

Daiwa Securities Group Inc.

2-6-4 Otemachi Chiyoda-ku

Tokyo 100-8101, Japan

April 28, 2000

Consolidated financial summary

(for the year ended March 31, 2000)

(1) Operating results (from April 1, 1999 to March 31, 2000)

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

" - " indicates a loss or negative figure.

	Operating revenues	Yr/yr % change	Operating Income	Yr/yr % change	Ordinary income	Yr/yr % change
	million yen	%	million yen	%	million yen	%
Current fiscal year (2000/3)	654,650	(84.4)	226,929	(-)	224,121	(-)
Last fiscal year (1999/3)	354,960	(- 32.2)	- 88,566	(-)	- 87,959	(-)

	Net income	Yr/yr % change	Earnings per share	Fully diluted Earnings/share	Return on stockholders' equity
	million yen	%	Yen	Yen	%
Current fiscal year(2000/3)	105,375	(-)	79.43	76.19	16.1
Last fiscal year (1999/3)	- 127,889	(-)	- 96.00	-	- 18.1

Note 1 Equity in earnings: For the year ended March 31, 2000 - 551 million yen
For the year ended March 31, 1999 1 million yen

Note 2 Valuation loss/profit of securities: 97,461 million yen Valuation loss/profit of derivatives: 3,657 million yen

Note 3 Change in accounting policies : None

Note 4 Tax effect accounting is applied since fiscal 1998.

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/ share
	million yen	million yen	%	Yen
As of March 31, 2000	8,514,213	666,071	10.0	502.05
As of March 31, 1999	6,268,596	639,858	12.9	480.47

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	Balance of cash and cash equivalent at end of year
	million yen	million yen	million yen	million yen
Current fiscal year (2000/3)	- 459,015	140,803	306,867	488,865

(4) Scope of consolidation and equity method

Consolidated subsidiaries: 56 Affiliates applicable of equity method: 4

(5) Change in scope of consolidation and equity method

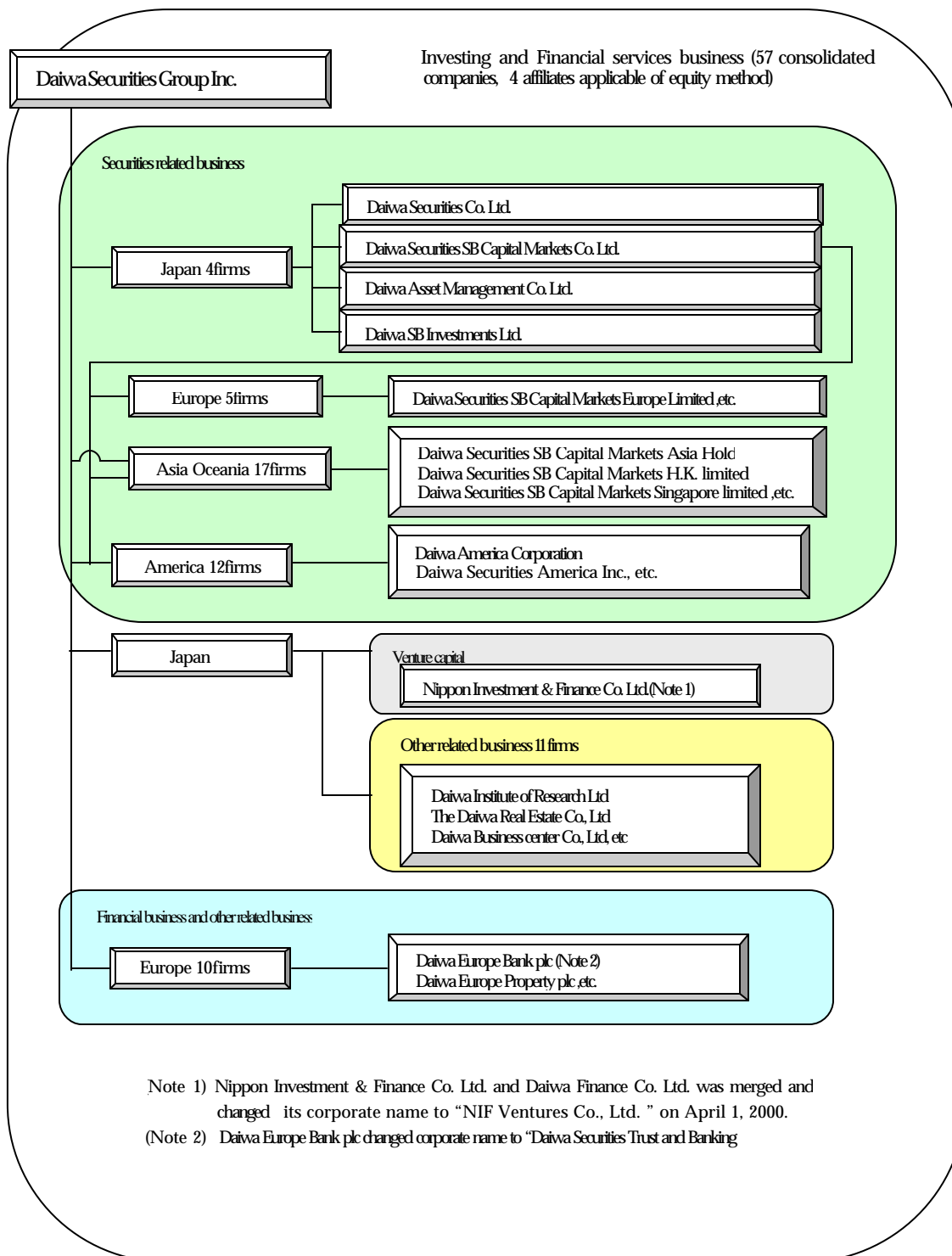
Consolidation(Inclusion): 11 Consolidation(Exclusion): 10 Equity method(Inclusion): 3

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Information on Group Companies

The Company and its related companies, 56 subsidiaries and 4 affiliates, 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



Note 1) Nippon Investment & Finance Co. Ltd. and Daiwa Finance Co. Ltd. was merged and changed its corporate name to “NIF Ventures Co., Ltd.” on April 1, 2000.

(Note 2) Daiwa Europe Bank plc changed corporate name to “Daiwa Securities Trust and Banking

Management Policy

1. Principle Management Policy

Daiwa aims to become Japan's strongest Securities company. 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 been progressing under the three year "Medium-term Management Plan" from April 1998. But in addition to moving to a holding company structure, the management environment has changed to the degree that in order to adopt to the changes and concentrate group resources and advance into the future, we thought is necessary to construct a new "Group Medium-term Management Plan" 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).

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.

In view of this policy, dividends per share for this fiscal year will be 13 yen. This is an increase of 8 yen from last year.

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 will (a) Enhance the function of Group executive officers and incorporate CEOs of main Group companies (b) Enhance function of Group management meeting (c) Establish a remuneration committee to provide advice on the remuneration policy and system of Group directors and senior management (d) Expand membership and function of 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 and monitor liquidity risk.

(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 is essential in maintaining competitive superiority. We have appointed a Chief Information Officer (CIO) responsible for structuring the Group’s IT strategic model, for quick decision making and for efficient use of capital regarding IT related projects. We will set up the Group IT strategic meeting as the main body for planning Group IT strategy.

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 adopt 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 SB Capital Markets (Wholesale securities business)

Daiwa SB Capital Markets was set up to specialize in the wholesale securities business. Being a joint venture with a major bank also sets this company apart from competitors in the securities industry. The management target of obtaining a rating of single “A” or better and an ROE of 15% will be achieved by taking full advantage of this model. This target will be achieved by (a) Securing position as a market leader in both equity and fixed income products by fully utilizing the broad client and strong capital base, (b) Increasing IPO business by strengthening cooperation between Group companies and Sumitomo Bank, (c) Increasing contribution of revenues by the Structured Finance, Derivatives and M&A businesses, (d) Rebuilding a global organization, (e) Train personnel to reach professional levels and reconstruct a portfolio of talented people.

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

The asset management business is a high growth business sector due to the expansion in investment trust business. Opportunities have expanded given the increased liquidity in personal assets, expected implementation of 401K and the introduction of private investment trusts following the liberalization of the pension business.

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

As the center of Group research and systems development activities, DIR in its position as one of Japan’s leading think tanks will contribute to achieving the Group medium-term targets by supporting business development of other Group companies.

(5) NIF Ventures (Venture capital business)

NIF Ventures will aim 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 and Management Targets for FY 2000

We 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. We will construct action plans to achieve our "Group medium-term Management Plan". The three management principals for fiscal year 2000 are to (a) Expand future revenue base (b) Pursue speed and dynamism, (c) Strengthen inter Group cooperation.

Consolidated operating results for the fiscal year 1999

Consolidated operating revenues amounted to 654,650 million yen (184.4% of fiscal 1998) and consolidated operating expenses to 427,720 million yen (96.4% of fiscal 1998). Ordinary income turned round to 224,121 million yen from loss of 87,959 million yen for fiscal 1998.

Daiwa Securities SB Capital Markets Co. Ltd. posted net loss as the company wrote-off goodwill. Minority interest (income for Daiwa Securities Group companies) of 32,572 million yen were posted and consolidated net income swelled to 105,375 million yen.

1. Commissions

Commissions which amounted to 364,115 million yen (196.3% of fiscal 1998) were the major driving force behind an augmentation of revenues. They increased sharply compared to those of fiscal 1998 due to increase in trading volume of Tokyo Stock Exchange and commission income generated by new consolidated subsidiaries.

2. Net gains/losses on trading

Total net gains on trading increased vigorously to 117,625 million yen from net loss of 20,725 million yen for fiscal 1998, as the net trading gains and losses of stock were in a good shape due to improvement of trading volume and net trading gains of bonds in overseas consolidated subsidiaries.

3. Financial income

Net financial income posted 13,358 million yen (75.1% of fiscal 1998), with interest and dividend income of 103,882 million yen, and financial expenses of 90,523 million yen.

4. Selling, general & administrative expenses

Selling, general and administrative expenses increased to 287,498 million yen (106.1% of fiscal 1998), as our commitment to retrenchment offset an increase in swelling commissions and other expenses in line with trading volume increment and in expenses added by expansion of scope of consolidation.

5. Extraordinary gains/losses

Extraordinary gains posted 20,669 million yen with gain on sale of investment securities of 13,887 million yen, gain on sale of related companies' stocks of 4,014 million yen, and other items. Extraordinary loss posted 109,618 million yen, with provision for doubtful account in consolidated subsidiaries of 30,602 million yen, provision for multiemployer pension plan of 28,442 million yen, expenses for rationalization of related companies of 12,418 million yen, to concentrate management resources on securities businesses and to build up financial strength.

6. Cash flow

Net cash used in operating activities was 459,015 million yen, mainly due to increase in receivables related to margin transaction and trading assets, reflecting brisk market condition. Net cash provided by investing activities showed 140,803 million yen, primarily because of sale of investment securities. Net cash provided by financing activities was 306,867 million yen, due to issuance of stock of Daiwa Securities SB Capital Markets Co. Ltd. for minority interest and issuance of convertible bond. Cash and cash equivalents at end of year after effect of exchange rate changes increased by 17,364 million yen to 488,865 million yen during fiscal 1999.

Consolidated balance sheets

(millions of yen)

	March 31, 2000	March 31, 1999	Increase/ decrease
Assets			
Current assets:	7,661,139	5,686,007	1,975,132
Cash and time deposits	732,475	566,454	166,020
Cash segregated as deposits	8,060	14,752	-6,692
Notes Receivable and accounts receivable	24,559	-	24,559
Receivables	23,217	65,551	-42,333
Trade date accrual	-	345,474	-345,474
Advance payments on securities subscribed	709	199	510
Short-term loans	142,491	179,815	-37,323
Accrued revenues	17,797	24,302	-6,505
Securities	65,276	-	65,276
Operational investment securities	44,742	-	44,742
Less: Allowance for possible investment losses	-570	-	-570
Trading assets:	2,859,623	1,678,742	1,180,880
Trading securities and others	2,736,870	1,467,780	1,269,090
Options transactions	12,409	19,967	-7,558
Derivative valuation accounts	110,343	190,994	-80,651
Other inventories	24,072	-	24,072
Receivables related to margin transactions:	393,629	141,261	252,367
Loans receivable from customers for margin transactions	308,326	72,451	235,874
Cash deposits as collateral for securities borrowed from securities finance companies	85,302	68,810	16,492
Receivables related to gensaki transactions	24,099	320,062	-295,962
Cash deposits as collateral for securities borrowed	1,368,118	858,051	510,066
Securities in custody	1,820,905	1,317,327	503,578
Deferred income taxes assets-current	15,463	81,954	-66,491
Other current assets	104,294	95,256	9,037
Less: Allowance for doubtful accounts	-7,827	-3,201	-4,626
Non-current assets:	828,447	571,801	256,646
Tangible fixed assets:	324,561	67,388	257,172
Building and structures	107,417	18,405	89,011
Equipments	18,158	15,348	2,810
Land	198,985	18,252	180,732
Construction in progress	-	15,381	-15,381
Intangible fixed assets:	31,869	1,156	30,713
Software	18,618	-	18,618
Other intangible fixed assets	13,250	1,156	12,094
Investments and others:	472,016	503,255	-31,239
Investment securities	220,072	318,050	-97,977
Long-term loans	26,125	73,278	-47,153
Long-term guarantee deposits	33,672	68,869	-35,197
Deferred income tax assets-non-current	98,074	1,598	96,476
Other investments	284,665	49,873	234,791
Less: Allowance for doubtful accounts	-190,593	-8,415	-182,178
Translation adjustments	24,626	10,788	13,837
Total assets	8,514,213	6,268,596	2,245,616

(millions of yen)

	March 31, 2000	March 31, 1999	Increase/ decrease
Liabilities			
Current liabilities:	7,042,463	5,240,815	1,801,647
Notes payable and accounts payable	6,090	-	6,090
Short-term borrowings	783,242	431,426	351,815
Commercial paper	145,600	33,170	112,429
Bonds due within one year	58,245	26,872	31,372
Mortgage backed securities sold	42,823	-	42,823
Deposits received	148,407	250,540	-102,133
Trade date accrual	57,537	-	57,537
Advance receipts on securities subscribed	7,299	2,741	4,558
Trading liabilities:	1,234,298	808,981	425,316
Trading securities and others	1,117,439	609,217	508,221
Option transactions	10,591	6,590	4,000
Derivative valuation accounts	106,267	193,172	-86,905
Payables related to margin transactions:	53,617	64,440	-10,822
Loans from securities finance companies for margin transactions	24,915	18,098	6,817
Proceeds of securities sold for margin transactions	28,701	46,341	-17,639
Payables to gensaki transactions	1,123,837	593,315	530,521
Cash deposits as collateral for securities loaned	1,294,650	1,439,821	-145,170
Short-term securities borrowed	1,340,903	907,038	433,865
Cash deposits received from customers	84,265	46,500	37,765
Securities deposits by customers as collateral	485,821	416,951	68,869
Accrued income taxes	74,429	1,378	73,051
Deferred income tax liabilities-current	-	393	-393
Accrued bonuses	19,490	11,934	7,556
Provision for financial assistance to related companies	-	58,200	-58,200
Other current liabilities	81,901	147,107	-65,206
Non-current liabilities:	662,853	385,380	277,473
Bonds	121,013	72,306	48,706
Convertible bonds	135,697	94,371	41,326
Long-term borrowings	361,557	216,458	145,098
Long-term securities borrowed	6,000	-	6,000
Accrued retirement benefits	4,792	1,663	3,129
Provision for multiemployer pension plan	28,442	-	28,442
Other non-current liabilities	5,350	580	4,770
Statutory reserves	980	783	197
Reserve for securities transactions liabilities	980	779	201
Reserve for financial futures transactions liabilities	0	4	-4
Total liabilities	7,706,298	5,626,979	2,079,318
Minority interest	141,843	1,757	140,085
Stockholders' equity			
Common stock	138,430	138,424	5
Additional paid-in capital	117,785	117,779	5
Consolidated retained earnings	413,468	383,671	29,797
Treasury stock	-3,613	-17	-3,596
Total stockholders' equity	666,071	639,858	26,213
Total liabilities, minority interest and stockholders' equity	8,514,213	6,268,596	2,245,616

Consolidated income statement

(millions of yen)

	Fiscal 1999 (A)	Fiscal 1998 (B)	Increase/ decrease (A)-(B)	Comparison ratio A/B (%)
Operating revenues	654,650	354,960	299,689	184.4
Commissions	364,115	185,450	178,665	196.3
Net gain on trading securities	117,625	-20,725	138,350	-
Net gain on operational investment securities	8,199	-	8,199	-
Net gain on other commodities trading	345	16	328	2,035.3
Interest and dividend income	103,882	190,219	-86,336	54.6
Other sales revenues	60,481	-	60,481	-
Operating expenses	427,720	443,527	-15,807	96.4
Interest expenses	90,523	172,442	-81,918	52.5
Cost of sales	49,698	-	49,698	-
Selling, general and administrative expenses	287,498	271,085	16,413	106.1
Commission and other expenses	49,203	37,147	12,056	132.5
Employees' compensation and benefits	140,647	126,890	13,757	110.8
Real estate expenses	40,787	49,909	-9,122	81.7
Data processing and office supplies	20,873	30,614	-9,740	68.2
Depreciation expenses	14,780	8,534	6,245	173.2
Taxes other than income taxes	7,311	9,210	-1,898	79.4
Others	13,892	8,777	5,115	158.3
Operating income	226,929	-88,566	315,496	-
Non-operating income	7,432	2,840	4,591	261.6
Equity in earnings	-	1	-1	-
Others	7,432	2,839	4,592	261.8
Non-operating expenses	10,240	2,234	8,006	458.4
Equity in earnings	551	-	551	-
Others	9,689	2,234	7,455	433.7
Ordinary income	224,121	-87,959	312,081	-
Extraordinary gains	20,669	54,694	-34,025	37.8
Extraordinary losses	109,618	175,273	-65,654	62.5
Income before adjusting income taxes and others	135,173	-208,538	343,711	-
Income taxes	77,643	1,157	76,486	6,710.7
Refunds of income taxes	-	2,829	-2,829	-
Income taxes-deferred	-15,272	-78,952	63,679	-
Minority interest	32,572	24	32,548	135,374.9
Net income	105,375	-127,889	233,264	-

Consolidated statement of retained earnings

(millions of yen)

	Fiscal year 1999 〔 Apr.1, 1999 Mar.31, 2000 〕	Fiscal year 1998 〔 Apr.1, 1998 Mar.31, 1999 〕
Beginning balance of retained earnings	383,671	521,545
Beginning balance of other retained earnings	-	474,794
Provision for retained earnings of previous year	-	43,732
Tax effect adjustments of prior year	-	3,017
Increase in retained earnings	7,503	-
Increase in retained earnings due to expanded scope of equity method	7,503	-
Decrease in retained earnings	83,081	9,983
Decrease in retained earnings due to expanded scope of consolidation	76,414	-
Dividends	6,658	8,012
Directors' bonuses	8	-
Retirement of treasury stocks	-	1,970
Net income	105,375	-127,889
Ending balance of retained earnings	413,468	383,671

Consolidated cash flow statement

(millions of yen)

	Current fiscal year	
	April 1, 1999	March 31, 2000
	Amount	
1 Cash flows from operating activities:		
Income before adjusting taxes and others		135,173
Depreciation		14,780
Decrease in allowance for retirement benefits		(2,584)
Increase in allowance for doubtful accounts		3,357
Interest and dividends income		(94,572)
Interest expenses		92,480
Equity in earnings		551
Adjustment of extraordinary items		
Gain on sale of fixed assets		(1,983)
Loss on disposal and sale of fixed assets		8,677
Valuation loss on fixed assets		2,489
Gain on sale of investment securities		(13,887)
Loss on sale of investment securities		1,145
Write-off of investment securities		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		30,602
Write-off of goodwill		8,000
Non-deductible consumption taxes derived from goodwill		4,359
Others		6,502
Increase in deposits segregated for customer		(143,710)
Decrease in long-term loans receivable		76,470
Increase in operational investment securities		(4,922)
Increase in trading assets		(408,398)
Increase in Receivables related to margin transactions		(263,189)
Increase in payables related to gensaki transactions and collateral		205,822
Others		(143,509)
Sub-total		(444,603)
Interest and dividends received		91,464
Interest paid		(93,939)
Income taxes paid		(10,937)
Net cash provided by (used in) operating activities		(459,105)
2 Cash flows from investing activities:		
Purchase of securities		(87,029)
Sales and maturity of securities		68,899
Purchase of tangible fixed assets		(14,681)
Proceeds from sale of tangible fixed assets		9,755
Purchase of intangible fixed assets		(9,061)
Purchase of investment securities		(30,502)
Proceeds from sale and maturity of investment securities		205,783
Purchase of subsidiaries' stocks from non-Group shareholders		(57,824)
Loan made		(10,109)
Proceeds from collection of loans receivable		39,054
Others		26,518
Net cash provided by (used in) investing activities		140,803
3 Cash flows from financing activities:		
Proceeds from short-term borrowings		121,138
Proceeds from issuance of bonds and convertible bonds		80,000
Payments for redemption of bonds and convertible bonds		(39,409)
Proceeds from long-term borrowings		69,428
Payment of long-term borrowings		(79,398)
Issuance of stocks to shareholder with minority interest		162,000
Dividends paid		(6,658)
Dividends paid to minority shareholder		(233)
Net cash provided by (used in) financing activities		306,867
4 Effect of exchange rate changes on cash and cash equivalents		8,839
5 Net change in cash and cash equivalents		(2,505)
6 Cash and cash equivalents at beginning of year		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		488,865

Notes to consolidated financial statements

The consolidated financial statement of the Company is 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 Consolidated Financial Statements” (MOF Ordinance No.28, 1976) and its Article 46 and 68.

Basis of consolidated financial statements for fiscal year 1999

1. Scope of consolidation

(1) Consolidated subsidiaries.....56

Major companies:

Daiwa Securities Co. Ltd.
 Daiwa Securities SB Capital Markets Co. Ltd.
 Daiwa Asset Management Co. Ltd.
 Daiwa Business Center Co., Ltd
 Nippon Investment & Finance Co. Ltd. (Note 1)
 Daiwa Finance Co. Ltd. (Note 1)
 Daiwa Institute of Research Ltd
 The Daiwa Real Estate Co., Ltd
 Daiwa Securities SB Capital Markets Europe Limited
 Daiwa Europe Bank plc (Note 2)
 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

(Note 1) Nippon Investment & Finance Co. Ltd. and Daiwa Finance Co. Ltd. was merged and changed its corporate name to " NIF Ventures Co., Ltd." on April 1, 2000.

(Note 2) Daiwa Europe Bank plc changed corporate name to “Daiwa Securities Trust and Banking (Europe) plc on April 25, 2000.

Three subsidiaries founded this fiscal year and eight subsidiaries under control basis are newly included in the scope of consolidation from the current fiscal year, and ten subsidiaries are excluded from the scope, due to transfer or liquidations are as follows.

(Inclusion)

Daiwa Asset Management Co. Ltd.
 Nippon Investment & Finance Co. Ltd.
 Daiwa Finance Co. Ltd
 Daiwa Institute of Research Ltd
 The Daiwa Real Estate Co., Ltd
 Daiwa Building Management Co., Ltd.
 Daiwa Residential Properties, Ltd.
 Daiwa Sanko Co., Ltd.
 Daiwa Card Service Co. Ltd.
 Daiwa SBCM (Cayman)
 Daiwa SBCM Financial Products (Cayman) Ltd.

(Exclusion)

Daiwa International Trust Bank Limited
Daiwa Middle East E.C.
Daiwa Europe (Spain) Socieda de Valores S.A.
Daiwa Europe (Polska) Sp.z o.o.
Other 6 companies

(2) Non-consolidated subsidiaries

Major companies:

Daiwa Software Research Co., Ltd.

Each amount of assets, operating revenues (or sales), net gains/losses 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

(1) Non-consolidated subsidiaries applicable of equity method.....none

(2) Affiliates applicable of equity method..... 4

Major companies:

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

Equity method is applied to three affiliates under significant influence basis from this year.

(Inclusion)

Daiwa SB Investments Ltd.
The Tokyo Tanshi Co., Ltd.
Osaka Securities Credit Co., Ltd.

(3) Non-consolidated subsidiaries and affiliates inapplicable of equity method

Major companies (non-consolidated subsidiaries inapplicable of equity method):

Daiwa Software Research Co., Ltd.

Major companies(affiliates inapplicable of equity method):

Daiko Denishi Tsushin, 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 this consolidated financial statement and has little materiality as a whole.

(4) When fiscal year of affiliates applicable of equity method ends other than March 31, the financial statements for the relevant fiscal year is reflected.

3. Fiscal year 1999 of consolidated subsidiaries

The closing date of consolidated subsidiaries for the fiscal year 1999 is as follows.

End of March: 55 companies
End of December: 1 company

A subsidiary with closing account date of the end of December (DBP-Daiwa Securities SB Capital Markets Philippines Inc.) is consolidated to accompanying financial statements based on the closing account for the fiscal 1999 and important transactions occurred by discrepancies with closing account date was adjusted the needful to consolidation. As Daiwa Institute of Research Ltd., a newly consolidated subsidiary, has changed closing accounting date from July 31 to March 31, the fiscal year is eight months from August 1,1999 to March 31, 2000.

4. Accounting policies

(1) Valuation of specified trading account

In terms of domestic consolidated subsidiaries, securities, assets 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 and commodities other than securities

Listed securities are mainly valued at the lower of cost-or-market, cost being determined by the moving average method. Unlisted securities and commodities other than securities are valued at cost determined by the moving average method. In terms of lower of cost-or-market method, reversal method is applied for domestic subsidiaries instead of separation method in accordance with 1998 amendment of the Corporate Tax Law.

(3) Valuation of other inventories

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

(4) Depreciation of assets

(a) Tangible fixed assets

Declining-balance method is applied for domestic subsidiaries. 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.

(b) Intangible fixed assets

Depreciation is computed under straight-line method in accordance with Corporate Tax Law. Software for in-house use is depreciated under straight-line method for five years based on internal estimated useful life.

(c) Amortization of deferred assets

Bond issue costs of the parent company are amortized in a lump when incurred.

(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) Accounting for consumption taxes

Consumption taxes are computed separately. Non-deductible consumption taxes in connection with assets are expensed when incurred.

(7) Accounting policies for various provisions

(a) Provision for doubtful accounts

In terms of domestic consolidated companies, the ceiling of allowance at the historical deterioration rate stipulated by the Corporate Tax Law and the amount specifically assessed are mainly provided. In terms of consolidated subsidiaries overseas, the amounts specifically assessed are mainly provided.

(b) Allowance for possible investment loss

The newly consolidated subsidiary posts allowance for possible investment loss for operational investment securities.

(c) Accrued employees' bonuses

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

(d) Accrued retirement benefits

Estimated amount of retirement benefits for employees and directors are accrued, based on the regulations of each company. Accrued retirement benefits are reclassified as payable as some Japanese consolidated subsidiaries liquidate retirement plans.

(e) Provision for 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. The pension plan has faced the problems arising from the decreasing members and continuing low interest rates. Provision for multiemployer pension plan is accrued, as the aforementioned amount is recognized as material.

5. Valuation for assets and liabilities of consolidated subsidiaries

Full fair market value method is applied.

6. Consolidation adjusting account

Consolidation adjusting account is amortized in a lump sum when incurred.

7. Appropriation of retained earnings

Consolidated statement of retained earnings is prepared based on definitive appropriation of retained earnings of consolidated companies during the fiscal year.

8. 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 March 31, 2000..... 1,571 million yen

As of March 31, 1999..... 141,840 million yen

Substantial guarantees noted as similar guarantees since fiscal 1998 on “Notes to balance sheet “ in accordance with JICPA Auditing Committee Report No.61 “ Audit Treatment of Accounting and Reporting of Debt Guarantees and Similar Acts.”

2. Intangible fixed assets

Software included in Other investments until the previous year is reclassified as Intangible fixed assets in accordance with amendment (Ministry of Finance, Ministerial Order number 135, 1998) of “ The Regulations of Financial Statements ” (Ministry of Finance, Ministerial Order No. 59, 1963).

3. 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 March 31, 2000..... 40,000 million yen

As of March 31, 1999..... 195,000 million yen

Notes to consolidated income statement

1. Reversal of provision for reserve for trading losses

Reserve for trading losses has been abolished due to the amendment of the Securities and Exchange Law, enforced on December 1, 1998. Resultantly, it is reversed in a lump sum at the end of the previous year .

2. Details of extraordinary gains/losses

	(millions of yen)	
	Fiscal 1999	Fiscal 1998
	(Mar. 31, 2000)	(Mar. 31, 1999)
<i>Extraordinary gains</i>		
Reversal of provision for relocating overseas subsidiaries.....	-	4,263
Gain on sale of fixed assets.....	1,983	-
Gain on sale of investment securities.....	13,887	4,304
Gain on sale of related companies' stocks.....	4,014	-
Reversal of reserve for stock trading losses.....	-	34,603
Reversal of reserve for bond trading losses.....	-	11,522
Reversal of reserve for securities transaction liabilities.....	779	-
Reversal of reserve for financial futures transaction liabilities.....	4	1
<i>Extraordinary losses</i>		
Write-off of securities.....	-	1,199
Valuation loss on fixed assets.....	2,489	20,137
Write-off of investment securities.....	4,103	-
Provision for prior-periods retirement benefits of directors.....	-	1,033
Loss on disposal and sale of fixed assets.....	8,677	-
Loss on transferring of investment securities.....	-	2,383
Loss on sale of investment securities.....	1,145	-
Valuation loss of investment securities.....	1,659	8,759
Expenses for rationalization of related companies.....	12,418	-
Loss on financial assistance to related companies.....	-	115,800
Expenses for rationalization of overseas business.....	-	6,176
Expenses for holding company structure.....	-	2,561
Expenses for rationalization of equipment.....	-	2,268
Relocation related expenses.....	434	-
Loss on liquidation of employees' retirement plans.....	3,170	12,805
Provision for multiemployer pension plan.....	28,442	-
Provision for doubtful accounts.....	30,602	1,904
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.....	980	243
Provision for reserve for financial futures transaction liabilities.....	0	-

Notes to Consolidated Cash Flow Statement

1. Reconciliation "cash and cash equivalents at the end of year"and "cash and deposits on consolidated balance sheet"

	(millions of yen)
Cash and deposits	732,475
Deposits segregated for customers	-235,300
<u>Time deposit more than 3 months</u>	<u>-8,309</u>
Cash and cash equivalents	488,865

2. Important non-cash transactions

Conversion of Convertible Bonds (CB)

	(millions of yen)
Increase in capital by conversion of CB	5
<u>Increase in additional paid-in capital by conversion of CB</u>	<u>5</u>
Decrease in CB by conversion	11

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:

		Year ended March 31, 2000					(millions of yen)	
		Japan	America	Europe	Asia & Oceania	Total	Elimination or Unallocated	Consolidated
Operating revenues and operating income								
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
Assets		7,807,068	709,836	339,697	57,809	8,914,412	(400,199)	8,514,213

		Year ended March 31, 1999					(millions of yen)	
		Japan	America	Europe	Asia & Oceania	Total	Elimination or Unallocated	Consolidated
Operating revenues and operating income								
Operating revenues								
Outside customers		247,422	103,780	(3,704)	7,462	354,960	-	354,960
Inter-area		16,295	417	(180)	150	16,683	(16,683)	-
Total		263,718	104,198	(3,885)	7,612	371,644	(16,683)	354,960
Operating expenses		245,957	146,191	54,097	10,602	456,848	(13,320)	443,527
Operating income (loss)		17,761	(41,992)	(57,982)	(2,989)	(85,204)	(3,362)	(88,566)
Assets		4,861,237	1,094,082	615,713	63,420	6,634,454	(365,858)	6,268,596

(Note) 1. 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

2. "Elimination or unallocated" in assets includes Translation Adjustment of 25,982 million yen as of March 31, 2000 and 10,788 million yen as of March 31, 1999.

3. Overseas operating revenues

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

	Year ended March 31, 2000			(millions of yen)
	America	Europe	Asia & Oceania	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%

	Year ended March 31, 1999			(millions of yen)
	America	Europe	Asia & Oceania	Total
Overseas operating revenues	136,128	16,148	8,592	160,869
Consolidated operating revenues				354,960
% of total revenues	38.4%	4.5%	2.4%	45.3%

(Note) 1. 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

Supplemental information for the fiscal year 1999

1. Breakdown of commission income

(1) Activity

Fiscal year 1999

(millions of yen)

Department	Equity	Fixed income (Bond)	Asset Management	Investment Banking	Others	Total (A)
Accounts						
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.

Fiscal year 1998

(millions of yen)

	Total (B)	(A)/(B) %
Brokerage commission	68,985	213.8
Underwriting & distribution	24,917	140.0
(Stock)	(15,935)	(155.6)
(Bond)	(8,710)	(111.0)
Subscription & distribution	37,329	236.3
Other commission	54,216	172.5
Total	185,450	196.3

2. Breakdown of trading gains/losses

(millions of yen)

	Current fiscal year: (A)	Last fiscal year: (B)	% (A)/(B)
Stock	52,346	26,075	200.8
Bond, forex and others	65,278	-46,800	-
(Bond and others)	(60,198)	(-57,807)	(-)
(Forex and others)	(5,080)	(11,007)	(46.2)
Total	117,625	-20,725	-

Market value of securities and derivative

1. Trading assets and liabilities

(1) Market value of securities

(millions of yen)

	As of March 31, 2000	
	Long	Short
Equity warrant	251,865	84,662
Bond	2,239,354	1,032,656
CP and CD	210,397	-
Beneficiary certificate	9,764	-
Others	25,489	120

(2) Derivative transaction

(millions of yen)

	As of March 31, 2000			
	Assets		Liabilities	
	Contract value	Market value	Contract value	Market value
Option transaction	586,228	12,409	580,960	10,591
Foreign exchange	139,347	648	163,599	751
Forward transaction	521,876	1,624	487,502	8,043
Swap transaction	7,063,437	108,070	6,261,998	97,472

2. Market value of securities other than trading

(1) Market value of securities

(millions of yen)

	As of March 31, 2000		
	Book value	Market value	Valuation gains/losses
Current assets	40,373	66,719	26,345
Equity	15,707	41,786	26,078
Beneficiary certificate	24,666	24,933	267
Non-current assets	149,179	220,295	71,116
Equity	119,492	190,052	70,560
Bonds	21,850	21,874	24
Beneficiary certificate	7,320	7,815	494
Others	516	553	36
Total	189,553	287,014	97,461

Note: Book value of securities exempted from disclosure of market value.

		millions of yen
Current assets	Unlisted stocks excluding OTC registered stocks	26,171
	Unlisted bonds	3,702
	Beneficiary certificate	39,200
Non-current assets	Unlisted stocks excluding OTC registered stock (Related companies' stocks)	65,808 (16,796)
	Beneficiary certificate	38
	Foreign beneficiary certificate	418
	Subscription certificate	4,628

(2) Derivative transaction

(millions of yen)

	As of March 31, 2000		
	Notional amount	Market value	Valuation gains/losses
Interest rate swap transaction	94,067	2,457	2,328
Currency swap transaction	8,106	1,399	1,328

Note: These transactions are mainly utilized to hedge fluctuation risk in interest rates and exchange rates on interest payment arising from long-term borrowings.

April 28, 2000

Daiwa Securities Group Inc.
Non-consolidated financial summary
 (for the year ended March 31, 2000)

(1) Operating results (from April 1, 1999 to March 31, 2000)

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

“-” indicates a loss or negative figure.

	Operating revenues	Yr / yr % change	Operating income	Yr / yr % change	Ordinary income	Yr / yr % change
	million yen	%	million yen	%	million yen	%
Current fiscal year(2000/3)	41,283	(- 83.9)	10,068	(- 41.2)	8,414	(- 49.3)
Last fiscal year (1999/3)	257,184	(0.5)	17,129	(179.9)	16,592	(224.8)

	Net income	Yr / yr % change	Earnings per share	Fully diluted earnings/ share	Return on equity
	million yen	%	yen	yen	%
Current fiscal year (2000/3)	125,070	(-)	93.91	89.89	18.2
Last fiscal year (1999/3)	- 116,972	(-)	- 87.80	-	- 17.0

Note:

1. Average number of shares outstanding:

For fiscal year 1999: 1,331,725,051

For fiscal year 1998: 1,332,135,378

2. Change in accounting policies: None

3. Tax effect accounting is applied since fiscal 1998

(2) Dividend

	yen	Dividends/share		Dividends million yen	Pay-out Ratio %	Dividends on equity %
		Interim yen	Year-end yen			
Current fiscal year (2000/3)	13.00	-	13.00	17,246	13.8	2.3
Last fiscal year (1999/3)	5.00	-	5.00	6,658	-	1.1

(3) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/ share
	million yen	million yen	%	yen
As of March 31, 2000	1,498,350	744,617	49.7	559.13
As of March 31, 1999	4,671,392	626,193	18.7	470.21

Note:

1. Number of shares outstanding:

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

As of March 31, 1999: 1,331,722,462

2. 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.

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Daiwa Securities Group Inc.**Balance Sheet**

(As of March 31, 2000)

(millions of yen)

<i>Assets</i>		<i>Liabilities</i>	
	Amount		Amount
Current assets:	572,168	Current liabilities:	360,838
Cash and time deposits	194,301	Short-term borrowings	222,460
Short-term loans	355,640	Bonds due within one year	38,662
Accrued income	5,119	Cash deposits as collateral for securities loaned	83,320
Other current assets	19,999	Accrued income taxes	21
Less: Allowance for doubtful accounts	-2,891	Accrued bonuses	700
Non-current assets:	926,182	Other current liabilities	15,674
Tangible fixed assets	11,282	Non-current liabilities:	392,894
Building and structures	903	Convertible bonds	135,697
Equipment	3,464	Long-term borrowings	203,000
Land	6,913	Long-term cash deposits received from customers	50,982
Intangible fixed assets	1,415	Accrued retirement benefits	1,000
Telephone subscription rights and others	1,415	Provision for multiemployer pension plan	2,200
Investments and others:	913,484	Other non-current liabilities	15
Investment securities	729,157		
Long-term loans	104,250		
Long-term guarantee deposits	62,737	Total liabilities	753,733
Other investments	18,151	<i>Stockholders' equity</i>	
Less: Allowance for doubtful accounts	-812	Common stock	138,430
		Legal reserve:	163,120
		Additional paid-in capital	117,785
		Earned surplus reserve	45,335
		Retained earnings:	443,065
		General-purpose reserve	317,000
		Unappropriated retained earnings	126,065
		Net income for the current year	125,070
		Total stockholders' equity	744,617
Total assets	1,498,350	Total liabilities and stockholders' equity	1,498,350

Daiwa Securities Group Inc.
Income Statement

(millions of yen)

	Fiscal 1999 (Apr.1,1999 - Mar.31,2000)
Operating revenues	41,283
Dividends from related companies	20
Interest on loans to related companies	5,141
Interest and dividend income	3,621
Royalty on trademark	12,914
Commissions	17,711
Net gain on trading securities	1,874
Operating expenses	31,214
Selling, general and administrative expenses	21,951
Commission and other expenses	3,037
Employees' compensation and benefits	8,832
Real estate expenses	3,216
Data processing and office supplies	2,743
Depreciation expenses	1,021
Others	3,099
Interest expenses	9,263
Operating income	10,068
Non-operating income	1,047
Non-operating expenses	2,701
Ordinary income	8,414
Extraordinary gains	218,291
Extraordinary losses	19,815
Income before income taxes	206,891
Income taxes	21
Income taxes-deferred	81,800
Net income	125,070
Unappropriated retained earnings-carryforward	995
Unappropriated retained earnings	126,065

Statement of appropriation of retained earnings

(millions of yen)

(Appropriation plan)

	Fiscal year 1999		Fiscal year 1998	
Unappropriated retained earnings or losses		126,065		-116,346
Reversal of general reserve		-		124,000
Total		126,065		7,653
Appropriations of retained earnings		117,356		6,658
Legal reserve	-		-	
Cash dividends(*)	17,246		6,658	
Bonuses to directors	110		-	
General reserve	100,000		-	
Unappropriated retained earnings carried forward		8,708		995

(*) Cash dividends for fiscal year 1998: 5 yen per share

Cash dividends for fiscal year 1999: 13 yen per share (planned)

Basis of financial statements for the fiscal year 1999

1. The Company was run as a securities house until April 25, 1999, and transformed into a holding Company. The financial statements of the Company for the period April 1, 1999 to March 31, 2000 are prepared in accordance with "Regulation Concerning the Terminology, Forms and Preparation Methods of Financial Statements" (MOF Ordinance No. 59, 1963). Dividends and interest revenues from related companies included in "Interest and dividend income" until fiscal 1998 are specified as "Dividends from related companies" and "Interest on loans to related companies" from this fiscal year as the company transformed into a holding company. "Royalty on trademark" received from Daiwa Securities Co. Ltd. is specified as well.
2. Valuation of securities and investment securities
Listed securities are valued on a settlement date basis at the lower-of-cost-or-market, cost being determined by the moving average method. Unlisted securities are valued on a settlement date basis at cost determined by the moving average method. In terms of lower-of-cost-or-market method, reversal method is applied instead of separation method since fiscal 1998 in accordance with 1998 amendment of the Corporate Tax Law.
3. Depreciation
 - (a) Tangible fixed assets
Depreciation is computed under declining-balance method in accordance with the Corporate Tax Law. Properties (except appendix) acquired after April 1, 1998 are computed under straight-line method in accordance with 1998 amendment of the Corporate Tax Law.
 - (b) Intangible fixed assets
Depreciation is computed under straight-line method in accordance with the Corporate Tax Law. "Software for in-house use" is depreciated under straight-line method for five years based on the internally estimated useful life period.
 - (c) Amortization of deferred assets
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.
6. Accounting policies for various provisions
 - (a) Provision for doubtful account
Allowance is provided, based on the specific assessment and the historical deterioration rate stipulated by the Corporate Tax Law.
 - (b) Accrued employees' bonuses
Expected employees' bonuses are accrued, based on the company regulations.
 - (c) Accrued retirement benefits
Retirement benefits for employees and directors are accrued based on the company regulations. Accrued Retirement Benefit includes the payable for the "Closed" eligible fund, as the Company liquidated the retirement benefit plan when the Company transformed into the holding company in April 1999.
 - (d) Provision for 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. The pension plan has faced the problems arising from the decreasing members and continuing low interest rates. Provision for multiemployer pension plan is accrued, as the aforementioned amount is recognized as material.
7. Reversal of reserves
Reversal of reserves for securities transaction liabilities and financial future transaction liabilities is incurred as the Company discontinued the securities businesses, transforming into a holding company.

Notes to consolidated balance sheet

1. Accumulated depreciation of tangible fixed assets:

As of March 31, 2000..... 4,991 million yen

2. Guarantee:

As of March 31, 2000..... 197,017 million yen

Substantial guarantees noted as similar guarantees since fiscal 1998 on "Notes to balance sheet" in accordance with JICPA Auditing Committee Report No.61 "Audit Treatment of Accounting and Reporting of Debt Guarantees and Similar Acts."

3. Treasury stock included in other current assets..... 50,611 shares, 90 million yen

4. Treasury stock included in other investments.....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

	Number of shares Issued	Issued amount	Increase of common stock
Conversion of C/B	10,000 shares	11 million yen	5 million yen

6. Intangible fixed assets

Software included in "Other investments" until the previous year is reclassified as "Intangible fixed assets" in accordance with amendment (Ministry of Finance, Ministerial Order number 135, 1998) of "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance, Ministerial Order No. 59, 1963).

Notes to income statements

1. Details of extraordinary gains and losses

(millions of yen)

Extraordinary gains

Gain on transferring goodwill.....	200,000
Gain on sale of fixed assets.....	2,224
Gain on sale of investment securities.....	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.....	2,706
Loss on disposal and sale of fixed assets.....	1,128
Loss on sale of investment securities.....	884
Valuation loss of investment securities.....	1,448
Expenses for reorganization to 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

2. Loss on financial assistance to subsidiaries

In order to solve the problems related to no-performing loans of Daiwa Finance Co. Ltd. and Nippon Investment & Finance Co. Ltd., the Board of Directors of the Company approved on January 19, 2000 that the Company would provide additional assistance of 3,600 million yen to those companies, aiming to merge Nippon Investment & Finance Co. Ltd. and Daiwa Finance Co. Ltd. Previous "Loss on financial assistance to related companies" is changed to "Loss on financial assistance to subsidiaries", due to expanded scope of consolidation.