

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

July 26, 2000

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 millions of yen | Operating income millions of yen | Ordinary income millions of yen | Net income millions of yen |
|---|---------------------------------------|-------------------------------------|------------------------------------|-------------------------------|
| First quarter (Apr. 1 - Jun. 30, 2000) | 54,485 | 14,747 | 14,943 | 8,494 |
| Fiscal 1999 (Apr. 1 - Mar. 31, 2000) | 258,286 | 106,859 | 106,837 | 51,343 |

(2) Financial conditions

| | Total assets millions of yen | Stockholders' equity millions of yen | Stockholders' equity ratio % | Capital adequacy ratio % |
|----------------------|---------------------------------|---|------------------------------------|--------------------------------|
| As of June 30, 2000 | 839,142 | 197,741 | 35.2 | 269.4 |
| As of March 31, 2000 | 1,086,214 | 201,346 | 26.7 | 262.7 |

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

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

Daiwa Securities Co. Ltd.
Balance Sheet
(As of June 30, 2000)

(millions of yen)

| Assets | | | |
|--|--------------------------------|------------------------------|-----------------------|
| | First quarter Jun. 30, 2000 | Fiscal 1999 Mar. 31, 2000 | Increase/ Decrease |
| Current assets: | 769,831 | 1,017,259 | -247,428 |
| Cash and time deposits | 226,832 | 279,799 | -52,966 |
| Cash segregated as deposits related to | 1,402 | 1,787 | -384 |
| Receivables | 9,687 | 15,230 | -5,542 |
| Trade date accrual | 572 | 199 | 373 |
| Advance payments on securities subscribed | 540 | 510 | 30 |
| Short-term loans | 2,840 | 22,446 | -19,605 |
| Accrued income | 10,380 | 11,699 | -1,318 |
| Trading assets: | 9,772 | 9,924 | -152 |
| Trading securities and others | 9,687 | 9,885 | -197 |
| Derivative valuation accounts | 84 | 39 | 45 |
| Receivables related to margin transactions: | 203,594 | 308,210 | -104,615 |
| Loans receivable from customers for | 203,060 | 308,011 | -104,951 |
| Cash deposits as collateral for securities borrowed from securities finance | 534 | 198 | 336 |
| Cash deposits as collateral for securities | 16,859 | 19,703 | -2,843 |
| Securities in custody | 277,958 | 331,852 | -53,894 |
| Short-term guarantee money deposited | 5,503 | 6,809 | -1,305 |
| Deferred income tax assets-current | 1,247 | 7,307 | -6,060 |
| Other current assets | 3,078 | 2,347 | 731 |
| Less: Allowance for doubtful accounts | -441 | -568 | 126 |
| Non-current assets: | 69,311 | 68,955 | 356 |
| Tangible fixed assets | 4,245 | 4,334 | -89 |
| Intangible fixed assets | 3,125 | 1,898 | 1,227 |
| Investments and others: | 61,941 | 62,721 | -780 |
| Long-term loans | 5,000 | 5,000 | - |
| Long-term guarantee deposits | 48,016 | 48,954 | -937 |
| Deferred income tax assets-non-current | 7,058 | 6,884 | 174 |
| Other investments | 1,873 | 1,893 | -19 |
| Less: Allowance for doubtful accounts | -7 | -10 | 2 |
| Total assets | 839,142 | 1,086,214 | -247,071 |

Daiwa Securities Co. Ltd.
Balance Sheet
(As of June 30, 2000)

(millions of yen)

| Liabilities | | | |
|---|-------------------------------|-----------------------------|-----------------------|
| | First quarter Jun.30, 2000 | Fiscal 1999 Mar.31, 2000 | Increase/ Decrease |
| Current liabilities: | 622,807 | 867,793 | -244,985 |
| Short-term borrowings | 181,000 | 268,000 | -87,000 |
| Deposits received | 75,156 | 88,258 | -13,101 |
| Advance receipts on securities subscribed | 705 | 725 | -19 |
| Accrued expenses | 7,038 | 8,829 | -1,790 |
| Trading liabilities: | 12 | 205 | -193 |
| Trading securities and others | 6 | 0 | 6 |
| Derivative valuation accounts | 6 | 205 | -199 |
| Payables related to margin transactions: | 25,741 | 29,994 | -4,253 |
| Loans from securities finance companies for margin transactions | 19,112 | 24,747 | -5,635 |
| Proceeds securities sold for margin transactions | 6,628 | 5,247 | 1,381 |
| Short-term securities borrowed | 29,408 | 32,687 | -3,279 |
| Cash deposits received from customers | 47,993 | 70,140 | -22,147 |
| Securities deposited by customers as collateral | 248,549 | 299,164 | -50,615 |
| Accrued income taxes | 465 | 52,073 | -51,608 |
| Accrued bonuses | 4,400 | 9,500 | -5,100 |
| Other current liabilities | 2,335 | 8,212 | -5,876 |
| Non-current liabilities: | 18,294 | 16,838 | 1,455 |
| Accrued retirement benefits | 1,876 | 1,618 | 258 |
| Multiemployer pension plan | 15,220 | 15,220 | - |
| Other non-current liabilities | 1,198 | - | 1,198 |
| Statutory reserves: | 299 | 236 | 62 |
| Reserve for securities transaction liabilities | 299 | 236 | 62 |
| Total liabilities | 641,401 | 884,868 | -243,467 |
| Stockholders' equity | | | |
| Common stock | 100,000 | 100,000 | - |
| Legal reserve: | 51,220 | 50,010 | 1,210 |
| Additional paid-in capital | 50,010 | 50,010 | - |
| Earned surplus reserve | 1,210 | - | 1,210 |
| Retained earnings: | 46,521 | 51,336 | -4,814 |
| General-purpose reserve | 238 | - | 238 |
| Unappropriated retained earnings | 46,283 | 51,336 | -5,053 |
| (Net income for the current term) | (8,494) | (51,343) | (-42,849) |
| Total stockholders' equity | 197,741 | 201,346 | -3,604 |
| Total liabilities and stockholders' equity | 839,142 | 1,086,214 | -247,071 |

Daiwa Securities Co. Ltd
Income Statement

(millions of yen)

| | First quarter Apr. 1, 2000 - Jun. 30, 2000 | Fiscal 1999 Apr. 1, 1999 - Mar. 31, 2000 |
|--|---|---|
| Operating revenues | 54,485 | 258,286 |
| Commissions | 50,362 | 240,898 |
| Net gain on trading securities | 2,922 | 13,162 |
| Net gain on other commodities trading | 0 | 5 |
| Interest and dividend income | 1,199 | 4,220 |
| Operating expenses | 39,737 | 151,426 |
| Selling, general and administrative expenses | 39,511 | 150,594 |
| Commission and other expenses | 8,828 | 30,984 |
| Employees' compensation and benefits | 17,620 | 64,623 |
| Real estate expenses | 6,435 | 27,179 |
| Data processing and office supplies | 5,419 | 22,762 |
| Depreciation expenses | 450 | 1,720 |
| Taxes other than income taxes | 141 | 367 |
| Others | 615 | 2,957 |
| Interest expenses | 226 | 831 |
| Operating income | 14,747 | 106,859 |
| Non-operating income | 569 | 184 |
| Non-operating expenses | 373 | 206 |
| Ordinary income | 14,943 | 106,837 |
| Extraordinary gains | - | - |
| Extraordinary losses | 62 | 17,484 |
| Redemption of goodwill | | |
| Consumption tax and others | | |
| Provision for multiemployer pension plan | - | 15,220 |
| Expenses for foundation | - | 1,078 |
| Expenses for reorganization of system | - | 950 |
| Provision for securities transaction liabilities | 62 | 236 |
| Provision of liability reserve | | |
| Income before income taxes | 14,880 | 89,352 |
| Income taxes-current | 500 | 52,200 |
| Income taxes-deferred | 5,886 | -14,191 |
| Net income | 8,494 | 51,343 |
| Unappropriated retained earnings-carryforward | 37,788 | -7 |
| Unappropriated retained earnings | 46,283 | 51,336 |

Supplemental information for the first quarter

1. Breakdown of commission income

(1) Activity

(millions of yen)

| | First quarter | Fiscal 1999 |
|-----------------------------|---------------|-------------|
| Brokerage commission | 22,629 | 112,856 |
| (Stock) | (21,891) | (109,249) |
| (Bond) | (736) | (3,602) |
| Underwriting & distribution | - | - |
| Subscription & distribution | 17,385 | 91,430 |
| (Stock) | (2,034) | (8,085) |
| (Bond) | (2,278) | (5,115) |
| (Investment Trust) | (13,072) | (78,229) |
| Other commission | 10,347 | 36,611 |
| Total | 50,362 | 240,898 |

(2) Asset class

(millions of yen)

| | First quarter | Fiscal 1999 |
|-------------------------|---------------|-------------|
| Stock | 24,682 | 120,488 |
| Bond | 4,278 | 13,651 |
| Beneficiary certificate | 20,879 | 105,268 |
| Others | 522 | 1,489 |
| Total | 50,362 | 240,898 |

2. Breakdown of trading gains/losses

(millions of yen)

| | First quarter | Fiscal 1999 |
|--------------|---------------|-------------|
| Stock | -185 | 1,945 |
| Bond & forex | 3,107 | 11,216 |
| (Bond) | (1,873) | (6,930) |
| (Forex) | (1,233) | (4,286) |
| Total | 2,922 | 13,162 |

3. Trading volume of stocks (excluding futures transaction)

(millions of share, millions of yen)

| | First quarter | | Fiscal 1999 | |
|----------------------------|------------------|-------------|------------------|--------------|
| | Number of Shares | Amount | Number of shares | Amount |
| Total | 3,078 | 3,428,926 | 11,606 | 17,752,427 |
| (Dealing) (a) | (166) | (279,843) | (542) | (1,057,218) |
| (Brokerage)(b) | (2,911) | (3,149,082) | (11,064) | (16,695,208) |
| (b)/(a + b) | 94.6% | 91.8% | 95.3% | 94.0% |
| TSE share | 3.0% | 2.1% | 3.3% | 3.0% |
| Brokerage commission/share | 7.38yen | | 9.87 yen | |

4. Underwriting activities

(millions of share, millions of yen)

| | First quarter | Fiscal 1999 |
|---------------------------------------|---------------|-------------|
| Underwriting: | - | - |
| Subscription & distribution (*) | - | - |
| Stock (number of shares) | 15 | 92 |
| (yen amount) | 119,932 | 464,488 |
| Bond (face value) | 62,826 | 365,732 |
| Beneficiary certificates (face value) | 3,873,493 | 12,809,138 |
| CP & others (face value) | - | - |

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

| | | June 30, 2000 | March 31, 2000 |
|--------------------|---|---------------|----------------|
| Basic item | Total stockholders' equity (A) | 197,741 | 201,346 |
| Supplementary item | Statutory reserve | 299 | 236 |
| | Allowance for doubtful accounts | 449 | 578 |
| | Total (B) | 748 | 814 |
| | Assets excluded from capital (C) | 73,007 | 72,126 |
| | Capital after exclusion (A)+(B)-(C) (D) | 125,483 | 130,033 |
| Risk equivalent | Market risk equivalent | 1,493 | 1,487 |
| | Counterparty risk equivalent | 5,304 | 7,810 |
| | Fundamental risk equivalent | 39,768 | 40,196 |
| | Total (E) | 46,566 | 49,494 |
| | Capital adequacy ratio (D) / (E) X 100% | 269.4% | 262.7% |