

Daiwa Securities Group Inc.

January 29, 2004

2-6-4 Otemachi, Chiyoda-ku
Tokyo 100-8101, Japan
(URL <http://www.ir.daiwa.co.jp>)

Consolidated financial summary
(For the third quarter ended December 31, 2003)

1. (1) Change in accounting policy : None
(2) Change in scope of consolidation and equity method
Consolidated subsidiaries: Addition 1 company, Exclusion 2 companies
Affiliates applicable of equity method: Addition 1 company
Scope of consolidation and equity method
Consolidated subsidiaries: 50 companies
Affiliates applicable of equity method: 5 companies

2. Consolidated financial results (from April 1, 2003 to December 31, 2003)

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

'-' indicates a loss or negative figure.

(1) Operating results (Millions of yen except for per share data and yr/yr % change)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
Third quarter (2003/12)	330,822	(11.8)%	255,726	(24.9)%	64,632	(249.8)%	67,527	(190.9)%
Third quarter (2002/12)	296,030	(-19.7)	204,683	(1.2)	18,477	(282.5)	23,214	(265.6)
Fiscal 2002 (2003/3)	387,658		270,809		24,108		29,200	

	Net income		Earnings/share		Fully diluted earnings/share		Return on stockholders' equity (annual basis)	
Third quarter (2003/12)	28,392	(507.2)%	21.36	Yen	20.47	Yen	6.7	%
Third quarter (2002/12)	4,676	(-)	3.51		3.46		1.1	
Fiscal 2002 (2003/3)	-6,322		-4.75		-		-1.1	

(Note)

1. Equity in earnings

Third quarter (2003/12): 334 million yen Third quarter (2002/12): 388 million yen Fiscal 2002 (2003/3): 265 million yen

2. Average number of shares outstanding (shares)

Third quarter (2003/12): 1,328,826,507 Third quarter (2002/12): 1,328,513,626 Fiscal 2002 (2003/3): 1,328,445,508

(2) Financial conditions (Millions of yen except for per share data and percentage)

	Total assets	Stockholders' equity	Stockholders' equity ratio		Stockholders' equity/share
Third quarter (2003/12)	9,486,031	580,500	6.1	%	436.21 Yen
Third quarter (2002/12)	9,782,838	553,120	5.7		416.42
Fiscal 2002 (2003/3)	9,502,825	541,718	5.7		407.84

(Note)

Number of shares outstanding (shares)

As of Dec. 31, 2003: 1,330,752,440 As of Dec. 31, 2002: 1,328,271,334 As of Mar. 31, 2003: 1,328,255,991

Note: The Group's principal business is securities business, and the performance is influenced by the market environment. Therefore, the Group considers it difficult to forecast the performance. Instead of forecast, the Group continues to timely disclose quarterly results as beneficial information.

Representative: Yoshinari Hara, President and CEO

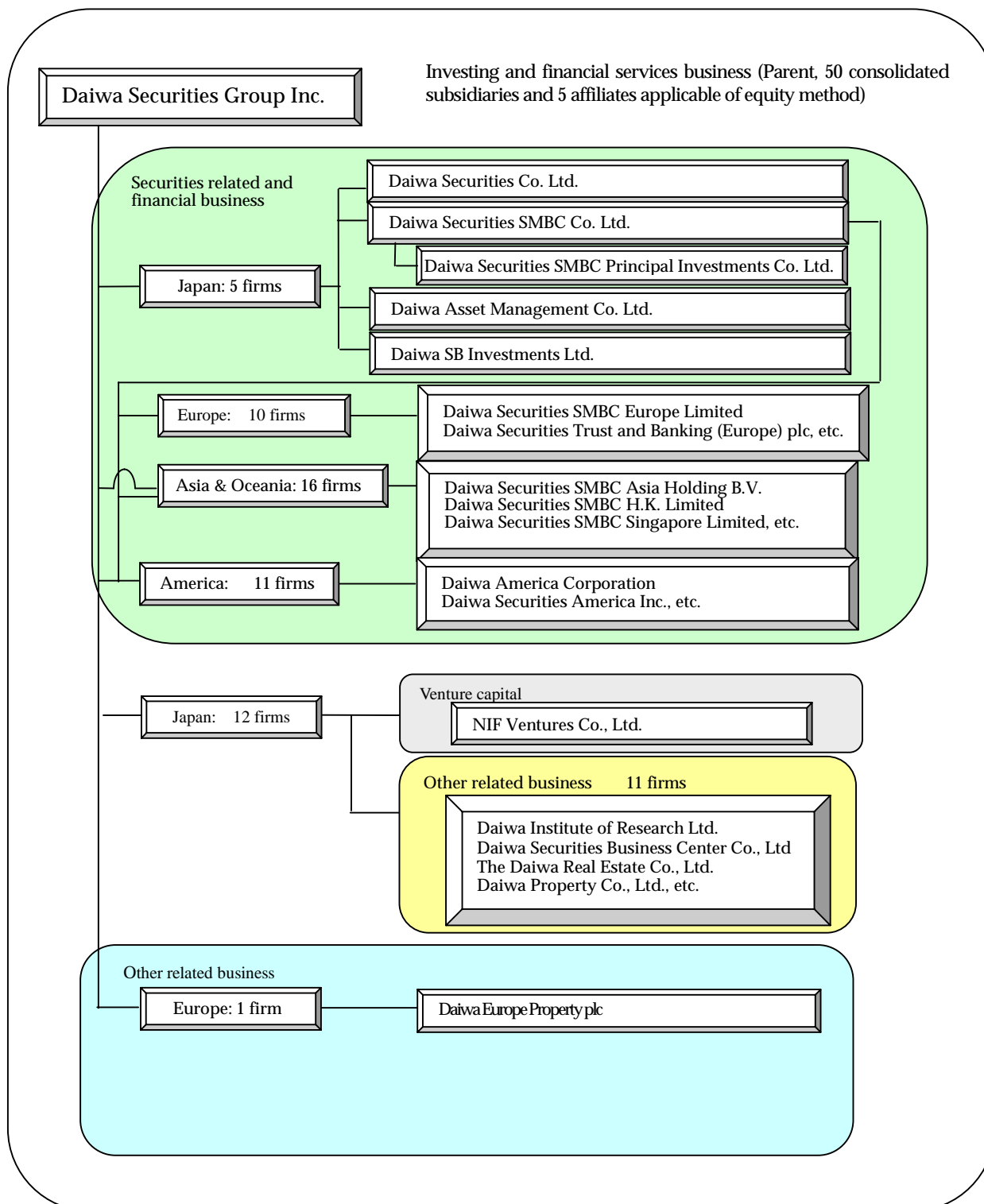
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Information on Group Companies

The Company and its related companies, 50 consolidated subsidiaries and 5 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 of securities, 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 customer needs for raising and investing of funds through the global networks linking major financial markets in Japan, America, Europe and Asia and Oceania.

On January 29, 2004, the Company resolved that Daiwa Europe Property plc, the Company’s consolidated subsidiary in Europe region, would be dissolved and the liquidation procedure has currently been in process.



a. Consolidated operating results for the third quarter of fiscal 2003

1. Summary of operating results for 9 months (comparison with the third quarter of fiscal 2002)

Consolidated net operating revenues increased 24.9% to 255,726 million yen mainly because commissions and trading gains increased. Consolidated ordinary income increased 190.9% to 67,527 million yen and consolidated net income increased 507.2% to 28,392 million yen because the selling, general and administrative expenses stayed almost flat.

(1) Commissions

(i) Brokerage commission

Brokerage commission increased 44.7% to 55,920 million yen, in line with an increase of 42.8% to 1,092.2 billion yen in daily average trading value on the Tokyo Stock Exchange.

(ii) Underwriting commission

Underwriting commission went up 50.2% to 29,971 million yen due to an increase in equity underwriting commission, primarily due to lead-managed large-scale deals.

(iii) Distribution commission

Distribution commission grew 52.4% to 16,096 million yen, mainly due to an increase in commission arising from the sale of equity and foreign bond beneficiary certificate.

(iv) Other commission

Other commission on investment trust decreased 29.5% to 15,081 million yen, primarily due to a decline in trust fee rates of beneficiary certificate. As a result, total other commission declined 23.6% to 31,961 million yen.

(2) Net trading gains/losses

Net trading gains on stock and other increased 228.6% to 38,573 million yen, owing to the upward trend in stock market.

Although net trading gains on bond, forex and other declined 5.5% to 53,285 million yen, total net trading gains increased 34.8% to 91,859 million yen.

(3) Financial income

As both income and expenses arising from repo transactions by overseas subsidiaries decreased, interest and dividend income decreased 11.0% to 80,110 million yen and interest expenses went down 18.2% to 59,045 million yen. Net financial income increased 17.7% to 21,065 million yen,

(4) Selling, general and administrative expenses

Selling, general and administrative expenses edged up 2.6% to 191,094 million yen because the decrease in commission and other expenses caused by curtailment in advertisement expenses and real estate expenses offset the increase in employees' compensation and benefits including bonuses in line with the recovery of operating results.

2. Summary of operating results for 3 months (comparison with the second quarter of fiscal 2003)

Consolidated net operating revenues for the third quarter of fiscal 2003 increased 0.2% to 85,672 million yen because the increase in underwriting commission income offset the decrease in the trading gains and financial income. Selling, general and administrative expenses for the third quarter decreased 1.5% to 63,718 million yen. As a result, consolidated ordinary income increased 4.9% to 22,442 million yen. Net income increased 10.1% to 9,100 million yen for the third quarter of fiscal 2003, posing extraordinary gains/losses, income taxes, and minority interest in income.

3. Operating results of overseas subsidiaries for the third quarter of fiscal 2003 (9 months)

Ordinary income by geographic area (millions of yen)

America	Europe	Asia & Oceania	Total
926	5,532	1,087	7,546

b. Financial conditions (comparison with March 31, 2003)

Total assets decreased by 16,794 million yen to 9,486,031 million yen, and total liabilities decreased by 63,223 million yen to 8,743,825 million yen. On assets side, receivables on collateralized securities transactions increased by 859,711 million yen while trading assets decreased by 946,093 million yen. On liabilities side, trading liabilities and bonds increased by 782,596 million yen and by 212,940 million yen, respectively, while payables on collateralized securities transactions and short-term borrowings decreased by 642,906 million yen and 338,558 million yen, respectively.

Consolidated balance sheets

(millions of yen)	Third quarter Dec. 31, 2003	Third quarter Dec. 31, 2002	Increase/ Decrease	Fiscal 2002 Mar. 31, 2003
Assets				
Current assets:	8,874,875	9,129,823	-254,948	8,863,899
Cash and time deposits	411,163	393,946	17,216	438,248
Cash segregated as deposits	111,661	113,786	-2,124	105,641
Notes receivable and trade accounts receivable	5,894	7,314	-1,420	6,959
Securities	36,714	43,332	-6,617	34,893
Trading assets:	3,583,344	4,195,242	-611,898	4,529,437
Trading securities and others	3,109,777	3,694,142	-584,365	3,952,894
Derivative assets	473,566	501,099	-27,532	576,543
Trade date accrual	11,405	157,227	-145,822	-
Operational investment securities	41,854	37,132	4,722	45,270
Less: Allowance for possible investment losses	-4,647	-1,839	-2,808	-4,894
Other inventories	1,886	2,677	-790	912
Receivables related to margin transactions:	193,695	98,976	94,718	106,873
Loans receivable from customers for margin transactions	85,951	34,919	51,032	34,419
Cash deposits as collateral for securities borrowed from securities finance companies	107,743	64,057	43,686	72,454
Receivables on collateralized securities transactions:	4,124,523	3,739,971	384,552	3,264,811
Cash deposits as collateral for securities borrowed	4,124,523	3,739,971	384,552	3,264,811
Receivables	7,396	2,608	4,788	4,259
Short-term loans receivable	89,195	111,801	-22,606	81,159
Accrued income	12,997	14,811	-1,814	15,574
Deferred income tax assets-current	4,015	9,908	-5,892	9,145
Other current assets	244,413	204,197	40,215	226,254
Less: Allowance for doubtful accounts- current	-638	-1,272	633	-647
Non-current assets:	611,156	653,014	-41,858	638,926
Tangible fixed assets	153,968	171,330	-17,362	162,339
Intangible fixed assets	57,100	49,830	7,269	53,951
Investments and others:	400,087	431,853	-31,765	422,634
Investment securities	218,393	217,364	1,028	214,409
Long-term loans receivable	13,336	13,912	-576	13,605
Long-term guarantee deposits	28,480	30,009	-1,528	29,159
Deferred income tax assets-non-current	54,772	72,990	-18,218	67,587
Other investments	97,361	115,787	-18,425	116,471
Less: Allowance for doubtful accounts- non-current	-12,256	-18,210	5,954	-18,598
Total assets	9,486,031	9,782,838	-296,807	9,502,825

(millions of yen)	Third quarter Dec. 31, 2003	Third quarter Dec. 31, 2002	Increase/ Decrease	Fiscal 2002 Mar. 31, 2003
<i>Liabilities</i>				
Current liabilities:	7,886,128	8,509,106	-622,977	8,214,980
Notes payable and accounts payable	2,291	1,532	759	2,638
Trading liabilities:	2,303,372	1,709,056	594,316	1,520,775
Trading securities and others	1,869,123	1,258,136	610,986	996,691
Derivative liabilities	434,248	450,919	-16,670	524,084
Trade date accrual	-	-	-	79,625
Payables related to margin transactions:	83,438	42,519	40,919	53,158
Loans from securities finance companies for margin transactions	2,080	2,275	-195	2,914
Proceeds of securities sold for margin transactions	81,358	40,243	41,115	50,243
Payables on collateralized securities transactions:	3,712,401	4,482,672	-770,270	4,355,308
Cash deposits as collateral for securities loaned	3,556,140	4,145,369	-589,229	3,718,029
Payables related to gensaki transactions	156,261	337,302	-181,041	637,278
Deposits received	123,597	113,049	10,547	140,279
Cash deposits received from customers	44,889	34,007	10,882	40,172
Short-term borrowings	1,137,342	1,473,381	-336,039	1,475,900
Commercial paper	275,650	426,600	-150,950	332,800
Bonds due within one year	18,392	46,498	-28,105	46,010
Accrued income taxes	8,467	2,708	5,758	2,812
Deferred income tax liabilities-current	129	-	129	-
Accrued bonuses	10,061	7,612	2,449	12,053
Provision for real estate business reorganization	-	10,076	-10,076	-
Other current liabilities	166,093	159,392	6,701	153,444
Non-current liabilities:	853,672	561,720	291,951	588,177
Bonds	627,389	394,874	232,514	414,448
Convertible bonds	79,986	79,986	-	79,986
Long-term borrowings	109,497	65,399	44,098	71,154
Deferred income tax liabilities-non-current	14,931	3,069	11,861	2,614
Accrued retirement benefits	16,702	13,234	3,467	14,170
Other non-current liabilities	5,165	5,156	9	5,802
Statutory reserves	4,023	3,650	372	3,891
Total liabilities	8,743,825	9,074,478	-330,653	8,807,049
Minority interest	161,706	155,240	6,465	154,058
<i>Stockholders' equity</i>				
Common stock	138,431	138,431	-	138,431
Capital surplus	117,939	117,786	152	117,786
Earned surplus	317,827	308,403	9,424	297,404
Net unrealized gain on securities, net of tax effect	22,135	791	21,343	1,823
Translation adjustments	-15,158	-9,895	-5,263	-11,321
Treasury stock	-675	-2,397	1,722	-2,406
Total stockholders' equity	580,500	553,120	27,379	541,718
Total liabilities, minority interest and stockholders' equity	9,486,031	9,782,838	-296,807	9,502,825

Consolidated income statements

(millions of yen)	Third quarter Apr. 1, 2003- Dec. 31, 2003	Third quarter Apr. 1, 2002- Dec. 31, 2002	Yr/yr % change	Fiscal 2002 Apr. 1, 2002- Mar. 31, 2003
Operating revenues:	330,822	296,030	11.8	387,658
Commissions	133,949	110,977	20.7	144,282
Net gain on trading	91,859	68,141	34.8	93,932
Net gain on operational investment securities	1,024	-25	-	-2,624
Interest and dividend income	80,110	90,038	-11.0	114,707
Other sales revenues	23,878	26,898	-11.2	37,361
Interest expenses	59,045	72,138	-18.2	90,594
Cost of sales	16,050	19,208	-16.4	26,254
Net operating revenues	255,726	204,683	24.9	270,809
Selling, general and administrative expenses:	191,094	186,206	2.6	246,701
Commission and other expenses	29,220	31,069	-6.0	40,652
Employees' compensation and benefits	101,418	93,469	8.5	123,904
Real estate expenses	23,712	25,486	-7.0	33,348
Data processing and office supplies	11,082	10,996	0.8	14,708
Depreciation expenses	15,428	15,554	-0.8	21,067
Taxes other than income taxes	4,392	3,564	23.2	4,670
Others	5,838	6,066	-3.8	8,349
Operating income	64,632	18,477	249.8	24,108
Non-operating income:	4,938	6,786	-27.2	8,157
Equity in earnings	334	388	-13.7	265
Others	4,603	6,398	-28.1	7,892
Non-operating expenses	2,043	2,049	-0.3	3,066
Ordinary income	67,527	23,214	190.9	29,200
Extraordinary gains	3,110	9,090	-65.8	15,589
Extraordinary losses	7,196	12,387	-41.9	32,945
Income before income taxes and others	63,441	19,918	218.5	11,844
Income taxes-current	8,179	4,180	95.7	2,670
Income taxes-deferred	17,024	6,766	151.6	12,685
Minority interest in income	-9,845	-4,295	-	-2,810
Net income	28,392	4,676	507.2	-6,322

Consolidated statements of retained earnings

(millions of yen)	Third quarter Apr. 1, 2003- Dec. 31, 2003	Third quarter Apr. 1, 2002- Dec. 31, 2002	Fiscal 2002 Apr. 1, 2002- Mar. 31, 2003
<i>Capital surplus</i>			
Beginning balance of capital surplus	117,786	117,786	117,786
Increase in capital surplus:			
Increase in capital surplus	152	-	-
Net gain on disposal of treasury stock	152	-	-
Decrease in capital surplus	-	-	-
Ending balance of capital surplus	117,939	117,786	117,786
<i>Earned surplus</i>			
Beginning balance of earned surplus	297,404	311,719	311,719
Increase in earned surplus:			
Increase in earned surplus:			
Net income	28,392	4,676	-
Net income	28,392	4,676	-
Decrease in earned surplus:			
Decrease in earned surplus:			
Net loss	7,969	7,992	14,314
Net loss	-	-	6,322
Dividends	7,969	7,971	7,971
Directors' bonuses	-	14	14
Net loss on disposal of treasury stock	-	6	6
Ending balance of earned surplus	317,827	308,403	297,404

Notes to consolidated financial statements

The consolidated financial statements of the Company for the third quarter ended December 31, 2003 are prepared in accordance with the 'Cabinet Office 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.

Basis of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries: 50 companies

Major companies:

Daiwa Securities Co. Ltd.
 Daiwa Securities SMBC Co. Ltd.
 Daiwa Asset Management Co. Ltd.
 Daiwa Institute of Research Ltd.
 NIF Ventures Co., Ltd.
 Daiwa Securities Business Center Co. Ltd.
 The Daiwa Real Estate Co., Ltd.
 Daiwa Property Co., Ltd.
 Daiwa Securities SMBC Europe Limited
 Daiwa Securities Trust and Banking (Europe) plc
 Daiwa Europe Property plc
 Daiwa America Corporation
 Daiwa Securities America Inc.
 Daiwa Securities SMBC Asia Holding B.V.
 Daiwa Securities SMBC H.K. Limited
 Daiwa Securities SMBC Singapore Limited

One overseas subsidiary is added to scope of consolidation due to establishment, and two overseas subsidiaries are excluded from the scope due to liquidation during this fiscal year.

Each amount of total assets, operating revenues (or sales), net income corresponding to equity holdings and earned surplus corresponding to equity holdings of non-consolidated subsidiaries has little influence on the consolidated financial statements and has little materiality as a whole.

2. Application of equity method

Affiliates applicable of equity method: 5 companies

Major companies:

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

Totan Holdings Co., Ltd., which has been established as a holding company of The Tokyo Tanshi Co., Ltd., is newly added to the scope during this fiscal year. Each amount of net income corresponding to equity holdings and earned surplus corresponding to equity holdings of both non-consolidated subsidiaries and affiliates inapplicable of equity method has little influence on the consolidated financial statements and has little materiality as a whole.

For affiliates applicable of equity method whose third quarter end other than December 31, 2003, the financial statements for the relevant third quarter are reflected.

3. Fiscal period of subsidiaries

For subsidiaries whose third quarter end other than December 31, 2003, the financial statements for the relevant third quarter are employed and important transactions occurred by discrepancies with closing account date are adjusted for this consolidated financial statements.

4. Accounting policies

(1) Valuation of financial instruments and inventories

(i) Valuation of trading securities

In terms of domestic consolidated subsidiaries, securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value. In terms of consolidated overseas subsidiaries, those policies are mainly applied.

(ii) Valuation of non-trading securities

Non-trading securities are valued as follows.

(a) Held-to-maturity securities

Held-to-maturity securities are valued at amortized cost.

(b) Other securities

Other securities than trading or held-to-maturity securities are valued at fair value on the closing date with posting net unrealized gain on securities net of tax effect directly in stockholders' equity, if their fair value is available. The cost of those securities is mainly based on moving average method. Other securities are valued at moving average cost method, if their fair value is not available. Some portions of securities held by some consolidated subsidiaries and operational investment securities are categorized in current assets.

(iii) Valuation of other inventories

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

(2) Depreciation of depreciable assets

(i) Tangible fixed assets

In terms of domestic consolidated companies, declining-balance method is mainly applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. Useful life for depreciation is mainly based on Corporation Tax Law. In terms of consolidated overseas subsidiaries, straight-line method is mainly applied.

(ii) Intangible fixed assets, and investments and others

Straight-line method is mainly applied. Useful life for depreciation is mainly based on Corporation Tax Law. Software for in-house use is depreciated under straight-line method based on internal estimated useful life (5 years).

(3) Accounting policies for various provisions

(i) Provision for doubtful accounts

The domestic consolidated companies provide the allowances based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans. The consolidated overseas subsidiaries mainly provide the allowances specifically assessed.

(ii) Allowance for possible investment losses

Some consolidated subsidiaries provide the allowances based on estimated losses on operational investment securities held at the consolidated third-quarter end, assessing the financial conditions of investee companies.

(iii) Accrued employees' bonuses

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

(iv) Accrued retirement benefits

The parent company and most of domestic consolidated subsidiaries provide accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of December 31, 2003, as the rise in salaries in the future does not cause fluctuation in the benefit obligation and therefore the service costs are vested fiscal year by fiscal year. Some consolidated subsidiaries provide accrued retirement benefits based on projected benefit obligation. As for the closed pension fund, accrued retirement benefits for the portion of 9 months are provided based on the difference between projected benefit obligation and fund fair value expected on March 31, 2004.

(4) Accounting for certain lease transactions

Finance leases in which ownership is not transferred to a lessee are mainly accounted for in the same manner as operating leases.

(5) Hedging transaction

Valuation gain or loss on hedging instrument is mainly deferred as assets or liabilities until the gain or loss on underlying hedged instruments is realized. A part of interests received or paid on interest rate swap for hedging are accrued without marking-to-market, and a part of premium or discount on forward foreign exchange contract for hedging is allocated to each fiscal term without marking-to-market.

(6) Other material items

(Accounting for consumption taxes)

Consumption taxes are separately recorded.

(Deferred assets)

Bond issue costs are amortized in a lump sum when incurred.

(Consolidated tax system)

Some consolidated subsidiaries apply the consolidated tax system.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

	As of Dec. 31, 2003	As of Dec. 31, 2002	As of Mar. 31, 2003
	99,030 million yen	99,855 million yen	99,225 million yen

2. Guarantee

	As of Dec. 31, 2003	As of Dec. 31, 2002	As of Mar. 31, 2003
	4,895 million yen	4,598 million yen	6,069 million yen

3. Subordinated borrowings

Long-term borrowings include the subordinated borrowings stipulated by Article 2 of the 'Cabinet Office Ordinance on the Capital Adequacy Rule for Securities Companies' (Cabinet Office Ordinance No. 23, 2001).

	As of Dec. 31, 2003	As of Dec. 31, 2002	As of Mar. 31, 2003
	40,000 million yen	40,000 million yen	40,000 million yen

Notes to consolidated income statements

Details of extraordinary gains/losses

(millions of yen)

	Third quarter Apr. 1, 2003- Dec. 31, 2003	Third quarter Apr. 1, 2002- Dec. 31, 2002	Fiscal 2002 Apr. 1, 2002- Mar. 31, 2003
Extraordinary gains:			
Gain on sale of fixed assets	131	3,097	4,629
Gain on sale of investment securities	2,979	5,993	10,148
Reversal of provision for real estate business reorganization	-	-	811
Extraordinary losses:			
Write-down of related companies' stocks	707	562	519
Write-down of investment securities	1,718	6,564	19,778
Valuation loss of fixed assets	-	-	272
Loss on sale or disposal of fixed assets	999	1,589	4,574
Loss on sale of investment securities	380	1,627	1,908
Loss on sale of loans receivable	557	-	-
Provision for doubtful accounts	343	1,323	4,151
Reorganization and relocation costs for business offices and branches	2,356	-	-
Provision for securities transaction liabilities	132	718	959
Other	-	-	780

Supplemental information for the third quarter of fiscal 2003

1. Breakdown of commission income

Third quarter ended December 31, 2003 (A)

(millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	54,552	1,220	146	-	-	55,920
Underwriting	-	-	-	29,971	-	29,971
(Stock and other)	(-)	(-)	(-)	(23,489)	(-)	(23,489)
(Bond and other)	(-)	(-)	(-)	(6,294)	(-)	(6,294)
Distribution	-	-	15,121	974	-	16,096
Other commission	1,400	2,686	15,081	5,045	7,747	31,961
(Agency commission)	(-)	(2,661)	(7,880)	(-)	(-)	(10,542)
Total	55,952	3,907	30,350	35,991	7,747	133,949

Third quarter ended December 31, 2002 (B)

(millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	37,524	878	241	-	-	38,644
Underwriting	-	-	-	19,959	-	19,959
(Stock and other)	(-)	(-)	(-)	(13,208)	(-)	(13,208)
(Bond and other)	(-)	(-)	(-)	(6,577)	(-)	(6,577)
Distribution	-	-	10,369	192	-	10,561
Other commission	1,583	1,951	21,380	7,546	9,350	41,812
(Agency commission)	(-)	(1,912)	(10,930)	(-)	(-)	(12,843)
Total	39,108	2,829	31,991	27,697	9,350	110,977

Yr/yr percentage change (Third quarter ended Dec. 31, 2003 (A) / Third quarter ended Dec. 31, 2002 (B) - 1)

(percentage)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	45.4	39.1	-39.2	-	-	44.7
Underwriting	-	-	-	50.2	-	50.2
(Stock and other)	(-)	(-)	(-)	(77.8)	(-)	(77.8)
(Bond and other)	(-)	(-)	(-)	(-4.3)	(-)	(-4.3)
Distribution	-	-	45.8	407.5	-	52.4
Other commission	-11.5	37.6	-29.5	-33.1	-17.1	-23.6
(Agency commission)	(-)	(39.2)	(-27.9)	(-)	(-)	(-17.9)
Total	43.1	38.1	-5.1	29.9	-17.1	20.7

Fiscal 2002 ended March 31, 2003

(millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	45,403	1,163	275	-	-	46,842
Underwriting	-	-	-	27,945	-	27,945
(Stock and other)	(-)	(-)	(-)	(18,092)	(-)	(18,092)
(Bond and other)	(-)	(-)	(-)	(9,522)	(-)	(9,522)
Distribution	-	-	14,058	608	-	14,666
Other commission	1,838	3,422	26,535	11,083	11,947	54,828
(Agency commission)	(-)	(3,393)	(13,506)	(-)	(-)	(16,900)
Total	47,242	4,585	40,870	39,637	11,947	144,282

2. Breakdown of net trading gains

(millions of yen)	Third quarter (2003/12)	Third quarter (2002/12)	Yr/yr % change	Fiscal 2002 (2003/3)
Stock and other	38,573	11,739	228.6	1,936
Bond, forex and other	53,285	56,402	-5.5	91,995
(Bond and other)	(32,297)	(39,105)	(-17.4)	(67,194)
(Forex and other)	(20,988)	(17,296)	(21.3)	(24,801)
Total	91,859	68,141	34.8	93,932

Quarterly consolidated income statements (Reference Data)

(millions of yen)	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter	3 rd quarter
	Oct. 1, 2002- Dec. 31, 2002	Jan. 1, 2003- Mar. 31, 2003	Apr. 1, 2003- Jun. 30, 2003	Jul. 1, 2003- Sep. 30, 2003	Oct. 1, 2003- Dec. 31, 2003
Operating revenues	100,114	91,628	111,996	110,362	108,462
Commissions	34,480	33,305	31,547	49,441	52,960
Brokerage commission	12,328	8,197	12,939	21,911	21,069
(Stock and other)	11,922	7,878	12,581	21,597	20,373
(Bond and other)	340	285	319	247	653
Underwriting commission	7,077	7,986	4,073	10,241	15,656
(Stock and other)	5,014	4,883	1,078	8,963	13,447
(Bond and other)	2,002	2,945	2,897	1,230	2,166
Distribution commission	2,961	4,105	5,328	5,631	5,136
(Beneficiary certificates)	2,868	3,689	5,200	5,389	4,530
Other commission	12,113	13,015	9,206	11,657	11,098
(Beneficiary certificates)	5,876	5,155	4,545	5,104	5,431
Net gain on trading	25,099	25,790	43,679	24,958	23,221
(Stock and other)	3,334	-9,803	8,849	20,544	9,179
(Bond and other)	17,384	28,088	22,256	2,586	7,453
(Forex and other)	4,379	7,504	12,573	1,827	6,588
Net gain on operational investment securities	-281	-2,599	288	136	599
Interest and dividend income	32,218	24,669	28,516	27,763	23,830
Other sales revenues	8,597	10,462	7,963	8,063	7,850
Interest expenses	25,701	18,455	21,985	19,591	17,467
Cost of sales	6,290	7,046	5,431	5,295	5,322
Net operating revenues	68,123	66,126	84,579	85,475	85,672
Selling general and administrative expenses	61,238	60,494	62,672	64,702	63,718
Commission and other expenses	9,958	9,583	9,174	9,925	10,119
Employees' compensation and benefits	30,781	30,434	34,099	33,352	33,966
Real estate expenses	8,384	7,861	7,846	8,205	7,661
Data processing and office supplies	3,872	3,711	3,529	3,933	3,619
Depreciation expenses	5,219	5,513	4,964	5,242	5,221
Taxes other than income taxes	1,016	1,106	1,172	2,018	1,202
Others	2,006	2,283	1,886	2,025	1,926
Operating income	6,884	5,631	21,906	20,772	21,953
Non-operating income	1,186	1,370	2,654	1,328	954
Non-operating expenses	423	1,016	878	699	465
Ordinary income	7,647	5,985	23,682	21,401	22,442
Extraordinary gains	961	6,498	314	2,047	748
Extraordinary losses	6,527	20,557	394	3,774	3,026
Income before income taxes and others	2,081	-8,073	23,602	19,674	20,164
Income taxes-current	261	-1,509	904	6,110	1,165
Income taxes-deferred	2,774	5,918	8,537	1,972	6,515
Minority interest in income	-1,589	1,484	-3,133	-3,328	-3,383
Net income	-2,544	-10,998	11,028	8,263	9,100

Daiwa Securities Group Inc.

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Tokyo 100-8101, Japan
(URL <http://www.ir.daiwa.co.jp>)

January 29, 2004

Non-consolidated financial summary
(For the third quarter ended December 31, 2003)

(1) Operating results (from April 1, 2003 to December 31, 2003)

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

'-' indicates a loss or negative figure.

(Millions of yen except for per share data and yr/yr % change)

	Operating revenues		Operating income		Ordinary income	
Third quarter (2003/12)	13,549	(-80.1)%	2,611	(-95.5)%	2,803	(-95.2)%
Third quarter (2002/12)	68,004	(31.3)	57,643	(39.1)	58,344	(35.6)
Fiscal 2002 (2003/3)	70,124		56,303		57,235	

	Net income		Earnings/share	
Third quarter (2003/12)	1,729	(-94.6)%	1.30	Yen
Third quarter (2002/12)	32,234	(-)	24.26	
Fiscal 2002 (2003/3)	-19,794		-14.89	

(Note)

1. Average number of shares outstanding (shares)

Third quarter (2003/12): 1,328,836,005 Third quarter (2002/12): 1,328,542,120 Fiscal 2002 (2003/3): 1,328,474,002

2. Change in accounting policies: None

(2) Financial conditions

(Millions of yen except for per share data and percentage)

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/share
Third quarter (2003/12)	1,212,099	595,424	49.1 %	447.43 Yen
Third quarter (2002/12)	1,270,332	635,128	50.0	478.15
Fiscal 2002 (2003/3)	1,216,271	582,658	47.9	438.66

(Note)

1. Number of shares outstanding (shares)

As of Dec. 31, 2003: 1,330,761,938 As of Dec. 31, 2002: 1,328,280,832 As of Mar. 31, 2003: 1,328,265,489

2. Treasury stock (shares)

As of Dec. 31, 2003: 973,320 As of Dec. 31, 2002: 3,454,426 As of Mar. 31, 2003: 3,469,769

Note: The Company, the holding company for Daiwa Securities Group, is influenced by the performance of subsidiaries.

The subsidiaries' principal business is securities business, and the market environment affects their performance.

Therefore, the Company considers it difficult to forecast the performance. Instead of forecast, the Company continues to timely disclose quarterly results as beneficial information.

Representative: Yoshinari Hara, President

Contact: Hironaka Takada, General Manager, Finance Department Phone: +813-3243-2100

Balance sheets

(millions of yen)	Third quarter Dec. 31, 2003	Third quarter Dec. 31, 2002	Increase/ Decrease	Fiscal 2002 Mar. 31, 2003
Assets				
Current assets:	287,297	296,447	-9,149	300,909
Cash and time deposits	166,532	137,048	29,484	145,599
Short-term loans receivable	114,831	142,683	-27,852	136,729
Accrued income	1,359	1,179	180	1,650
Other current assets	4,574	15,536	-10,962	16,929
Non-current assets:	924,801	973,885	-49,083	915,361
Tangible fixed assets	10,067	10,191	-124	10,151
Intangible fixed assets	569	592	-23	577
Investments and others:	914,165	963,100	-48,935	904,632
Investment securities	660,650	681,582	-20,932	628,494
Long-term loans receivable	212,630	235,720	-23,090	231,440
Long-term guarantee deposits	29,976	33,429	-3,453	33,017
Others	11,511	15,098	-3,586	12,443
Less: Allowance for doubtful accounts	-603	-2,730	2,126	-763
Total assets	1,212,099	1,270,332	-58,232	1,216,271

(millions of yen)	Third quarter Dec. 31, 2003	Third quarter Dec. 31, 2002	Increase/ Decrease	Fiscal 2002 Mar. 31, 2003
<i>Liabilities</i>				
Current liabilities:	240,509	412,123	-171,613	411,129
Short-term borrowings	117,460	287,560	-170,100	287,360
Commercial paper	55,000	35,000	20,000	43,000
Bonds due within one year	8,400	36,269	-27,869	36,269
Payables on collateralized securities transactions	55,290	39,045	16,245	40,529
Accrued income taxes	6	6	-	9
Accrued bonuses	191	140	51	250
Provision for subsidiaries' real estate business reorganization	-	10,076	-10,076	-
Stock purchase warrant	501	501	-	501
Other current liabilities	3,659	3,524	134	3,209
Non-current liabilities:	376,165	223,080	153,084	222,483
Bonds	220,000	108,400	111,600	108,400
Convertible bonds	79,986	79,986	-	79,986
Long-term borrowings	38,000	6,000	32,000	6,000
Long-term cash deposits received	20,814	23,603	-2,789	23,148
Deferred income taxes liabilities	14,185	3,018	11,166	2,535
Accrued retirement benefits	2,856	1,775	1,080	2,098
Other non-current liabilities	322	295	26	315
Total liabilities	616,674	635,203	-18,528	633,612
<i>Stockholders' equity</i>				
Common stock	138,431	138,431	-	138,431
Capital surplus	117,939	117,786	152	117,786
Additional paid-in capital	117,786	117,786	-	117,786
Other capital surplus reserve	152	-	152	-
Net gain on disposal of treasury stock	152	-	152	-
Earned surplus	318,879	377,147	-58,268	325,118
Earned surplus reserve	45,335	45,335	-	45,335
General-purpose reserve	271,000	299,000	-28,000	299,000
Unappropriated retained earnings (Net income for the current term)	2,543 (1,729)	32,811 (32,234)	-30,268 (-30,504)	-19,216 (-19,794)
Net unrealized gain on investment securities, net of tax effect	20,849	4,160	16,689	3,727
Treasury stock	-675	-2,397	1,722	-2,405
Total stockholders' equity	595,424	635,128	-39,704	582,658
Total liabilities and stockholders' equity	1,212,099	1,270,332	-58,232	1,216,271

Income statements

(millions of yen)	Third quarter Apr. 1, 2003 - Dec. 31, 2003	Third quarter Apr. 1, 2002 - Dec. 31, 2002	Yr/yr % Change	Fiscal 2002 Apr. 1, 2002 - Mar. 31, 2003
Operating revenues:	13,549	68,004	-80.1	70,124
Dividends from related companies	7,350	61,232	-88.0	61,235
Interest on loans to related companies	3,669	4,828	-24.0	6,233
Other interest and dividend income	45	35	26.8	59
Royalty on trademark	2,483	1,907	30.2	2,596
Operating expenses:	10,938	10,360	5.6	13,821
Selling, general and administrative expenses:	6,253	5,646	10.7	7,582
Commission and other expenses	730	1,003	-27.2	1,249
Employees' compensation and benefits	2,845	2,214	28.5	3,394
Real estate expenses	434	527	-17.6	605
Data processing and office supplies	606	675	-10.2	904
Depreciation expenses	223	277	-19.5	364
Others	1,412	948	49.0	1,062
Interest expenses	4,684	4,713	-0.6	6,239
Operating income	2,611	57,643	-95.5	56,303
Non-operating income	1,357	1,320	2.8	1,634
Non-operating expenses	1,165	620	87.9	701
Ordinary income	2,803	58,344	-95.2	57,235
Extraordinary gains	709	2,596	-72.7	7,477
Extraordinary losses	1,775	28,699	-93.8	84,498
Income before income taxes	1,736	32,241	-94.6	-19,785
Income taxes-current	6	6	-	9
Income taxes-deferred	-	-	-	-
Net income	1,729	32,234	-94.6	-19,794
Net loss on disposal of treasury stock	-	6	-100.0	6
Unappropriated retained earnings-carryforward	813	583	39.4	583
Unappropriated retained earnings at ending	2,543	32,811	-92.2	-19,216

Notes to financial statements

The financial statements of the Company for the third quarter ended December 31, 2003 are prepared in accordance with 'Regulations of Interim Financial Statements' (MOF Ordinance No. 38, 1977).

Basis of financial statements

1. Valuation of investment securities

- (1) Subsidiary stocks and affiliated company stocks are valued at moving average cost method.
- (2) Other securities than subsidiary stocks and affiliated company stocks are valued at fair value on the closing date with posting net unrealized gain on securities net of tax effect directly in stockholders' equity, if their fair value is available. The cost of those securities is based on moving average method. Other securities are valued at moving average cost method, if their fair value is not available.

2. Depreciation of depreciable assets

(1) Tangible fixed assets

Declining-balance method is applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. Useful life for depreciation is based on Corporation Tax Law.

(2) Intangible fixed assets, and investments and others

Straight-line method is applied. Useful life for depreciation is based on Corporation Tax Law. Software for in-house use is depreciated under straight-line method based on internal estimated useful life (5 years).

3. Accounting for various provisions

(1) Provision for doubtful accounts

The Company provides the allowance based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans.

(2) Accrued employees' bonus

Estimated amount of employees' bonuses is accrued based on the bylaws.

(3) Accrued retirement benefits

Accrued retirement benefits for employees are provided in conformity with the bylaws to meet obligations as of December 31, 2003, as the rise in salaries in the future does not cause fluctuation in the benefit obligation and therefore the service costs are vested fiscal year by fiscal year. As for the closed pension fund, accrued retirement benefits for the portion of 9 months are provided based on the difference between projected benefit obligation and fund fair value expected on March 31, 2004.

4. Accounting for certain lease transactions

Finance leases in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.

5. Hedging transaction

Interests received or paid on interest rate swap for hedging are accrued without marking-to-market, and premium or discount on forward foreign exchange contract for hedging is allocated to each fiscal term without marking-to-market.

6. Other material items

(Accounting for consumption taxes)

Consumption taxes are separately recorded.

(Deferred assets)

Bond issue costs are amortized in a lump sum when incurred.

Notes to balance sheets

1. Accumulated depreciation of tangible fixed assets	As of Dec. 31, 2003	As of Dec. 31, 2002	As of Mar. 31, 2003
	3,243 million yen	3,226 million yen	3,257 million yen
2. Guarantee	As of Dec. 31, 2003	As of Dec. 31, 2002	As of Mar. 31, 2003
	18,935 million yen	26,985 million yen	22,461 million yen
3. Fair value of subsidiary and affiliated company stocks as of Dec. 31, 2003 (millions of yen)			
	Carrying value	Fair value	Difference
Subsidiary	16,121	39,455	23,333
Affiliated company	274	367	93

Notes to income statements

Details of extraordinary gains/losses

(millions of yen)

	Third quarter Apr. 1, 2003- <u>Dec. 31, 2003</u>	Third quarter Apr. 1, 2002- <u>Dec. 31, 2002</u>	Fiscal 2002 Apr. 1, 2002- <u>Mar. 31, 2003</u>
Extraordinary gains:			
Gain on sale of fixed assets	3	20	27
Gain on sale of investment securities	705	2,575	6,638
Reversal of provision for subsidiaries' real estate business reorganization	-	-	811
Extraordinary losses:			
Write-down of related companies' stocks	265	22,976	69,030
Write-down of investment securities	1,024	4,833	14,329
Loss on sale or disposal of fixed assets	35	103	200
Loss on sale of investment securities	259	495	700
Provision for doubtful accounts	189	290	235