

Daiwa Securities SB Capital Markets Co. Ltd.

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Tokyo 103-8289, 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	(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)	55,097	(28.1)	31,048	(71.1)	30,967	(69.7)
Fiscal 1999 (2000/3)	172,069	(-)	72,581	(-)	73,010	(-)
First quarter of last year (1999/6)	37,934	(-)	15,852	(-)	16,124	(-)

	Net income	(2000/6) vs (2000/3) *
	millions of yen	% change
First quarter (2000/6)	17,595	(-)
Fiscal 1999 (2000/3)	-85,080	(-)
First quarter of last year (1999/6)	-115,014	(-)

* % 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.

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
As of June 30, 2000	6,820,725	341,265	6.6	523.2
As of March 31, 2000	5,686,652	322,921	8.0	507.4
As of June 30, 1999	3,891,013	292,987	11.2	713.0

Note:

1. Stockholders' equity ratio = Total stockholders' equity / (Total liabilities* + Total stockholders' equity)

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

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Daiwa Securities SB Capital Markets Co. Ltd.

Balance Sheet

(millions of yen)

Assets					
	First quarter	Fiscal 1999	Increase/ Decrease	First quarter of fiscal 1999	Increase/ Decrease
	Jun. 30, 2000	Mar. 31, 2000		Jun. 30, 1999	
Current assets:	6,679,843	5,545,267	1,134,576	3,795,124	2,884,718
Cash and time deposits	249,991	118,356	131,634	148,460	101,530
Cash segregated as deposits related to securities	1,056	785	270	797	259
Receivables	1,135	5,942	-4,806	963	171
Trade date accrual	692,691	-	692,691	237,516	455,174
Advance payments on securities subscribed	1,950	199	1,750	1,297	652
Short-term loans	25,410	31,835	-6,425	19,782	5,627
Accrued income	8,697	4,863	3,833	4,634	4,062
Trading assets:	2,870,208	2,592,120	278,088	1,137,962	1,732,246
Trading securities and others	2,719,163	2,470,177	248,986	1,013,178	1,705,985
Option transactions	23,790	12,343	11,446	6,094	17,695
Derivative valuation accounts	127,254	109,599	17,654	118,689	8,565
Receivables related to margin transactions:	79,111	85,418	-6,307	33,898	45,212
Loans receivable from customers for margin transactions	148	315	-166	957	-809
Cash deposits as collateral for securities borrowed from securities finance companies	78,963	85,103	-6,140	32,941	46,022
Receivables related to gensaki transactions	97,184	24,099	73,085	202,089	-104,904
Cash deposits as collateral for securities borrowed	960,096	1,004,175	-44,078	694,844	265,252
Securities in custody	1,674,158	1,659,021	15,137	1,280,761	393,396
Short-term guarantee money deposited	14,419	9,547	4,872	9,510	4,909
Deferred income tax assets-current	3,419	4,387	-967	11,520	-8,100
Other current assets	412	4,583	-4,170	11,124	-10,711
Less: Allowance for doubtful accounts	-102	-70	-31	-40	-62
Non-current assets:	140,881	141,385	-503	95,888	44,993
Tangible fixed assets:	5,149	5,333	-184	4,179	969
Building and structures	18	18	-0	14	4
Equipment and others	5,130	5,314	-183	4,165	965
Intangible fixed assets:	13,786	11,543	2,243	7,579	6,206
Software	13,770	11,528	2,242	7,569	6,200
Telephone subscription rights	16	15	1	10	6
Investments and others:	121,946	124,508	-2,562	84,129	37,817
Investment securities	2,374	590	1,784	6	2,367
Investment in subsidiaries	34,928	34,928	-	90	34,838
Long-term loans	33	35	-2	45	-12
Long-term guarantee deposits	8,765	8,336	428	7,055	1,709
Deferred income tax assets-non-current	69,416	74,272	-4,856	71,865	-2,448
Other investments	6,428	6,344	83	5,066	1,362
Less: Allowance for doubtful accounts	-0	-0	-0	-	-0
Total assets	6,820,725	5,686,652	1,134,072	3,891,013	2,929,712

(millions of yen)

Liabilities					
	First quarter Jun. 30, 2000	Fiscal 1999 Mar. 31, 2000	Increase/ Decrease	First quarter of fiscal 1999 Jun. 30, 1999	Increase/ Decrease
Current liabilities:	6,361,837	5,257,012	1,104,825	3,497,533	2,864,304
Short-term borrowings	256,200	230,200	26,000	172,600	83,600
Commercial paper	154,000	145,600	8,400	25,000	129,000
Bonds due within one year	3,000	-	3,000	-	3,000
Deposits received	7,818	10,763	-2,944	31,885	-24,067
Trade date accrual	-	125,262	-125,262	-	-
Advance receipts on securities subscribed	2,233	6,574	-4,341	1,982	251
Accrued expenses	3,672	4,853	-1,181	5,650	-1,978
Trading liabilities:	1,082,657	1,078,232	4,424	777,725	304,931
Trading securities and others	955,198	962,454	-7,256	660,320	294,878
Option transactions	17,916	12,806	5,109	4,421	13,495
Derivative valuation accounts	109,541	102,971	6,570	112,983	-3,442
Payables related to margin transactions:	4,738	34,198	-29,460	2,495	2,242
Loans from securities finance companies for margin transactions	-	168	-168	58	-58
Proceeds of securities sold for margin	4,738	34,030	-29,292	2,437	2,301
Payables related to gensaki transactions	1,819,665	1,123,837	695,828	882,445	937,219
Cash deposits as collateral for securities loaned	1,317,805	803,975	513,829	298,038	1,019,767
Short-term securities borrowed	1,464,461	1,451,897	12,564	1,075,724	388,736
Cash deposits received from customers	25,352	12,737	12,615	17,160	8,192
Securities deposited by customers as collateral	209,697	207,124	2,573	205,037	4,659
Accrued income taxes	7,851	16,878	-9,027	5	7,846
Accrued bonuses	1,820	3,300	-1,480	1,080	740
Other current liabilities	865	1,576	-710	703	161
Non-current liabilities:	116,677	105,974	10,702	100,358	16,318
Bonds	10,500	-	10,500	-	10,500
Long-term borrowings	100,000	100,000	-0	100,000	-
Accrued retirement benefits	1,054	1,029	24	312	742
Provision for multiemployer pension plan	4,232	4,232	-	-	4,232
Other non-current liabilities	889	712	177	46	843
Statutory reserves:	945	744	201	133	811
Reserve for securities transaction liabilities	945	744	201	133	811
Reserve for financial futures transaction	0	0	0	0	0
Total liabilities	6,479,460	5,363,731	1,115,728	3,598,025	2,881,434
Stockholders' equity					
Common stock	205,600	205,600	-	205,600	-
Legal reserve:	117,321	202,410	-85,088	202,410	-85,088
Additional paid-in capital	117,321	202,410	-85,088	202,410	-85,088
Retained earnings:	17,595	-85,088	102,684	-115,022	132,618
Special reserve for depreciation	517	-	517	-	517
Unappropriated retained earnings	17,078	-85,088	102,167	-115,022	132,100
(Net income for the current term)	17,595	-85,080	102,676	-115,014	132,610
Revaluation reserve for Investment	748	-	748	-	748
Total stockholders' equity	341,265	322,921	18,344	292,987	48,277
Total liabilities and stockholders' equity	6,820,725	5,686,652	1,134,072	3,891,013	2,929,712

Daiwa Securities SB Capital Markets Co. Ltd.

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	(2000/6) vs (2000/3) *	First quarter of fiscal 1999 From Apr. 1, 1999 to Jun. 30, 1999	(2000/6) vs (1999/6)
Operating revenues	55,097	172,069	128.1%	37,934	145.2%
Commissions	18,579	92,471	80.4%	19,157	97.0%
Net gain on trading securities	32,089	70,679	181.6%	17,249	186.0%
Net gain on other commodities trading	-	340	-	-	-
Interest and dividend income	4,428	8,578	206.5%	1,527	289.9%
Operating expenses	24,048	99,488	96.7%	22,082	108.9%
Selling, general and administrative expenses	22,668	93,816	96.7%	21,020	107.8%
Commission and other expenses	8,408	37,518	89.6%	8,133	103.4%
Employees' compensation and benefits	6,371	22,834	111.6%	4,662	136.6%
Real estate expenses	2,152	9,832	87.6%	2,448	87.9%
Data processing and office supplies	3,399	16,364	83.1%	4,095	83.0%
Depreciation expenses	1,268	4,115	123.3%	833	152.3%
Taxes other than income taxes	632	1,913	132.2%	660	95.8%
Others	435	1,237	140.8%	186	233.5%
Interest expenses	1,379	5,671	97.3%	1,061	130.0%
Operating income	31,048	72,581	171.1%	15,852	195.9%
Non-operating income	127	579	88.0%	309	41.1%
Non-operating expenses	208	150	554.6%	37	558.9%
Ordinary income	30,967	73,010	169.7%	16,124	192.1%
Extraordinary gains	-	-	-	-	-
Extraordinary losses	201	219,392	0.4%	214,518	0.1%
Write off of goodwill	-	208,000	-	208,000	-
Consumption tax incurred regarding goodwill not falling under other deductions	-	4,359	-	4,359	-
Provision for multiemployer pension plan	-	4,232	-	-	-
Business start-up-related expenses	-	2,056	-	2,025	-
Provision for securities transaction liabilities	201	744	108.0%	133	150.3%
Provision for financial futures transaction liabilities	0	0	47.4%	0	121.9%
Income before income taxes	30,766	-146,382	-	-198,394	-
Income taxes	7,888	17,358	181.8%	5	-
Income taxes-deferred	5,281	-78,659	-	-83,385	-
Net income	17,595	-85,080	-	-115,014	-
Unappropriated retained earnings-carryforward	-517	-8	-	-8	-
Unappropriated retained earnings	17,078	-85,088	-	-115,022	-

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

Supplemental information for the first quarter ended June 30, 2000

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

1. Breakdown of commission income

(1) Activity

(millions of yen)

	First quarter (2000/6)	Fiscal 1999 (2000/3)	(2000/6) vs (2000/3) *	First quarter of fiscal 1999 (1999/6)	(2000/6) vs (1999/6)
Brokerage commission	4,066	33,722	48.2%	10,018	40.6%
(Stock)	(3,975)	(31,895)	(49.9%)	(9,217)	(43.1%)
(Bond)	(90)	(1,820)	(19.9%)	(798)	(11.4%)
Underwriting & distribution	8,847	33,979	104.1%	4,235	208.9%
(Stock)	(6,066)	(23,414)	(103.6%)	(1,792)	(338.5%)
(Bond)	(2,780)	(10,565)	(105.3%)	(2,442)	(113.8%)
Subscription & distribution	851	3,713	91.7%	649	131.2%
Other commission	4,814	21,055	91.5%	4,254	113.2%
Total	18,579	92,471	80.4%	19,157	97.0%

(2) Asset class

(millions of yen)

	First quarter (2000/6)	Fiscal 1999 (2000/3)	(2000/6) vs (2000/3) *	First quarter of fiscal 1999 (1999/6)	(2000/6) vs (1999/6)
Stock	10,259	55,699	73.7%	11,100	92.4%
Bond	3,409	15,556	87.7%	3,952	86.3%
Beneficiary certificates	3,494	14,669	95.3%	3,271	106.8%
Others	1,414	6,546	86.5%	832	170.0%
Total	18,579	92,471	80.4%	19,157	97.0%

2. Breakdown of trading gains/losses

(millions of yen)

	First quarter (2000/6)	Fiscal 1999 (2000/3)	(2000/6) vs (2000/3) *	First quarter of fiscal 1999 (1999/6)	(2000/6) vs (1999/6)
Stock	27,178	33,213	327.3%	4,459	609.4%
Bond & forex	4,910	37,466	52.4%	12,789	38.4%
(Bond)	(5,809)	(37,425)	(62.1%)	(13,990)	(41.5%)
(Forex)	(-899)	(41)	(-)	(-1,200)	(-)
Total	32,089	70,679	181.6%	17,249	186.0%

3. Trading volume of stocks (excluding futures transaction)

(millions of share, millions of yen)

	First quarter (2000/6)		Fiscal 1999 (2000/3)		(2000/6) vs (2000/3) *		First quarter of fiscal 1999 (1999/6)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	9,942	16,089,635	36,854	60,773,098	107.9%	105.9%	6,601	7,753,011
(Dealing) (a)	(5,087)	(8,235,279)	(17,483)	(29,146,860)	(116.4)	(113.0)	(3,036)	(3,594,387)
(Brokerage)(b)	(4,854)	(7,854,356)	(19,371)	(31,626,237)	(100.2)	(99.3)	(3,564)	(4,158,623)
b/(a + b)	48.8%	48.8%	52.6%	52.0%			54.0%	53.6%
TSE share	7.0%	8.0%	6.2%	6.6%			5.8%	6.2%

4. Underwriting activities

(millions of share, millions of yen)

	First quarter (2000/6)	Fiscal 1999 (2000/3)	(2000/6) vs (2000/3) *	First quarter of fiscal 1999 (1999/6)
<u>Underwriting:</u>				
Stock (number of shares)	10	92	46.3%	17
(yen amount)	118,125	662,799	71.3%	64,379
Bond (face value)	994,004	3,055,531	130.1%	913,401
CP & others (face value)	336,600	1,192,600	112.9%	202,900
<u>Subscription & distribution (*)</u>				
Stock (number of shares)	66	98	267.6%	17
(yen amount)	121,154	665,745	72.8%	64,379
Bond (face value)	1,017,968	3,136,207	129.8%	923,139
Beneficiary certificates (face value)	1,240,202	5,024,142	98.7%	1,339,010
CP & others (face value)	336,600	1,162,600	115.8%	202,900

(*)Including secondary offering and private placement

5. Capital adequacy ratio

(millions of yen)

		Jun. 30, 2000	Mar. 31, 2000	Jun. 30, 1999
Basic item	Total stockholders' equity (A)	340,516	322,921	292,987
Supplementary item	Statutory reserve	945	744	133
	Allowance for doubtful accounts	102	70	40
	Subordinated borrowings	100,000	100,000	100,000
	Valuation profits/losses of securities	1,291	690	-
	Total (B)	102,339	101,505	100,173
	Assets excluded from capital (C)	140,562	141,675	99,343
	Capital after exclusion (A)+(B)-(C) (D)	302,293	282,751	293,817
Risk equivalent	Market risk equivalent	30,723	28,667	17,028
	Counterparty risk equivalent	9,027	9,384	7,790
	Fundamental risk equivalent	18,020	17,668	16,386
	Total (E)	57,771	55,720	41,206
	Capital adequacy ratio (D)/(E) X 100%	523.2%	507.4%	713.0%