

Daiwa Securities Group Inc.

2-6-4 Otemachi Chiyoda-ku
Tokyo 100-8101, Japan

July 26, 2000

Consolidated financial summary

(For the first quarter ended June 30, 2000)

(1) Operating results (from April 1, 2000 to June 30, 2000)

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

" - " indicates a loss or negative figure.

	Operating revenues	(2000/6) vs (2000/3) *	Operating Income	(2000/6) vs (2000/3) *	Ordinary income	(2000/6) vs (2000/3) *
	millions of yen	% change	millions of yen	% change	millions of yen	% change
First quarter (2000/6)	169,091	(3.3)	58,737	(3.5)	60,362	(7.7)
Last fiscal year (2000/3)	654,650		226,929		224,121	

	Net income	(2000/6) vs (2000/3) *	Earnings /share	Fully diluted Earnings/share	Return on stockholders' equity (Annual basis)
	millions of yen	% change	Yen	Yen	%
First quarter (2000/6)	29,590	(12.3)	22.30	21.42	17.5
Last fiscal year (2000/3)	105,375		79.43	76.19	16.1

* % change of the first quarter of fiscal 2000 (2000/6) versus the fiscal 1999 (2000/3) indicates % change compared with 25 % of the figures for fiscal 1999 ended March 31, 2000.

Note 1. Equity in earnings: For the first quarter of fiscal 2000 2,249 million yen
For 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 June 30, 2000	10,297,157	686,476	8.1	517.42
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) Scope of consolidation and equity method

Consolidated subsidiaries: 53 Affiliates applicable of equity method: 4

(4) Change in scope of consolidation and equity method

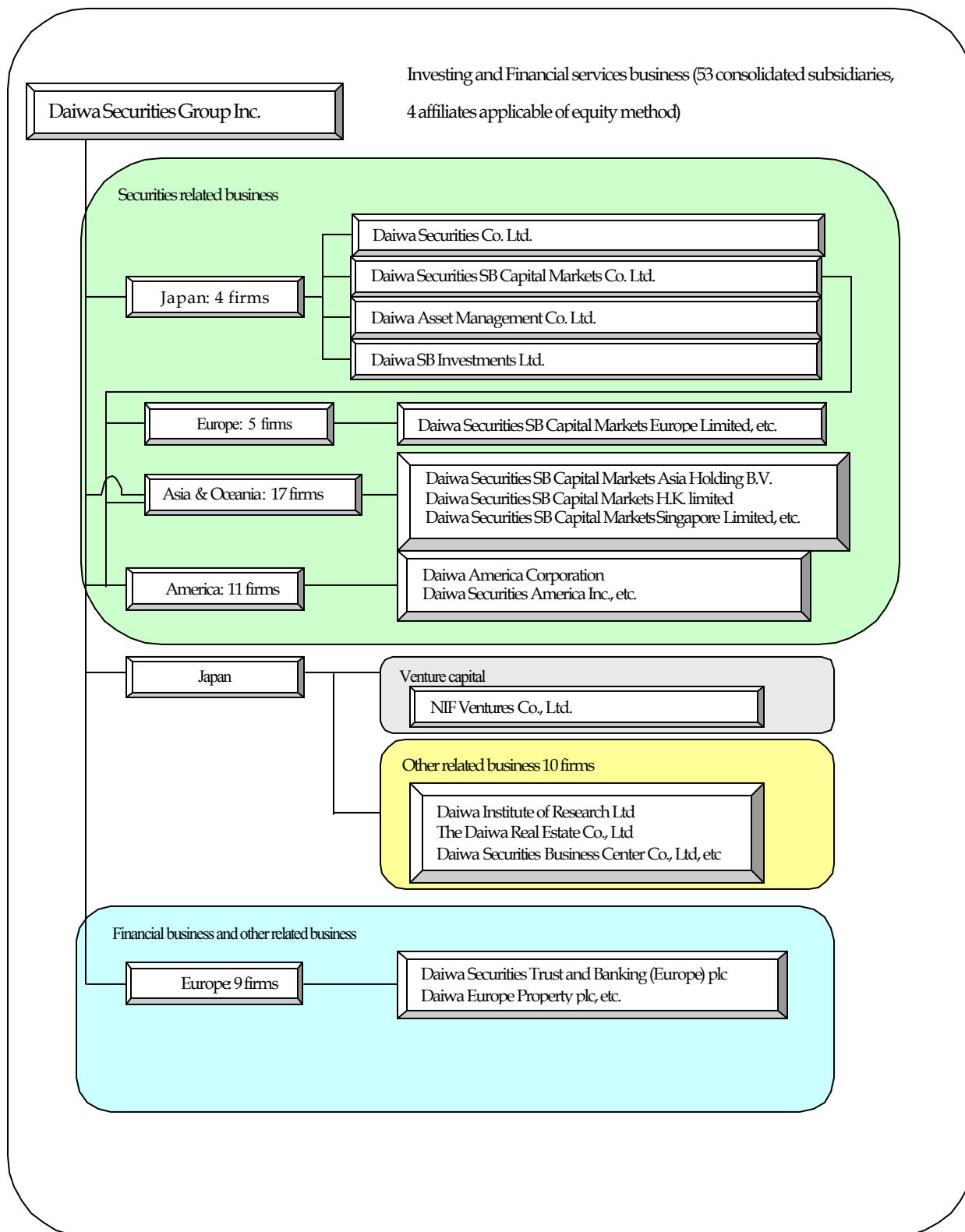
Consolidation (Exclusion): 3

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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 first quarter of fiscal 2000

Consolidated operating revenues amounted to 169,091 million yen (103.3% of a quarter of fiscal 1999) and consolidated operating expenses, to 110,354 million yen (103.2% of a quarter of fiscal 1999). Ordinary income increased to 60,362 million yen (107.7% of a quarter of fiscal 1999).

Consolidated net income posted 29,590 million yen (112.3% of a quarter of fiscal 1999) with minority interest (loss for Daiwa Securities Group companies) of 9,365 million yen.

1. Commissions

“Other commissions” in asset management increased to 19,390 million yen (110.1% of a quarter of fiscal 1999), owing to an increment of trust fee on investment trust in Daiwa Asset Management Co. Ltd. “Underwriting & distribution” commissions in investment banking increased to 9,118 million yen (104.5% of a quarter of fiscal 1999), as the commissions in connection with initial public offering were in a good shape. Total commissions, however, decreased to 76,037 million yen (83.5% of a quarter 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 gains/losses on trading and operational investment securities

Total net gains on trading increased to 41,141 million yen (139.9% of a quarter of fiscal 1999), primarily because net trading gains on stocks jumped up, taking advantage of increment of order flow along with volatility of stock markets. Trading gains on operational investment securities in NIF Ventures Co., Ltd. increased to 2,536 million yen (123.8% of a quarter of fiscal 1999)

3. Financial income

Net financial income augmented to 7,091 million yen (212.3% of a quarter of fiscal 1999), with interest and dividend income of 32,945 million yen, and financial expenses of 25,854 million yen.

4. Selling, general & administrative expenses

Selling, general & administrative expenses stayed almost flat at 71,641 million yen (99.7% of a quarter 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 515 million yen, including gain on sale of investment securities of 470 million yen. Extraordinary losses posted 537 million yen, including provision for reserve for securities transaction liabilities of 263 million yen.

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

Ordinary income by geographic area (millions of yen)

America	Europe	Asia & Oceania	Total
2,652	1,361	568	4,582

Consolidated balance sheets

(millions of yen)

	First quarter Jun. 30, 2000	Fiscal 1999 Mar. 31, 2000	Increase/ decrease
<i>Assets</i>			
Current assets:	9,439,374	7,661,139	1,778,234
Cash and time deposits	928,606	732,475	196,131
Cash segregated as deposits	8,106	8,060	46
Notes receivable and accounts receivable	18,413	24,559	-6,145
Receivables	12,852	23,217	-10,364
Trade date accrual	706,557	-	706,557
Advance payments on securities subscribed	2,490	709	1,780
Short-term loans receivable	101,345	142,491	-41,146
Accrued revenues	23,814	17,797	6,017
Securities	61,736	65,276	-3,539
Operational investment securities	55,233	44,742	10,491
Less: Allowance for possible investment losses	-560	-570	10
Trading assets:	3,208,235	2,859,623	348,611
Trading securities and others	3,058,387	2,736,870	321,516
Options transactions	23,834	12,409	11,424
Derivative valuation accounts	126,013	110,343	15,670
Other inventories	21,984	24,072	-2,087
Receivables related to margin transactions:	282,706	393,629	-110,922
Loans receivable from customers for margin	203,208	308,326	-105,118
Cash deposits as collateral for securities borrowed from securities finance companies	79,498	85,302	-5,804
Receivables related to gensaki transactions	97,184	24,099	73,085
Cash deposits as collateral for securities borrowed	2,062,041	1,368,118	693,922
Securities in custody	1,777,677	1,820,905	-43,228
Deferred income tax assets-current	6,637	15,463	-8,826
Other current assets	72,057	104,294	-32,236
Less: Allowance for doubtful accounts-current	-7,748	-7,827	79
Non-current assets:	857,783	828,447	29,335
Tangible fixed assets	320,194	324,561	-4,366
Intangible fixed assets	34,893	31,869	3,024
Investments and others	502,694	472,016	30,678
Investment securities	261,941	220,072	41,869
Long-term loans receivable	26,253	26,125	128
Long-term guarantee deposits	33,771	33,672	99
Deferred income tax assets-non-current	93,115	98,074	-4,959
Other investments	283,604	284,665	-1,060
Less: Allowance for doubtful accounts-non-current	-195,992	-190,593	-5,399
Translation adjustments	-	24,626	-24,626
Total assets	10,297,157	8,514,213	1,782,944

(millions of yen)

	First quarter Jun. 30, 2000	Fiscal 1999 Mar. 31, 2000	Increase/ decrease
<i>Liabilities</i>			
Current liabilities:	8,687,930	7,042,463	1,645,467
Notes payable and accounts payable	4,147	6,090	-1,943
Short-term borrowings	664,913	783,242	-118,329
Commercial paper	154,000	145,600	8,400
Bonds due within one year	66,873	58,245	8,628
Mortgage backed securities sold	25,647	42,823	-17,176
Deposits received	133,229	148,407	-15,177
Trade date accrual	-	57,537	-57,537
Advance receipts on securities subscribed	2,939	7,299	-4,360
Trading liabilities:	1,266,276	1,234,298	31,978
Trading securities and others	1,137,741	1,117,439	20,302
Option transactions	15,782	10,591	5,190
Derivative valuation accounts	112,752	106,267	6,485
Payables related to margin transactions:	30,479	53,617	-23,138
Loans from securities finance companies for margin transactions	19,112	24,915	-5,803
Proceeds of securities sold for margin transactions	11,367	28,701	-17,334
Payables to gensaki transactions	1,819,665	1,123,837	695,828
Cash deposits as collateral for securities loaned	2,565,817	1,294,650	1,271,166
Short-term securities borrowed	1,330,499	1,340,903	-10,404
Cash deposits received from customers	78,066	84,265	-6,198
Securities deposits by customers as collateral	458,247	485,821	-27,574
Accrued income taxes	8,924	74,429	-65,505
Deferred income tax liabilities-current	4,816	-	4,816
Accrued bonuses	9,519	19,490	-9,970
Other current liabilities	63,866	81,901	-18,034
Non-current liabilities:	767,277	662,853	104,423
Bonds	225,976	121,013	104,962
Convertible bonds	135,696	135,697	-1
Long-term borrowings	336,290	361,557	-25,266
Long-term securities borrowed	6,000	6,000	-
Deferred income tax liabilities-non-current	23,105	-	23,105
Accrued retirement benefits	4,179	4,792	-613
Multiemployer pension plan	28,442	28,442	-
Other non-current liabilities	7,586	5,350	2,236
Statutory reserves:	1,244	980	264
Reserves for securities transaction liabilities	1,244	980	263
Reserves for financial futures transaction liabilities	0	0	0
Total liabilities	9,456,452	7,706,298	1,750,154
Minority interest	154,229	141,843	12,385
<i>Stockholders' equity</i>			
Common stock	138,431	138,430	0
Additional paid-in capital	117,785	117,785	0
Retained earnings	425,034	413,468	11,566
Net unrealized gain (loss) on securities	37,404	-	37,404
Translation adjustments	-28,611	-	-28,611
Treasury stock	-3,569	-3,613	43
Total stockholders' equity	686,476	666,071	20,404
Total liabilities, minority interest and stockholders' equity	10,297,157	8,514,213	1,782,944

Consolidated income statement

(millions of yen)

	First quarter From Apr. 1, 2000 to Jun. 30, 2000 (A)	Fiscal 1999 From Apr. 1, 1999 to Mar. 31, 2000 (B)	Comparison 1Q vs 1/4 of FY 1999 A/(Bx1/4) (%)
Operating revenues	169,091	654,650	103.3
Commissions	76,037	364,115	83.5
Net gain on trading securities	41,141	117,625	139.9
Net gain on operational investment securities	2,536	8,199	123.8
Net gain on other commodities trading	0	345	0.8
Interest and dividend income	32,945	103,882	126.9
Other sales revenues	16,429	60,481	108.7
Operating expenses	110,354	427,720	103.2
Interest expenses	25,854	90,523	114.2
Cost of sales	12,858	49,698	103.5
Selling, general & administrative expenses	71,641	287,498	99.7
Commission and other expenses	14,412	49,203	117.2
Employees' compensation and benefits	36,332	140,647	103.3
Real estate expenses	8,534	40,787	83.7
Data processing and office supplies	4,619	20,873	88.5
Depreciation expenses	3,485	14,780	94.3
Taxes other than income taxes	2,295	7,311	125.6
Others	1,961	13,892	56.5
Operating income	58,737	226,929	103.5
Non-operating income	3,829	7,432	206.1
Equity in earnings (profit)	2,249	-	-
Others	1,580	7,432	85.0
Non-operating expenses	2,204	10,240	86.1
Equity in earnings (loss)	-	551	-
Others	2,204	9,689	91.0
Ordinary income	60,362	224,121	107.7
Extraordinary gains	515	20,669	10.0
Extraordinary losses	537	109,618	2.0
Income before income taxes and others	60,340	135,173	178.6
Income taxes-current	8,773	77,643	45.2
Income taxes-deferred	12,609	-15,272	-
Minority interest in income	9,365	-	-
Minority interest in loss	-	32,572	-
Net income	29,590	105,375	112.3

Consolidated statement of retained earnings

(millions of yen)

	First quarter 〔 Apr. 1, 2000 Jun. 30, 2000 〕	Fiscal 1999 〔 Apr. 1, 1999 Mar. 31, 2000 〕
Beginning balance of retained earnings	413,468	383,671
Increase in retained earnings	-	7,503
Increase in retained earnings due to expanded scope of equity method	-	7,503
Decrease in retained earnings	18,024	83,081
Decrease in retained earnings due to expanded scope of consolidation	-	76,414
Decrease in retained earnings due to change in stake in consolidated subsidiaries	497	-
Dividends	17,246	6,658
Directors' bonuses	280	8
Net income	29,590	105,375
Ending balance of retained earnings	425,034	413,468

Notes to consolidated financial statements for the first quarter of fiscal 2000

The consolidated financial statement for the first quarter of fiscal 2000 is prepared in accordance with the "Ministerial Ordinance Concerning Securities Companies" (Prime Minister's Office Ordinance and Ministry of Finance 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" (Ministry of Finance Ordinance No.24, 1999) and its Article 48 and 69. It should be noted that the terminology, forms and method of presentation regarding financial instruments might be amended for the interim and full year consolidated financial statements, as the details of accounting standard for financial instruments are not decisive yet.

Basis of consolidated financial statements for the first quarter of fiscal 2000

1. Scope of consolidation

Consolidated subsidiaries53

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 were excluded from scope of consolidation due to liquidation.

Each amount of assets, operating revenues (or sales), net income/loss and retained earnings of non-consolidated subsidiaries has little influence on this consolidated financial statement and has little materiality as a whole.

2. Application of equity method

Affiliates applicable of equity method..... 4

Major companies:

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

Each amount of net income/loss and retained earnings of both non-consolidated subsidiaries and affiliates inapplicable of equity method has little influence on this consolidated financial statement and has little materiality as a whole. As the first quarter of one affiliate applicable of equity method ends other than June 30, the financial statement for the relevant first quarter is reflected in this consolidated financial statement.

3. First quarter of fiscal 2000 of consolidated subsidiaries

As the first quarter of one consolidated subsidiary ends other than June 30, the financial statement for the relevant first quarter is employed and important transactions occurred by discrepancies with closing account date are adjusted for this consolidated financial statement.

4. Accounting policies

(1) Valuation of specified trading account

In terms of domestic consolidated subsidiaries, securities and derivative transactions in specified trading account are recorded on a trade date basis at market value. In terms of overseas subsidiaries, those policies are mainly applied.

(2) Valuation of non-trading securities

Non-trading securities are valued at the market price on the closing date with posting both unrealized gains and losses directly in shareholders equity, if their market prices are available. Non-trading securities are valued at moving average cost method if their market prices are not available. Some portion of securities held by some domestic consolidated subsidiaries and operational investment securities are categorized as current assets.

(3) Valuation of other inventories

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

(4) Depreciation of tangible fixed assets

Declining-balance method stipulated by the Corporate Tax Law is applied for domestic consolidated companies. Straight-line method is applied to building (excluding appendixes) acquired after April 1, 1998 in accordance with the Corporate Tax Law. In terms of overseas subsidiaries, straight-line method is mainly applied.

(5) Bond issue costs are amortized in a lump when incurred.

(6) Accounting policies for various provisions

(a) Provision for doubtful accounts

Domestic consolidated companies provide the allowance based on the historical deterioration rate in terms of doubtless accounts, and the allowance specifically assessed in terms of doubtful accounts. Consolidated subsidiaries overseas mainly provide the allowance specifically assessed.

(b) Accrued employees' bonuses

Estimated amount of employees' bonuses for the first quarter is accrued based on each company's bylaws.

(c) Accrued retirement benefits

Domestic consolidated companies excluding some companies provide necessary accrued retirement benefits for employees based on the bylaws of each company as of June 30, 2000. In terms of the closed pension fund, accrued retirement benefits are provided based on projected benefit obligation and fund assets.

(d) Multiemployer pension plan

The parent and some of Japanese consolidated subsidiaries are members of multiemployer pension plan. The companies' liability is calculated by reasonable method, based on the difference between projected benefit obligation and fund fair value.

(7) 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.

(8) Accounting for consumption taxes

Consumption taxes are separately recorded.

Notes to consolidated balance sheet

1. Guarantee:

As of June 30, 2000	7,998 million yen
As of March 31, 2000	1,571 million yen

2. Subordinated borrowings

Long-term borrowings include the subordinated borrowings stipulated by Article 2 of the "Prime Minister's 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 June 30, 2000	40,000 million yen
As of March 31, 2000	40,000 million yen

Notes to consolidated income statement

Details of extraordinary gains/losses

	(millions of yen)	
	First quarter	Fiscal 1999
	From Apr. 1, 2000	From Apr. 1, 1999
	<u>to Jun. 30, 2000</u>	<u>to Mar. 31, 2000</u>
Extraordinary gains		
Gain on sale of fixed assets.....	44	1,983
Gain on sale of investment securities.....	470	13,887
Gain on sale of related companies' stocks.....	-	4,014
Reversal of reserve for securities transaction liabilities.....	-	779
Reversal of reserve for financial futures transaction liabilities.....	-	4
Extraordinary losses		
Valuation loss on fixed assets.....	-	2,489
Write-off of investment securities.....	117	4,103
Loss on disposal and sale of fixed assets.....	123	8,677
Loss on sale of investment securities.....	31	1,145
Valuation loss of investment securities.....	-	1,659
Expenses for rationalization of related companies.....	-	12,418
Relocation related expenses.....	-	434
Loss on liquidation of employees' retirement plans.....	-	3,170
Provision for multiemployer pension plan.....	-	28,442
Provision for doubtful accounts.....	-	30,602
Write-off of goodwill.....	-	8,000
Non-deductible consumption taxes derived from goodwill.....	-	4,359
Expenses for foundation of subsidiaries.....	-	3,134
Provision for reserve for securities transaction liabilities.....	263	980
Provision for reserve for financial futures transaction liabilities.....	0	0

Supplemental information for the first quarter of fiscal 2000

1. Breakdown of commission income

First quarter of fiscal 2000

(millions of yen)

	Equity	Fixed income (Bond)	Asset Management	Investment Banking	Others	Total
Brokerage commission	27,567 75.5%	241 65.0%	0 46.0%	-	5 175.3%	27,815 75.4%
Underwriting & distribution	-	-	-	9,118 104.5%	-	9,118 104.5%
(Stock)	-	-	-	(6,515) (105.1%)	-	(6,515) (105.1%)
(Bond)	-	-	-	(2,593) (107.3%)	-	(2,593) (107.3%)
Subscription & distribution	-	-	13,771 63.5%	591 164.4%	-	14,362 65.1%
Other commission	689 95.9%	760 89.7%	19,390 110.1%	553 30.7%	3,345 139.0%	24,740 105.8%
(Agent commission)	-	(685) (93.2%)	(10,513) (103.4%)	-	-	(11,199) (102.7%)
Total	28,257 75.9%	1,002 82.2%	33,162 84.4%	10,263 94.3%	3,350 139.0%	76,037 83.5%

Note: 1. Brokerage commission of "Equity" section includes brokerage commissions on CB and warrants.

2. % indicates comparison of the first quarter of fiscal 2000 to 25 % of fiscal 1999.

Fiscal 1999

(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)	-	-	-	(24,798)	-	(24,798)
(Bond)	-	-	-	(9,670)	-	(9,670)
Subscription & distribution	-	-	86,763	1,439	-	88,203
Other commission	2,876	3,394	70,430	7,217	9,629	93,548
(Agent 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 CB and warrants.

2. Breakdown of net gain on trading securities

(millions of yen)

	First quarter of fiscal 2000: (A)	Fiscal 1999: (B)	% (A)/(B) x1/4
Stock	31,622	52,346	241.6%
Bond, forex and others	9,519	65,278	58.3%
(Bond and others)	(9,087)	(60,198)	(60.4%)
(Forex and others)	(431)	(5,080)	(34.0%)
Total	41,141	117,625	139.9%

Note: % indicates comparison of the first quarter of fiscal 2000 to 25 % of fiscal 1999.

Daiwa Securities Group Inc.

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Tokyo 100-8101, Japan

July 26, 2000

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

(1) Operating results (from April 1, 2000 to June 30, 2000)

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

"-" indicates a loss or negative figure.

	Operating revenues	(2000/6) vs (2000/3) *	Operating income	(2000/6) vs (2000/3) *	Ordinary income	(2000/6) vs (2000/3) *
	millions of yen	% change	millions of yen	% change	millions of yen	% change
First quarter (2000/6)	17,812	(72.6)	13,394	(432.1)	12,957	(515.9)
Last fiscal year (2000/3)	41,283		10,068		8,414	

	Net income	(2000/6) vs (2000/3) *	Earnings /share
	millions of yen	% change	Yen
First quarter (2000/6)	13,348	(-57.3)	10.02
Last fiscal year (2000/3)	125,070		93.91

* % change of the first quarter of fiscal 2000 (2000/6) versus the fiscal 1999 (2000/3) indicates % change compared with 25 % of the figures for fiscal 1999 ended March 31, 2000.

Note:

1. Average number of shares outstanding:

For the first quarter of fiscal 2000: 1,331,734,039

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 June 30, 2000	1,486,537	772,440	52.0	580.02
As of March 31, 2000	1,498,350	744,617	49.7	559.13

Note:

1. Number of shares outstanding:

As of June 30, 2000: 1,331,734,344

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

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Daiwa Securities Group Inc. **Balance Sheet**

(millions of yen)

<i>Assets</i>			
	First quarter Jun. 30, 2000	Fiscal 1999 Mar. 31, 2000	Increase/ Decrease
Current assets:	530,661	572,168	-41,507
Cash and time deposits	289,788	194,301	95,487
Short-term loans receivable	222,594	355,640	-133,045
Accrued revenues	3,772	5,119	-1,346
Other current assets	17,396	19,999	-2,602
Less: Allowance for doubtful accounts-current	-2,891	-2,891	-
Non-current assets:	955,876	926,182	29,693
Tangible fixed assets	11,192	11,282	-89
Intangible fixed assets	1,363	1,415	-52
Investments and others:	943,320	913,484	29,835
Investment securities	760,326	729,157	31,169
Long-term loans receivable	103,975	104,250	-274
Long-term guarantee deposits	61,839	62,737	-898
Other investments	17,991	18,151	-160
Less: Allowance for doubtful accounts-non-current	-812	-812	-
Total assets	1,486,537	1,498,350	-11,813

(millions of yen)

<i>Liabilities</i>			
	First quarter Jun. 30, 2000	Fiscal 1999 Mar. 31, 2000	Increase/ Decrease
Current liabilities:	202,760	360,838	-158,078
Short-term borrowings	65,910	222,460	-156,550
Bonds due within one year	38,662	38,662	-
Cash deposits as collateral for securities loaned	90,278	83,320	6,957
Accrued income taxes	4	21	-17
Accrued bonuses	300	700	-400
Other current liabilities	7,605	15,674	-8,069
Non-current liabilities:	511,336	392,894	118,441
Bonds	100,000	-	100,000
Convertible bonds	135,696	135,697	-1
Long-term borrowings	199,000	203,000	-4,000
Long-term cash deposits received	50,289	50,982	-692
Deferred income taxes liabilities-non-current	23,097	-	23,097
Accrued retirement benefits	412	1,000	-587
Multiemployer pension plan	2,200	2,200	-
Other non-current liabilities	641	15	626
Total liabilities	714,096	753,733	-39,636
<i>Stockholders' equity</i>			
Common stock	138,431	138,430	0
Legal reserve:	163,121	163,120	0
Additional paid-in capital	117,785	117,785	0
Earned surplus reserve	45,335	45,335	-
Retained earnings:	439,056	443,065	-4,008
General-purpose reserve	417,000	317,000	100,000
Unappropriated retained earnings	22,056	126,065	-104,008
(Net income for the current term)	(13,348)	(125,070)	-111,722
Net unrealized gain (loss) on securities	31,830	-	31,830
Total stockholders' equity	772,440	744,617	27,823
Total liabilities and stockholders' equity	1,486,537	1,498,350	-11,813

Daiwa Securities Group Inc.

Income Statement

(millions of yen)

	First quarter From Apr. 1, 2000 to Jun. 30, 2000	Fiscal 1999 From Apr. 1, 1999 to Mar. 31, 2000
Operating revenues	17,812	41,283
Dividends from related companies	12,218	20
Interest on loans to related companies	1,238	5,141
Interest and dividend income	1,630	3,621
Royalty on trademark	2,724	12,914
Commissions	1	17,711
Net gain on trading securities	-	1,874
Operating expenses	4,418	31,214
Selling, general and administrative expenses	2,613	21,951
Commission and other expenses	369	3,037
Employees' compensation and benefits	888	8,832
Real estate expenses	231	3,216
Data processing and office supplies	234	2,743
Depreciation expenses	216	1,021
Others	672	3,099
Interest expenses	1,804	9,263
Operating income	13,394	10,068
Non-operating income	107	1,047
Non-operating expenses	543	2,701
Ordinary income	12,957	8,414
Extraordinary gains	470	218,291
Extraordinary losses	75	19,815
Income before income taxes	13,352	206,891
Income taxes-current	4	21
Income taxes-deferred	-	81,800
Net income	13,348	125,070
Unappropriated retained earnings-carryforward	8,708	995
Unappropriated retained earnings at ending	22,056	126,065

Basis of financial statements for the first quarter of fiscal 2000

The financial statement of the Company for the first quarter of fiscal 2000 is prepared in accordance with "Regulation regarding Terminology, Forms and Methods of Preparation of Interim Financial Statements" (Ministry of Finance Ordinance No. 38, 1977).

It should be noted that the terminology, forms and method of presentation regarding financial instruments might be amended for the interim and full year financial statements, as the details of accounting standard for financial instruments are not decisive yet.

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 market price on the closing date with posting both unrealized gains and losses directly in shareholders equity, if their market prices are available. Those securities are valued at moving average cost method if their market prices are not available.

2. Depreciation of tangible fixed assets

Declining-balance method stipulated by the Corporate Tax Law is applied for domestic consolidated companies. Straight-line method is applied to building (excluding appendixes) acquired after April 1, 1998 in accordance with the Corporate Tax Law. In terms of overseas subsidiaries, straight-line method is mainly applied.

3. Bond issue costs

Bond issue costs are amortized in a lump when incurred.

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. Accounting for consumption taxes

Consumption taxes are separately recorded.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets:

<u>As of June 30, 2000</u>	<u>As of March 31, 2000</u>
5,091 million yen	4,991 million yen

2. Guarantee:

<u>As of June 30, 2000</u>	<u>As of March 31, 2000</u>
217,896 million yen	197,017 million yen

3. Treasury stock included in other current assets:

<u>As of June 30, 2000</u>	<u>As of March 31, 2000</u>
37,146 shares	50,611 shares
59 million yen	90 million yen

4. Treasury stock included in other investments:

<u>As of June 30, 2000</u>	<u>As of March 31, 2000</u>
4,985,000 shares	5,004,000 shares
3,509 million yen	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 quarter:

	<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

Notes to income statement

	First quarter From Apr. 1, 2000 to Jun. 30, 2000	(millions of yen) Fiscal 1999 From Apr. 1, 1999 To Mar. 31, 2000
Extraordinary gains		
Gain on transferring goodwill.....	-	200,000
Gain on sale of fixed assets.....	-	2,224
Gain on sale of investment securities.....	470	10,171
Gain on sale of subsidiaries' stocks.....	-	5,111
Reversal of reserve for securities transaction liabilities	-	779
Reversal of reserve for financial futures transaction liabilities.....	-	4
Extraordinary losses		
Valuation loss on fixed assets	-	1,264
Write-off of investment securities.....	43	2,706
Loss on disposal and sale of fixed assets.....	-	1,128
Loss on sale of investment securities.....	31	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	-	1,641