1,820,905
Deferred income tax assets-current	8,110	9,078	-968	15,463
Other current assets	77,755	88,518	-10,763	104,294
Less: Allowance for doubtful accounts-current	-7,155	-143,676	136,521	-7,827
Non-current assets:	829,612	936,911	-107,298	828,447
Tangible fixed assets	315,526	351,345	-35,819	324,561
Intangible fixed assets	39,400	29,455	9,945	31,869
Investments and others	474,685	556,110	-81,424	472,016
Investment securities	253,228	338,864	-85,636	220,072
Long-term loans receivable	16,164	50,856	-34,692	26,125
Long-term guarantee deposits	33,679	34,473	-793	33,672
Deferred income tax assets-non-current	90,761	89,199	1,561	98,074
Other investments	98,293	47,666	50,627	284,665
Less: Allowance for doubtful accounts-non-current	-17,441	-4,949	-12,491	-190,593
Translation adjustments	-	22,692	-22,692	24,626
Total assets	9,829,200	7,424,039	2,405,160	8,514,213

(millions of yen)

	First half Sep. 30, 2000	First half Sep. 30, 1999	Increase/ decrease	Fiscal 1999 Mar. 31, 2000
<i>Liabilities</i>				
Current liabilities:	8,285,702	5,957,561	2,328,141	7,042,463
Notes payable and accounts payable	4,146	4,578	-431	6,090
Short-term borrowings	723,312	902,700	-179,387	783,242
Commercial paper	345,000	97,305	247,694	145,600
Bonds due within one year	28,981	48,132	-19,150	58,245
Mortgage backed securities sold	9,062	67,783	-58,721	42,823
Deposits received	114,371	234,900	-120,529	148,407
Trade date accrual	262,693	33,496	229,196	57,537
Advance receipts on securities subscribed	85,568	13,150	72,417	7,299
Trading liabilities:	1,126,163	929,864	196,299	1,234,298
Trading securities and others	1,009,862	768,727	241,134	1,117,439
Option transactions	19,330	3,096	16,233	10,591
Derivative valuation accounts	96,969	158,039	-61,069	106,267
Payables related to margin transactions:	64,755	60,738	4,016	53,617
Loans from securities finance companies for margin transactions	21,949	22,451	-501	24,915
Proceeds of securities sold for margin transactions	42,805	38,286	4,518	28,701
Payables related to gensaki transactions	986,879	613,573	373,305	1,123,837
Cash deposits as collateral for securities loaned	2,457,438	1,079,177	1,378,261	1,294,650
Short-term securities borrowed	1,452,367	1,185,897	266,470	1,340,903
Cash deposits received from customers	79,860	71,731	8,129	84,265
Securities deposits by customers as collateral	424,626	474,844	-50,217	485,821
Accrued income taxes	25,702	25,991	-289	74,429
Deferred income tax liabilities-current	2,824	-	2,824	-
Accrued bonuses	18,747	16,671	2,075	19,490
Other current liabilities	73,201	97,024	-23,822	81,901
Non-current liabilities:	689,536	691,330	-1,793	662,853
Bonds	273,593	138,632	134,961	121,013
Convertible bonds	135,696	135,709	-13	135,697
Long-term borrowings	212,994	384,012	-171,018	361,557
Long-term securities borrowed	6,000	18,870	-12,870	6,000
Deferred income tax liabilities-non-current	19,669	-	19,669	-
Accrued retirement benefits	5,267	6,788	-1,520	4,792
Multiemployer pension plan	28,442	-	28,442	28,442
Other non-current liabilities	7,873	7,318	555	5,350
Statutory reserves:	1,508	414	1,094	980
Total liabilities	8,976,748	6,649,306	2,327,441	7,706,298
Minority interest	160,831	132,215	28,616	141,843
<i>Stockholders' equity</i>				
Common stock	138,431	138,424	6	138,430
Additional paid-in capital	117,785	117,779	6	117,785
Retained earnings	437,389	389,900	47,489	413,468
Net unrealized gain/ loss on securities	30,099	-	30,099	-
Translation adjustments	-29,100	-	-29,100	-
Treasury stock	-2,983	-3,586	602	-3,613
Total stockholders' equity	691,621	642,518	49,102	666,071
Total liabilities, minority interest and stockholders' equity	9,829,200	7,424,039	2,405,160	8,514,213

Consolidated income statement

(millions of yen)

	First half Apr. 1, 2000 - Sep. 30, 2000 (A)	First half Apr. 1, 1999 - Sep. 30, 1999 (B)	Comparison A/B (%)	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Operating revenues	357,312	303,614	117.7	654,650
Commissions	147,775	162,355	91.0	364,115
Net gain on trading securities	74,523	57,846	128.8	117,625
Net gain on operational investment securities	3,845	-	-	8,199
Net gain on other commodities trading	5	217	2.7	345
Interest and dividend income	93,394	60,849	153.5	103,882
Other sales revenues	37,767	22,345	169.0	60,481
Operating expenses	254,082	210,406	120.8	427,720
Interest expenses	76,791	50,484	152.1	90,523
Cost of sales	31,781	16,453	193.2	49,698
Selling, general & administrative expenses:	145,508	143,468	101.4	287,498
Commission and other expenses	28,928	24,344	118.8	49,203
Employees' compensation and benefits	71,944	67,783	106.1	140,647
Real estate expenses	18,555	20,304	91.4	40,787
Data processing and office supplies	7,949	13,069	60.8	20,873
Depreciation expenses	7,350	6,363	115.5	14,780
Taxes other than income taxes	3,861	3,688	104.7	7,311
Others	6,919	7,915	87.4	13,892
Operating income	103,230	93,207	110.8	226,929
Non-operating income	5,624	4,197	134.0	7,432
Equity in earnings (profit)	2,284	-	-	-
Others	3,339	4,197	79.5	7,432
Non-operating expenses	3,796	7,295	52.0	10,240
Equity in earnings (loss)	-	219	-	551
Others	3,796	7,075	53.6	9,689
Ordinary income	105,058	90,109	116.6	224,121
Extraordinary gains	2,590	15,317	16.9	20,669
Extraordinary losses	8,355	42,160	19.8	109,618
Income before income taxes and others	99,293	63,266	156.9	135,173
Income taxes-current	26,664	26,210	101.7	77,643
Income taxes-deferred	13,939	35	38,984.6	-15,272
Minority interest in income	16,744	-	-	-
Minority interest in loss	-	43,281	-	32,572
Net income	41,945	80,301	52.2	105,375

Consolidated statement of retained earnings

(millions of yen)

	First half Apr. 1, 2000 - Sep. 30, 2000	First half Apr. 1, 1999 - Sep. 30, 1999	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Beginning balance of retained earnings	413,468	383,671	383,671
Increase in retained earnings	-	7,328	7,503
Increase in retained earnings due to expanded scope of equity method	-	7,328	7,503
Decrease in retained earnings	18,024	81,401	83,081
Decrease in retained earnings due to expanded scope of consolidation	-	74,738	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	4	8
Net income	41,945	80,301	105,375
Ending balance of retained earnings	437,389	389,900	413,468

Consolidated cash flow statement

	(millions of yen)	
	First half Apr. 1, 2000 - Sep. 30, 2000	Fiscal 1999 April 1, 1999 - March 31, 2000
1. Cash flows from operating activities:		
Income before income taxes and others	99,293	135,173
Depreciation	7,350	14,780
Decrease in allowance for retirement benefits	-	-2,584
Increase in allowance for retirement benefits	2,009	-
Increase in allowance for doubtful accounts	1,179	3,357
Interest and dividends income	-87,368	-94,572
Interest expenses	78,703	92,480
Equity in earnings	-2,284	551
Adjustment of extraordinary gains/losses items		
Gain on sale of fixed assets	-178	-1,983
Loss on disposal and sale of fixed assets	1,890	8,677
Valuation loss on fixed assets	160	2,489
Write-off of related companies' stocks	142	-
Gain on sale of investment securities	-2,412	-13,887
Loss on sale of investment securities	441	1,145
Write-off of investment securities	2,856	4,103
Valuation loss on investment securities	-	1,659
Gain on sale of related companies' stocks	-	-4,014
Expenses for reorganization of related companies	-	10,552
Provision for multiemployer pension plan	-	28,442
Provision for doubtful accounts	952	30,602
Write-off of goodwill	-	8,000
Non-deductible consumption taxes derived from goodwill	-	4,359
Loss on sale of loan receivables	1,371	-
Others	527	6,502
Increase in deposits segregated for customer	-	-143,710
Decrease in deposits segregated for customer	80,000	-
Increase in loan receivables	-60,501	-
Decrease in loan receivables	-	76,470
Increase in operational investment securities	-	-4,922
Decrease in operational investment securities	3,503	-
Increase in trading assets	-251,542	-408,398
Increase in receivables related to margin transactions	-	-263,189
Decrease in receivables related to margin transactions	98,702	-
Increase in receivables related to gensaki transactions and collateral (assets)	-111,141	-
Increase in payables related to gensaki transactions and collateral (liabilities)	-	205,822
Others	10,261	-143,509
Sub-total	-126,083	-445,603
Interest and dividends received	78,850	91,464
Interest paid	-77,997	-93,939
Income taxes paid	-73,921	-10,937
Net cash provided by (used in) operating activities	-199,151	-459,015
2. Cash flows from investing activities:		
Purchase of securities	-97,063	-87,029
Sales and maturity of securities	28,255	68,899
Purchase of tangible fixed assets	-4,087	-14,681
Proceeds from sale of tangible fixed assets	3,249	9,755
Purchase of intangible fixed assets	-9,148	-9,061
Purchase of investment securities	-10,444	-30,502
Proceeds from sale and maturity of investment securities	24,527	205,783
Purchase of subsidiaries' stocks from non-Group shareholders	-412	-57,824
Loan made	-212	-10,109
Proceeds from collection of loan receivables	7,265	39,054
Others	5,154	26,518
Net cash provided by (used in) investing activities	-52,914	140,803
3. Cash flows from financing activities:		
Proceeds from short-term borrowings	42,518	121,138
Proceeds from issuance of bonds and convertible bonds	166,789	80,000
Payments for redemption of bonds and convertible bonds	-42,507	-39,409
Proceeds from long-term borrowings	19,750	69,428
Repayment of long-term borrowings	-104,331	-79,398
Issuance of stocks to shareholder with minority interest	-	162,000
Proceeds from exercise of stock option	607	-
Dividends paid	-17,246	-6,658
Dividends paid to minority shareholder	-29	-233
Net cash provided by (used in) financing activities	65,549	306,867
4. Effect of exchange rate changes on cash and cash equivalents	-3,902	8,839
5. Net change in cash and cash equivalents	-190,417	-2,505
6. Cash and cash equivalents at beginning of year	488,865	471,500
7. Increase in cash and cash equivalents due to change in scope of consolidation	-	22,701
8. Decrease in cash and cash equivalents due to change in scope of consolidation	-	-2,831
9. Cash and cash equivalents at end of year	298,447	488,865

Notes to consolidated financial statements

The consolidated financial statements of the Company for the first half of fiscal 2000 ended September 30, 2000 are prepared in accordance with the "Ministerial 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.

It should be noted that the method of presentation for "Allowance for possible investment losses" for "Operational investment securities" might be amended in the consolidated financial statements in the future, as the method of presentation of this allowance is not decisive yet.

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 gains/losses 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 first half of one affiliate applicable of equity method ends other than September 30, the financial statements for the relevant first half are reflected.

3. First half of fiscal 2000 of consolidated subsidiaries

As the first half of one consolidated subsidiary ends other than September 30, the financial statements for the relevant first half 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 are valued at fair value on the closing date with posting both unrealized gains and losses directly in shareholders' equity, if their fair value is available. 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 of overseas consolidated subsidiaries, straight-line method is mainly applied.

(ii) Intangible fixed assets

Straight-line method is mainly applied.

(iii) Amortization of deferred assets

Bond issue costs are amortized in a lump when incurred.

(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 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 September 30, 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 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) Accounting for consumption taxes

Consumption taxes are separately recorded.

5. Scope of cash and cash equivalents on consolidated cash flow statement

Cash and cash equivalents on consolidated cash flow statements are composed of cash in hand, liquid deposits such as deposits of current accounts and ordinary accounts.

Notes to consolidated balance sheet

1. Guarantee

As of Sep. 30, 2000.....	6,291 million yen
As of Sep. 30, 1999.....	2,119 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 "Ministerial 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 Sep. 30, 2000.....	40,000 million yen
As of Sep. 30, 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) in accordance with 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 current year. This treatment does not affect the income statement.

4. Other securities than trading securities, held-to-maturity securities and subsidiary and affiliated company stocks are valued at fair value on the closing date as long as fair value is available. Net unrealized gain (loss) on the securities net of tax effect is posted in shareholders' equity in accordance with "Regulations of Interim Financial Statements".

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)		
	First half	First half	Fiscal 1999
	Apr. 1, 2000 - <u>Sep. 30, 2000</u>	Apr. 1, 1999 - <u>Sep. 30, 1999</u>	Apr. 1, 1999 - <u>Mar. 31, 2000</u>
Extraordinary gains			
Gain on sale of fixed assets.....	178	713	1,983
Gain on sale of investment securities.....	2,412	8,002	13,887
Gain on sale of related companies' stocks.....	-	3,723	4,014
Reversal of valuation loss on investment securities.....	-	2,094	-
Reversal of reserve for securities transaction liabilities.....	-	779	779
Reversal of reserve for financial futures transaction liabilities.....	-	4	4
Extraordinary losses			
Valuation loss on fixed assets.....	160	-	2,489
Write-off of investment securities.....	2,856	-	4,103
Write-off of related companies' stocks.....	142	-	-
Loss on sale or disposal of fixed assets.....	1,904	4,622	8,677
Loss on sale of investment securities.....	441	833	1,145
Loss on sale of loan receivables.....	1,371	-	-
Valuation loss of investment securities.....	-	-	1,659
Expenses for reorganization of related companies.....	-	-	12,418
Relocation related expenses.....	-	295	434
Loss on liquidation of employees' retirement plans.....	-	-	3,170
Provision for multiemployer pension plan.....	-	-	28,442
Provision for doubtful accounts.....	952	20,017	30,602
Foreign exchange loss on liquidation of related companies.....	-	484	-
Write-off of goodwill.....	-	8,000	8,000
Non-deductible consumption taxes derived from goodwill.....	-	4,359	4,359
Expenses for foundation of subsidiaries.....	-	3,134	3,134
Provision for reserve for securities transaction liabilities.....	527	414	980
Provision for reserve for financial futures transaction liabilities.....	0	0	0

Notes to consolidated cash flow statement**1. Reconciliation for "cash and cash equivalents at end of year" and "cash and time deposits" on consolidated balance sheet**

	(millions of yen)	
	First half	Fiscal 1999
	Sep. 30, 2000	Mar. 31, 2000
Cash and deposits	460,075	732,475
Deposits segregated for customers	-155,300	-235,300
Time deposit more than 3 months	-6,327	-8,309
Cash and cash equivalents	<u>298,447</u>	<u>488,865</u>

2. Important non-cash transactions

	(millions of yen)	
	First half	Fiscal 1999
	Apr. 1, 2000 - <u>Sep. 30, 2000</u>	Apr. 1, 1999 - <u>Mar. 31, 2000</u>
Conversion of Convertible Bonds (CB)		
Increase in capital by conversion of CB	0	5
Increase in additional paid-in capital by conversion of CB	0	5
Decrease in CB by conversion	<u>1</u>	<u>11</u>

Segment information

1. Sales (operating revenues) by business segment

The company and its consolidated subsidiaries' world-wide activities include (a) trading in securities, (b) brokerage of securities, (c) underwriting and distribution of securities, (d) other business related to securities transactions and (e) private offering of securities. These activities include financing and other services. Accordingly, the Company and its subsidiaries operate in a single industry segment, "Investment and financial services".

2. Sales (operating revenue) by geographic area

Operating revenues, expenses and operating income by geographic area are as follows:

First half ended September 30, 2000

	(millions of yen)						
	Japan	America	Europe	Asia & Oceania	Total	Elimination or Unallocated	Consolidated
Operating revenues:							
Outside customers	260,033	81,193	11,714	4,370	357,312	-	357,312
Inter-area	9,480	(391)	302	8	9,399	(9,399)	-
Total	269,514	80,801	12,016	4,378	366,711	(9,399)	357,312
Operating expenses	170,505	73,421	9,092	3,402	256,422	(2,340)	254,082
Operating income (loss)	99,008	7,380	2,924	976	110,289	(7,059)	103,230

Fiscal year ended March 31, 2000

	(millions of yen)						
	Japan	America	Europe	Asia & Oceania	Total	Elimination or Unallocated	Consolidated
Operating revenues:							
Outside customers	528,090	85,359	31,968	9,231	654,650	-	654,650
Inter-area	17,703	(516)	(1,960)	(454)	14,772	(14,772)	-
Total	545,793	84,842	30,008	8,777	669,422	(14,772)	654,650
Operating expenses	325,440	82,304	23,877	7,226	438,849	(11,129)	427,720
Operating income (loss)	220,352	2,538	6,131	1,550	230,572	(3,642)	226,929

(Note) Method of segmentation by geographic area and principal countries of area belonging to each segment are as follows:

- (1) Method of segmentation by geographic area: Geographical adjacency
- (2) Principal countries of area belonging to each segment area:
 - America: USA
 - Europe: United Kingdom, Germany, Switzerland and France
 - Asia & Oceania: Hong Kong and Singapore

3. Overseas operating revenues

Overseas operating revenues include those of the Company and its consolidated subsidiaries (excluding inter-company profit) are as follows:

First half ended September 30, 2000

	America	Europe	Asia & Oceania	(millions of yen) Total
Overseas operating revenues	75,455	13,897	4,908	94,261
Consolidated operating revenues				357,312
% of total revenues	21.1%	3.9%	1.4%	26.4%

Fiscal year ended March 31, 2000

	America	Europe	Asia & Oceania	(millions of yen) Total
Overseas operating revenues	79,516	23,668	10,529	113,713
Consolidated operating revenues				654,650
% of total revenues	12.1%	3.6%	1.6%	17.4%

(Note) Method of segmentation by geographic area and principal countries of area belonging to each segment are same as "2. Sales (operating revenue) by geographic area".

Supplemental information for the first half of fiscal 2000

1. Breakdown of commission income

First half ended September 30, 2000

(millions of yen)

	Equity	Fixed income (Bond)	Asset Management	Investment Banking	Others	Total	1 st half of Fiscal 1999	Yr/yr comparison
Brokerage commission	49,594	381	6	-	-	49,982	69,853	71.6%
Underwriting & distribution (Stock)	-	-	-	23,743	-	23,743	13,671	173.7%
(Bond)	-	-	-	(18,874)	-	(18,874)	(8,463)	(223.0%)
Subscription & distribution	-	-	23,496	1,301	-	24,798	35,963	69.0%
Other commission (Agency commission)	1,367	1,599	38,455	2,978	4,849	49,251	42,866	114.9%
	-	(1,481)	(21,094)	-	-	(22,576)	-	-
Total	50,962	1,980	61,959	28,023	4,849	147,775	162,355	91.0%

Note: Brokerage commission of "Equity" section includes brokerage commissions on CB and warrants.

Fiscal year 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 (Stock)	-	-	-	34,887	-	34,887
(Bond)	-	-	-	(24,798)	-	(24,798)
Subscription & distribution	-	-	86,763	1,439	-	88,203
Other commission (Agency commission)	2,876	3,394	70,430	7,217	9,629	93,548
	-	(2,943)	(40,685)	-	-	(43,628)
Total	148,844	4,882	157,202	43,544	9,642	364,115

2. Breakdown of net trading gains

(millions of yen)

	First half (2000/9) (A)	First half (1999/9) (B)	(A)/(B) %	Last fiscal year (2000/3)
Stocks	55,035	23,544	233.7	52,346
Interest and others (Interest)	19,488	34,301	56.8	65,278
(Forex and others)	(17,665)	(31,876)	(55.4)	(60,198)
	(1,823)	(2,425)	(75.2)	(5,080)
Total	74,523	57,846	128.8	117,625

October 27, 2000

Daiwa Securities Group Inc.
Non-consolidated financial summary
 (For the first half ended September 30, 2000)

(1) Operating results (from April 1, 2000 to September 30, 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	
	Millions of yen	Yr/yr % change	Millions of yen	Yr/yr % change	Millions of yen	Yr/yr % change
First half (2000/9)	22,479	(-9.2)	13,241	(341.9)	12,700	(-)
First half (1999/9)	24,748		2,996		795	
Last fiscal year (2000/3)	41,283		10,068		8,414	

	Net income		Earnings /share	
	Millions of yen	Yr/yr % change	Yen	
First half (2000/9)	11,054	(-91.3)	8.30	
First half (1999/9)	126,520		95.00	
Last fiscal year (2000/3)	125,070		93.91	

Note: 1. Average number of shares outstanding:

For the first half of fiscal 2000;	1,331,734,191
For the first half of fiscal 1999;	1,331,722,462
For fiscal 1999;	1,331,725,051

2. Change in accounting policies: None

(2) Dividends

	Interim dividend / share		Full year dividend /share	
	Yen		Yen	
First half (2000/9)	-		-	
First half (1999/9)	-		-	
Fiscal year (2000/3)	-		13.00	

(3) Financial conditions

	Total assets		Stockholders' equity		Stockholders' equity ratio		Stockholders' equity/share	
	Millions of yen		Millions of yen		%		Yen	
As of Sep. 30, 2000	1,392,236		765,159		55.0		574.55	
As of Sep. 30, 1999	1,537,225		746,055		48.5		560.21	
As of Mar. 31, 2000	1,498,350		744,617		49.7		559.13	

Note: Number of shares outstanding:

As of September 30, 2000;	1,331,734,344
As of September 30, 1999;	1,331,722,462
As of March 31, 2000;	1,331,733,430

Daiwa Securities Group Inc.**Balance Sheet**

(millions of yen)

<i>Assets</i>				
	First half Sep. 30, 2000	First half Sep. 30, 1999	Increase/ Decrease	Fiscal 1999 Mar. 31, 2000
Current assets:	456,262	556,234	-99,972	572,168
Cash and time deposits	56,853	344,252	-287,399	194,301
Short-term loans receivable	296,411	192,926	103,485	355,640
Accrued revenues	3,294	4,543	-1,249	5,119
Securities	85,000	-	85,000	-
Other current assets	17,615	16,589	1,026	19,999
Less: Allowance for doubtful accounts-current	-2,912	-2,076	-835	-2,891
Non-current assets:	935,974	980,990	-45,016	926,182
Tangible fixed assets	11,026	11,818	-791	11,282
Intangible fixed assets	1,305	1,502	-196	1,415
Investments and others:	923,642	967,669	-44,027	913,484
Investment securities	746,698	770,943	-24,245	729,157
Long-term loans receivable	98,873	113,184	-14,311	104,250
Long-term guarantee deposits	61,336	64,521	-3,184	62,737
Other investments	17,608	21,015	-3,407	18,151
Less: Allowance for doubtful accounts-non-current	-874	-1,995	1,120	-812
Total assets	1,392,236	1,537,225	-144,988	1,498,350

(millions of yen)

<i>Liabilities</i>				
	First half Sep. 30, 2000	First half Sep. 30, 1999	Increase/ Decrease	Fiscal 1999 Mar. 31, 2000
Current liabilities:	189,158	399,537	-210,379	360,838
Short-term borrowings	100,910	192,960	-92,050	222,460
Bonds due within one year	-	38,662	-38,662	38,662
Cash deposits as collateral for securities loaned	82,918	90,475	-7,557	83,320
Accrued income taxes	8	45	-37	21
Accrued bonuses	600	1,600	-1,000	700
Provision for assistance to related companies	-	58,200	-58,200	-
Stock purchase warrant	501	-	501	-
Other current liabilities	4,220	17,595	-13,375	15,674
Non-current liabilities:	437,919	391,631	46,287	392,894
Bonds	108,400	-	108,400	-
Convertible bonds	135,696	135,709	-13	135,697
Long-term borrowings	121,000	203,000	-82,000	203,000
Long-term cash deposits received	50,006	51,794	-1,788	50,982
Deferred income taxes liabilities-non-current	19,478	-	19,478	-
Accrued retirement benefits	450	730	-280	1,000
Multiemployer pension plan	2,200	-	2,200	2,200
Other non-current liabilities	687	396	290	15
Total liabilities	627,077	791,169	-164,092	753,733
<i>Stockholders' equity</i>				
Common stock	138,431	138,424	6	138,430
Legal reserve:	163,121	163,114	6	163,120
Additional paid-in capital	117,785	117,779	6	117,785
Earned surplus reserve	45,335	45,335	-	45,335
Retained earnings:	436,762	444,515	-7,752	443,065
General-purpose reserve	417,000	317,000	100,000	317,000
Unappropriated retained earnings	19,762	127,515	-107,752	126,065
(Net income for the current term)	(11,054)	(126,520)	-115,466	(125,070)
Net unrealized gain / loss on securities	26,843	-	26,843	-
Total stockholders' equity	765,159	746,055	19,103	744,617
Total liabilities and stockholders' equity	1,392,236	1,537,225	-144,988	1,498,350

Daiwa Securities Group Inc.

Income Statement

(millions of yen)

	First half Apr. 1, 2000 - Sep. 30, 2000	Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000
Operating revenues	22,479	41,283
Dividends from related companies	12,248	20
Interest on loans to related companies	2,575	5,141
Other interest and dividend income	2,542	3,621
Royalty on trademark	5,113	12,914
Commissions	-	17,711
Net gain on trading securities	-	1,874
Operating expenses	9,238	31,214
Selling, general and administrative expenses:	5,554	21,951
Commission and other expenses	905	3,037
Employees' compensation and benefits	1,888	8,832
Real estate expenses	502	3,216
Data processing and office supplies	710	2,743
Depreciation expenses	427	1,021
Others	1,119	3,099
Interest expenses	3,684	9,263
Operating income	13,241	10,068
Non-operating income	159	1,047
Non-operating expenses	699	2,701
Ordinary income	12,700	8,414
Extraordinary gains	2,351	218,291
Extraordinary losses	3,989	19,815
Income before income taxes	11,062	206,891
Income taxes-current	8	21
Income taxes-deferred	-	81,800
Net income	11,054	125,070
Unappropriated retained earnings-carryforward	8,708	995
Unappropriated retained earnings at ending	19,762	126,065

Notes to financial statements

The financial statements of the Company for the first half of fiscal 2000 ended September 30, 2000 are prepared in accordance with "Regulations of Interim Financial Statements" (MOF Ordinance No. 38, 1977).

The financial statements of the Company for the first half of fiscal 1999 ended September 30, 1999 are in accordance with former "Regulations of Interim Financial Statements", and those for the first half ended September 30, 2000, in accordance with amended "Regulations of Interim Financial Statements"

Basis of financial statements

1. Valuation of securities and investment securities

Subsidiary stocks and affiliated company stocks are valued at the cost method. Other securities than subsidiary stocks and affiliated company stocks are valued at the fair value on the closing date with posting both unrealized gains and losses 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. Amortization of deferred assets

Bond issue costs are amortized in a lump when incurred.

4. 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 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 September 30, 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.

5. 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.

6. 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.

7. Accounting for consumption taxes

Consumption taxes are separately recorded.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets:

<u>As of September 30, 2000</u> 4,717 million yen	<u>As of September 30, 1999</u> 7,133 million yen	<u>As of March 31, 2000</u> 4,991 million yen
--	--	--

2. Guarantee:

<u>As of September 30, 2000</u> 205,770 million yen	<u>As of September 30, 1999</u> 273,281 million yen	<u>As of March 31, 2000</u> 197,017 million yen
--	--	--

3. Treasury stock included in other current assets:

<u>As of September 30, 2000</u> 40,171 shares 54 million yen	<u>As of September 30, 1999</u> 46,774 shares 45 million yen	<u>As of March 31, 2000</u> 50,611 shares 90 million yen
--	--	--

4. Treasury stock included in other investments:

<u>As of September 30, 2000</u> 4,160,000 shares 2,928 million yen	<u>As of September 30, 1999</u> 5,029,000 shares 3,540 million yen	<u>As of March 31, 2000</u> 5,004,000 shares 3,522 million yen
--	--	--

(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 first half:

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

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

Notes to income statement

	(millions of yen)		
	First half	First half	Fiscal 1999
	<u>Apr. 1, 2000-</u>	<u>Apr. 1, 1999-</u>	<u>Apr. 1, 1999-</u>
	<u>Sep. 30, 2000</u>	<u>Sep. 30, 1999</u>	<u>Mar. 31, 2000</u>
Extraordinary gains			
Gain on transferring goodwill.....	-	200,000	200,000
Gain on sale of fixed assets.....	33	-	2,224
Gain on sale of investment securities.....	2,317	4,999	10,171
Gain on sale of subsidiaries' stocks.....	-	-	5,111
Reversal of valuation loss on investment securities	-	2,330	-
Reversal of reserve for securities transaction liabilities	-	779	779
Reversal of reserve for financial futures transaction liabilities....	-	4	4
Extraordinary losses			
Valuation loss on fixed assets	75	-	1,264
Write-off of investment securities.....	2,837	-	2,706
Loss on disposal and sale of fixed assets.....	72	-	1,128
Loss on sale of investment securities.....	410	560	884
Valuation loss of investment securities	-	-	1,448
Expenses for reorganization of related companies	-	-	4,941
Loss on financial assistance to subsidiaries.....	-	-	3,600
Provision for multiemployer pension plan	-	-	2,200
Provision for doubtful accounts	594	-	1,641