

Consolidated financial summary

(For the first half ended September 30, 2002)

(1) Operating results (from April 1, 2002 to September 30, 2002)

(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	Net operating revenues	Operating income	Ordinary income
First half (2002/9)	195,916 (-23.6)%	136,560 (1.4)%	11,592 (-)%	15,567 (-)%
First half (2001/9)	256,377	134,719	344	1,175
Fiscal 2001 (2002/3)	488,044	284,932	22,769	25,849

	Net income	Earnings/share	Fully diluted earnings/share	Return on stockholders' equity (annual basis)
First half (2002/9)	7,220 (-)%	5.43 Yen	5.23 Yen	2.5 %
First half (2001/9)	-131,576	-99.05	-	-41.4
Fiscal 2001 (2002/3)	-130,547	-98.27	-	-20.3

(Note)

1. Equity in earnings

First half (2002/9): 277 million yen, First half (2001/9): 310 million yen, Fiscal 2001 (2002/3): 963 million yen

2. Average number of shares outstanding (shares)

First half (2002/9): 1,328,556,963, First half (2001/9): 1,328,352,285, Fiscal 2001 (2002/3): 1,328,421,515

3. 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
First half (2002/9)	9,338,404	561,930	6.0 %	422.95 Yen
First half (2001/9)	8,402,049	553,484	6.6	416.63
Fiscal 2001 (2002/3)	7,827,306	570,839	7.3	429.68

(Note)

Number of shares outstanding (shares)

As of Sep. 30, 2002: 1,328,582,983, As of Sep. 30, 2001: 1,328,464,820, As of Mar. 31, 2002: 1,328,519,143

(3) Cash flow summary

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Ending balance of cash and cash equivalents
First half (2002/9)	90,652	25,245	-227,280	324,014
First half (2001/9)	-163,014	10,742	221,617	370,275
Fiscal 2001 (2002/3)	-875,274	-117,152	1,119,245	439,981

(4) Scope of consolidation and equity method

Consolidated subsidiaries: 50 Companies

Affiliates applicable of equity method: 4 Companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries (Exclusion): 1 Company

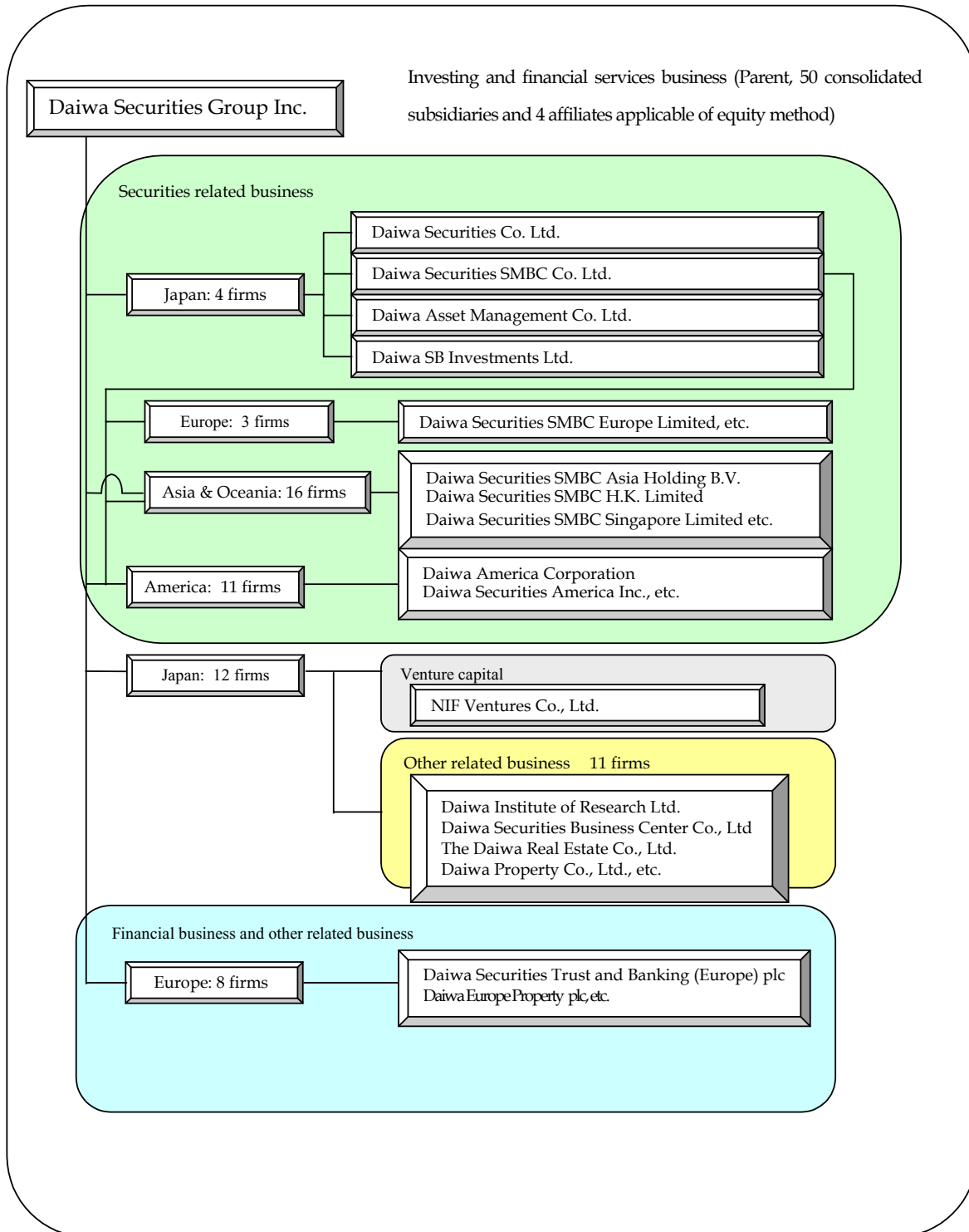
(Note) The Group's principal business is securities business, and the performance is influenced by the market environment. Therefore, the Group considers it difficult to forecast the performance. Instead of forecast, the Group continues to timely disclose quarterly results as beneficial information.

Representative: Yoshinari Hara, President and CEO

Contact: Junichiro Wakimizu, Director and Executive Officer, Phone: +813-3243-2100

Information on Group Companies

The Company and its related companies, 50 consolidated subsidiaries and 4 affiliates applicable of equity method, predominantly operate in investing and financial segment, focusing on securities businesses such as trading and brokerage of securities and derivatives, underwriting 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 customers needs for raising and investing of funds through the global networks linking major financial markets in Japan, America, Europe and Asia & Oceania.



Management Policy

(a) Principle Management Policy

Daiwa aims to become Japan's strongest securities group and maximize group corporate value, by developing its securities related businesses under the holding company structure and by concentrating group management resources on securities related businesses.

(b) Principle Policy on the Distribution of Profits

We aim to continuously maximize shareholder value including the distribution of profits.

We will determine dividends taking into account retention of profits necessary to grow and build up our financial strength. While conscious of maintaining a stable dividend flow for our shareholders, we will also reflect our financial performance on a consolidated basis. Under the "Group Medium-term Management Plan", we will appropriately distribute and manage shareholders' equity including any profits that we retain.

(c) Management Targets

We established the following "Group Medium-term Management Targets" within the "Group Medium-term Management Plan" formulated in March 2000.

1. Achieve and sustain consolidated ROE of 15%
2. Double retail assets under custody (to 28.3trillion yen)
3. Obtain a credit rating of A or better from domestic/international rating agencies (two securities companies)

By establishing a firm profit base to achieve and sustain an ROE of 15%, one of the investment criteria required by the international investment community, we aim to become a corporate entity highly regarded among the investment community. By doubling retail assets under custody, which is the Group's common foundation and the evidence of client trust, we will establish a firm business base. Obtaining a rating of A or better will provide clients with an added sense of security as well as provide the Group with a financial base on which to build a dynamic investment banking business.

However, in view of the change in business environment, we have revised the target for retail assets under custody. Our new target is to increase this figure by 2.9trillion yen during the fiscal year 2002.

(d) Mid to Long Term Management Targets

In April 1999, the Daiwa Securities Group became the first company in the financial industry to move to a consolidated Group management structure and has been implementing various management innovations.

To accomplish this innovation, we announced the "Brand Statement" in March 2001. The "Brand Statement" presents our three core values, which are "Exceptional Customer Orientation" "Seamless Services building on Group Synergy" and "Continuous Innovation". We aim to improve the Daiwa brand by having all of our employees preserve these core values of the Brand Statement.

Furthermore, under "The Group Medium-term Management Plan" mentioned above, we are in the process of taking steps to strengthen the following Group management infrastructure.

(1) Personnel policies

We will train personnel to reach professional levels and structure the personnel evaluation system to reflect the ability of each employee and the goals they have achieved to establish a personnel structure that reflects the needs of each business entity while balancing the needs of the Group as a whole.

Furthermore, the Daiwa Leadership Program has been established for staff of deputy general manager level, one rank below those entitled to attend the Daiwa Management Academy, the training program for prospective executives.

We are also making efforts to inculcate each of our employees the core values of our brand by providing educational programs.

(2) Finance strategy

We will concentrate and rationally allocate management resources and efficiently manage risks for the purpose of concentrating Group resources to securities related businesses. We are in the process of implementing the Group cash management system to make efficient use of Group funds and monitor liquidity risk.

(3) Public relations/ Investor relations strategy

The group will develop effective and proactive public relations programs in order to establish its corporate brand.

Moreover, we will proactively communicate with our shareholders and clients through timely, fair, and proper disclosure via the shareholders' meeting, management strategy presentation, and Internet.

(4) Information technology (IT) strategy

The securities business is strongly associated with the information industry, thus strategic application is essential in maintaining competitive superiority. Headed by the Chief Information Officer (CIO), the Group IT strategy meeting will structure the Group's IT strategic model, facilitate quick decision making and make efficient use of capital regarding IT related projects.

Management Strategy for Each Business

- (1) Daiwa Securities (Retail securities business)
We expect the number of individual investors to rise near in the future. To meet their various needs we introduced our retail customers “The Three Service Packages” which include the Internet and call center in addition to the branch office. Furthermore, we endeavor to educate the public in securities via seminars and the Daiwa Satellite TV (SKY PerfecTV! Ch.766) and to expand the range of products and services.
In June this year, we conducted a major reform of the branch network into a satellite branch structure. Branches in the Tokyo and Osaka districts were grouped into semi-autonomous units, based on locale, under the leadership of “mother branches.” The structure will allow us to build effective marketing strategies to meet our clients’ needs.
- (2) Daiwa Securities SMBC (Wholesale securities business)
As a leading investment bank, various infrastructure to (a) Secure its position as a market leader in both equity and fixed income products, (b) Increase IPO business, (c) Increase contribution of revenues by the Structured Finance, Derivatives and M&A businesses, (d) Rebuild a global organization concentrating on Japan related cross border transactions and, (e) Establish a business structure, personnel structure to support the characteristics of the wholesale securities businesses, has been put in place.
- (3) Daiwa Asset Management, Daiwa SB Investments (Asset management business)
The asset management business, that supports retail customers managing their personal assets, is becoming increasingly important with the introduction of the defined contribution pension plan.
Daiwa Asset Management will continue its efforts to improve fund performance by improving research and fund management capabilities. Furthermore it will firmly establish its position as a leading investment trust fund manager by strengthening its product development capabilities.
Daiwa SB Investments, as one of Japan’s leading investment advisory companies, will aim to be identified by its superior performance and increase its assets under management. Furthermore it will expand its investment trust products to maintain a steady inflow of funds under management.
- (4) Daiwa Institute of Research “DIR” (Research and system development business)
DIR operates as one of Japan’s leading think tanks and provides research and systems services.
Through its research operations, DIR will provide clients with high quality information such as economic forecasts and analyst reports as well as making well timed policy proposals to contribute to the revitalization of the Japanese economy.
Through its systems operations, DIR will provide state of the art technology to the Group and the Group’s clients, mainly in the areas of finance and capital markets.
- (5) NIF Ventures (Venture capital business)
NIF Ventures, as one of Japan’s leading venture capitals, will utilize its track record and credibility as well as its information gathering capacities and marketing experience it has gained in overseas market as a member of the Group, to provide venture capital firms not only with funds but support through management advice and introduction of personnel.
- (6) Daiwa Securities Business Center (Back office operations)
Daiwa Securities Business Center will contribute to the Group’s cost cutting efforts by providing Daiwa Securities and Daiwa Securities SMBC with back office support.
Daiwa Securities Business Center will make efforts to streamline and increase efficiencies and to provide specialized services in our back office support activities.

Moreover, under the Group’s global strategy, we established, on 7 August 2002, Shanghai Daiwa SMBC-SIG Investment Consulting Company Limited. This new consulting corporation is a joint venture involving Daiwa Securities SMBC, Daiwa Institute of Research, and Shanghai International Group Corporation Limited (SIG), and was established based on a memorandum of understanding entered into by Daiwa Securities Group Inc. and SIG on 7 March 2002. We will actively participate in the rapidly developing capital market of China.

In addition, the group is currently cooperating with various universities for the purpose of contributing to the revitalization of the Japanese economy. In pursuit of this aim, the group is working to educate the students in the fundamentals of securities by sponsoring courses in this field. It is also involved in joint research with universities to further the expansion of financial and capital markets and to develop personnel with a high level of professional skills.

(e) Current Challenges

World stock markets continue to be sluggish due to the increased uncertainty over future economic and corporate profits following the collapse of the so-called IT bubble, and also due to the distrust over corporate accounting disclosures. In Japan, the business environment surrounding the securities industry is harsh, with the Nikkei stock average hitting 19-year low.

Structural reform of the financial system is needed in view of the changing Japanese economic environment. We, as a main player in the capital markets, must establish its solid business base and perform our social mission. Our corporate policy for fiscal year 2002 is to "Achieve results that demonstrate our position as leader in the industry". Our emphasis is given on the two items, "Lead the industry in developing and offering products and services" and "Enhance synergies among Group companies."

(f) Establishing Group Management Infrastructure (Strengthened Corporate Governance)

To create a structure enabling the development of a comprehensive Group business strategy, Daiwa introduced a system of Group executive officers in order to clarify and consolidate decision-making responsibilities. The former Group Management Meeting consisted of the directors of the Holding Company together with the Presidents of the main Group companies. Reflecting the policy to concentrate management resources on securities-related business and to realize an executive body with a firm footing in the securities business, the composition of this decision-making body has been expanded so as to also include 4 directors from the two main securities subsidiaries and has been renamed to become the Executive Committee.

The Advisory committee with renowned people provides advice to the CEO. While the Compensation committee whose majority are outsiders acts to promote transparency in setting compensation and to ensure that compensation for directors and executive officers is set at appropriate levels.

The company will continue to review its corporate governance structure in view of amendments to the commercial law.

a. Consolidated operating results for the first half of fiscal 2002

1. Summary of operating results for 6 months (comparison with the first half of fiscal 2001)

Consolidated net operating revenues increased 1.4% to 136,560 million yen mainly because trading gains were in a good shape, although a brokerage commission and financial income decreased. Consolidated ordinary income amounted to 15,567 million yen, due to a decrease in selling, general and administrative expenses. Consolidated net income turned into a profit of 7,220 million yen, taking account of extraordinary gains/losses, income taxes and minority interest in income.

(1) Commissions

(i) Brokerage commission

Brokerage commission declined 17.0% to 26,316 million yen, in line with a decrease of 2.0% in daily average trading value on the Tokyo Stock Exchange.

(ii) Underwriting commission

Underwriting commission diminished 12.2% to 12,881 million yen, as the stagnant secondary stock market damped the primary stock market.

(iii) Distribution commission

Distribution commission dropped 12.6% to 7,599 million yen, due to a decrease in commission on sale of equity-related beneficiary certificate.

(iv) Other commission

Other commission in Investment trust decreased 40.3% to 15,503 million yen, due to a decline in trust fee rates and in net asset value of bond-related beneficiary certificate. Total other commission decreased 16.8% to 29,699 million yen.

(2) Net trading gains/losses

Net trading gains on stock and other increased 51.1% to 8,404 million yen, despite lackluster trading by clients. While, net trading gains on bond, forex and other sharply increased 84.6% to 34,637 million yen, in line with favorable sales of non-Japanese bonds.

(3) Financial income

Net financial income decreased 12.4% to 11,381 million yen, with interest and dividend income of 57,819 million yen and interest expenses of 46,437 million yen, primarily due to squeezed profit margin of interest rate in repurchase agreement transactions in overseas subsidiaries in line with declining interest rates.

(4) Selling, general & administrative expenses

Selling, general & administrative expenses decreased 7.0% to 124,967 million yen mainly because of decrease in 'commission and other expenses' caused by curtailment in advertisement expenses, 'employees' compensation and benefits' and 'data processing and office supplies'.

(5) Extraordinary gains/losses

Extraordinary gains totaled 8,129 million yen, including gain on sale of investment securities of 5,886 million yen and gain on sale of fixed assets of 2,242 million yen. Extraordinary losses totaled 5,860 million yen, including write-down of investment securities of 3,059 million yen, and loss on sale or disposal of fixed assets of 1,157 million yen.

2. Summary of operating results for 3 months (comparison with the first quarter of fiscal 2002)

Consolidated net operating revenues for the 2nd quarter of fiscal 2002 decreased 11.0% to 64,319 million yen mainly because of a decline in brokerage commission and net trading gains due to depressed stock market. Selling, general & administrative expenses for the 2nd quarter are almost as flat as those for the 1st quarter. As a result, consolidated ordinary income decreased 69.5% to 3,640 million yen. Net income decreased 75.2% to 1,434 million yen, taking account of extraordinary gains/losses, income taxes and minority interest in income.

3. Operating results of overseas subsidiaries for the first half of fiscal 2002 (6 months)

Ordinary income by geographic area (millions of yen)

<u>America</u>	<u>Europe</u>	<u>Asia & Oceania</u>	<u>Total</u>
-1,184	968	2	-213

b. Cash flow

Net cash provided by operating activities was 90,652 million mainly due to increase in payables on collateralized securities transactions, in spite of increase in trading assets, compared with -875,274 million yen for fiscal 2001. Net cash provided by investing activities was 25,245 million yen due to sales of fixed assets and investment securities compared with -117,152 million yen for fiscal 2001. Net cash provided by financing activities was -227,280 million yen due to repayment of borrowings and redemption of bonds compared with 1,119,245 million yen for fiscal 2001. Consequently, cash and cash equivalents after effect of exchange rate fluctuation decreased by 115,967 million yen to 324,014 million yen in comparison with March 31, 2002.

Consolidated balance sheet

Assets:

(millions of yen)	First half	First half	Increase/	Fiscal 2001
	Sep. 30, 2002	Sep. 30, 2001	Decrease	Mar. 31, 2002
Current assets:	8,607,989	7,768,777	839,211	7,058,589
Cash and time deposits	336,017	380,377	-44,360	454,559
Cash segregated as deposits	106,114	104,704	1,410	108,610
Notes receivable and accounts receivable	9,221	12,837	-3,616	15,247
Securities	38,334	62,833	-24,498	43,277
Trading assets:	3,274,064	2,732,009	542,054	2,426,316
Trading securities and others	2,827,623	2,360,988	466,635	2,081,231
Derivative assets	446,440	371,021	75,419	345,085
Trade date accrual	243,704	35,043	208,660	-
Operational investment securities	37,774	39,187	-1,412	42,638
Allowance for possible investment losses	-1,825	-1,215	-610	-1,540
Other inventories	3,139	9,115	-5,975	2,559
Receivables related to margin transactions:	129,734	177,140	-47,405	125,272
Loans receivable from customers for margin transactions	68,953	68,880	73	49,227
Cash deposits as collateral for securities borrowed from securities finance companies	60,781	108,260	-47,478	76,045
Receivables on collateralized securities transactions:	4,077,473	3,580,351	497,121	3,493,653
Cash deposits as collateral for securities borrowed	4,067,310	3,377,687	689,623	3,355,930
Receivables related to gensaki transactions	10,162	202,664	-192,501	137,722
Receivables	4,147	4,588	-440	5,631
Short-term loans receivable	193,311	97,382	95,928	104,039
Accrued income	20,078	26,678	-6,600	16,597
Deferred income tax assets-current	10,521	25,175	-14,653	10,468
Other current assets	127,483	490,032	-362,548	214,218
Less: Allowance for doubtful accounts	-1,307	-7,466	6,158	-2,960
Non-current assets:	730,414	633,271	97,143	768,717
Tangible fixed assets	175,838	193,752	-17,914	188,451
Intangible fixed assets	49,939	47,607	2,332	51,047
Investments and others:	504,636	391,910	112,725	529,218
Investment securities	299,034	203,404	95,629	310,273
Long-term loans receivable	14,762	14,203	559	14,745
Long-term guarantee deposits	30,488	31,966	-1,478	31,519
Deferred income tax assets-non-current	75,237	67,105	8,131	79,095
Other investments	103,271	93,314	9,957	111,111
Less: Allowance for doubtful accounts	-18,158	-18,083	-74	-17,527
Total assets	9,338,404	8,402,049	936,355	7,827,306

Liabilities:

(millions of yen)	First half Sep. 30, 2002	First half Sep. 30, 2001	Increase/ Decrease	Fiscal 2001 Mar. 31, 2002
Current liabilities:	8,080,380	7,156,145	924,234	6,509,555
Notes payable and accounts payable	1,862	2,680	-817	4,224
Trading liabilities:	1,747,516	1,164,580	582,936	1,187,846
Trading securities and others	1,335,602	817,467	518,134	880,968
Derivative liabilities	411,914	347,112	64,801	306,878
Trade date accrual	-	-	-	169,346
Payables related to margin transactions:	27,633	57,927	-30,294	42,432
Loans from securities finance companies for margin transactions	2,502	10,174	-7,672	3,590
Proceeds of securities sold for margin transactions	25,130	47,753	-22,622	38,842
Payables on collateralized securities transactions:	3,915,695	3,820,437	95,257	2,467,714
Cash deposits as collateral for securities loaned	3,813,075	3,534,145	278,930	2,389,617
Payables related to gensaki transactions	102,619	286,291	-183,672	78,096
Deposits received	132,010	107,047	24,963	110,320
Cash deposits received from customers	34,677	74,302	-39,624	43,899
Short-term borrowings	1,629,521	998,290	631,231	1,742,389
Commercial paper	450,500	339,500	111,000	442,100
Bonds due within one year	47,090	110,104	-63,014	111,457
Accrued income taxes	4,247	2,037	2,209	2,785
Deferred income tax liabilities-current	-	36	-36	2,086
Accrued bonuses	11,655	13,491	-1,836	14,582
Provision for real estate business reorganization	10,076	10,495	-419	10,076
Other current liabilities	67,894	455,214	-387,319	158,292
Non-current liabilities:	538,927	545,666	-6,738	591,274
Bonds	368,291	261,506	106,784	327,213
Convertible bonds	79,986	116,255	-36,269	116,255
Long-term borrowings	65,749	142,068	-76,318	121,917
Deferred income tax liabilities-non-current	7,234	5,258	1,975	8,407
Accrued retirement benefits	12,440	9,253	3,186	11,256
Other non-current liabilities	5,226	11,323	-6,097	6,225
Statutory reserves	3,418	2,444	973	2,932
Total liabilities	8,622,727	7,704,256	918,470	7,103,762
Minority interest	153,746	144,307	9,438	152,704

Stockholders' equity:

(millions of yen)	First half	First half	Increase/ Decrease	Fiscal 2001
	Sep. 30, 2002	Sep. 30, 2001		Mar. 31, 2002
Common stock	-	138,431	-	138,431
Additional paid-in capital	-	117,786	-	117,786
Retained earnings	-	310,690	-	311,719
Net unrealized gain on securities, net of tax effect	-	6,960	-	12,696
Translation adjustments	-	-18,066	-	-7,511
Treasury stock	-	-2,317	-	-2,282
Common stock	138,431	-	-	-
Capital surplus	117,786	-	-	-
Earned surplus	310,947	-	-	-
Net unrealized gain on securities, net of tax effect	6,760	-	-	-
Translation adjustments	-9,760	-	-	-
Treasury stock	-2,235	-	-	-
Total stockholders' equity	561,930	553,484	8,446	570,839
Total liabilities, minority interest and stockholders' equity	9,338,404	8,402,049	936,355	7,827,306

Consolidated income statement

(millions of yen)	First half Apr. 1, 2002- Sep. 30, 2002	First half Apr. 1, 2001- Sep. 30, 2001	Yr/yr % change	Fiscal 2001 Apr. 1, 2001- Mar. 31, 2002
Operating revenues:	195,916	256,377	-23.6	488,044
Commissions	76,497	90,753	-15.7	171,869
Net gain on trading	43,042	24,322	77.0	63,392
Net gain on operational investment securities	256	1,162	-77.9	3,855
Interest and dividend income	57,819	118,875	-51.4	195,934
Other sales revenues	18,301	21,264	-13.9	52,992
Interest expenses	46,437	105,877	-56.1	164,505
Cost of sales	12,918	15,780	-18.1	38,606
Net operating revenues	136,560	134,719	1.4	284,932
Selling, general and administrative expenses:	124,967	134,375	-7.0	262,163
Commission and other expenses	21,111	25,273	-16.5	47,023
Employees' compensation and benefits	62,687	66,182	-5.3	129,972
Real estate expenses	17,102	17,472	-2.1	35,090
Data processing and office supplies	7,124	8,450	-15.7	16,473
Depreciation expenses	10,334	8,868	16.5	18,774
Taxes other than income taxes	2,547	3,133	-18.7	5,328
Others	4,059	4,995	-18.7	9,500
Operating income	11,592	344	-	22,769
Non-operating income:	5,600	3,650	53.4	8,615
Equity in earnings	277	310	-10.6	963
Others	5,322	3,340	59.4	7,651
Non-operating expenses	1,625	2,819	-42.3	5,535
Ordinary income	15,567	1,175	-	25,849
Extraordinary gains	8,129	21,976	-63.0	31,977
Extraordinary losses	5,860	153,717	-96.2	177,795
Income before income taxes and others	17,836	-130,564	-	-119,969
Income taxes-current	3,919	1,454	169.5	2,612
Income taxes-deferred	3,991	-636	-	2,989
Minority interest in income	-2,705	-193	-	-4,976
Net income	7,220	-131,576	-	-130,547

Consolidated statement of retained earnings

(millions of yen)	First half Apr. 1, 2002 -Sep. 30, 2002		First half Apr. 1, 2001 -Sep. 30, 2001	Fiscal 2001 Apr. 1, 2001 -Mar. 31, 2002
<i>Capital surplus</i>		Beginning balance of retained earnings	459,994	459,994
Beginning balance of capital surplus	117,786	Decrease in retained earnings	17,727	17,727
Increase in capital surplus	-	Dividends	17,265	17,265
Decrease in capital surplus	-	Directors' bonuses	462	462
		Net income	-131,576	-130,547
Ending balance of capital surplus	117,786	Ending balance of retained earnings	310,690	311,719
<i>Earned surplus</i>				
Beginning balance of earned surplus	311,719			
Increase in earned surplus:	7,220			
Net income	7,220			
Decrease in earned surplus:	7,992			
Dividends	7,971			
Directors' bonuses	14			
Net loss on disposal of treasury stock	6			
Ending balance of earned surplus	310,947			

Consolidated cash flow statement

(millions of yen)	First half Apr. 1, 2002- Sep. 30, 2002	First half Apr. 1, 2001- Sep. 30, 2001	Fiscal 2001 Apr. 1, 2001- Mar. 31, 2002
1. Cash flows from operating activities:			
Income before income taxes and others	17,836	-130,564	-119,969
Depreciation	10,334	8,868	18,774
Increase in allowance for retirement benefits	1,188	1,733	3,728
Increase in allowance for doubtful accounts	73	-	445
Interest and dividend income	-55,285	-116,344	-194,617
Interest expenses	47,210	108,030	168,339
Equity in earnings	-277	-310	-963
Adjustment of extraordinary gains/losses items:			
Gain on sale of fixed assets	-2,242	-195	-349
Loss on sale or disposal of fixed assets	1,157	1,819	2,340
Valuation loss of fixed assets	-	112	247
Write-down of related companies' stocks	220	3,043	5,381
Gain on sale of subsidiary stocks	-	-	-4,278
Gain on sale of investment securities	-5,886	-8,089	-9,588
Gain on change in stake in subsidiary	-	-	-4,068
Loss on sale of investment securities	164	4,668	9,764
Write-down of investment securities	3,059	7,888	21,233
Reversal of multiemployer pension plan	-	-13,691	-13,691
Loss on sale of loan receivables	-	-	128
Expenses for real estate business reorganization	-	127,516	127,400
Provision for doubtful accounts	772	3,099	4,517
Amortization of goodwill	-	5,000	5,000
Non-deductible consumption tax relating to goodwill	-	98	93
Others	486	470	957
(Increase) Decrease in deposits segregated for customer	27	10,000	-5,200
Increase in loan receivables	-90,437	-	-
Decrease in loan receivables	-	312,804	306,623
(Increase) Decrease in operational investment securities	789	3,348	2,633
(Increase) Decrease in trading assets, net of trading liability	-703,680	-200,789	338,228
(Increase) Decrease in receivables related to margin transactions, net of payables related to margin transactions	-19,262	79,308	115,681
(Increase) Decrease in receivables on collateralized securities transactions, net of payables on collateralized securities transactions	866,145	-282,767	-1,549,167
Payment on withdrawal from multiemployer pension plan	-	-15,252	-15,252
Others	-1,863	-46,422	-84,573
Sub-total	70,530	-136,617	-870,200
Interest and dividend received	53,568	119,344	201,303
Interest paid	-48,765	-115,983	-174,980
Income taxes paid	15,318	-29,758	-31,397
Net cash provided by (used in) operating activities	90,652	-163,014	-875,274

	First half Apr. 1, 2002- Sep. 30, 2002	First half Apr. 1, 2001- Sep. 30, 2001	Fiscal 2001 Apr. 1, 2001- Mar. 31, 2002
2. Cash flows from investing activities:			
Payments for purchase of securities	-18,458	-27,024	-97,779
Proceeds from sale and maturity of securities	25,416	66,487	159,588
Payments for purchase of tangible fixed assets	-2,016	-3,011	-11,753
Proceeds from sale of tangible fixed assets	10,457	1,300	8,856
Payments for purchase of intangible fixed assets	-4,497	-13,140	-21,520
Payments for purchase of investment securities	-5,766	-21,917	-170,670
Proceeds from sale and maturity of investment securities	11,696	20,457	51,892
Payments for purchase of subsidiaries' stocks from non-Group shareholders	-320	-13,254	-15,200
Proceeds from sale of subsidiary stocks	-	-	6,580
Payments for loan made	-125	-208	-1,321
Proceeds from collection of loan receivables	241	805	1,497
Others	8,618	249	-27,322
Net cash provided by (used in) investing activities	25,245	10,742	-117,152
3. Cash flows from financing activities:			
Increase in short-term borrowings	-	283,569	1,152,333
Decrease in short-term borrowings	-155,844	-	-
Proceeds from issuance of bonds and convertible bonds	96,412	68,007	161,903
Payments for redemption of bonds and convertible bonds	-155,874	-20,880	-46,835
Proceeds from long-term borrowings	9,000	2,000	3,500
Payments from repayment of long-term borrowings	-13,024	-73,526	-120,704
Issuance of stocks to shareholder with minority interest	-	-	6,580
Proceeds from exercise of stock option	110	235	312
Dividends paid	-7,971	-17,265	-17,265
Dividends paid to minority shareholder	-89	-20,522	-20,579
Net cash provided by (used in) financing activities	-227,280	221,617	1,119,245
4. Effect of exchange rate changes on cash and cash equivalents	-4,584	-2,468	9,764
5. Net change in cash and cash equivalents	-115,967	66,876	136,582
6. Cash and cash equivalents at beginning of term	439,981	303,398	303,398
7. Cash and cash equivalents at end of term	324,014	370,275	439,981

Notes to consolidated financial statements

The consolidated financial statements of the Company for the first half ended September 30, 2002 are prepared in accordance with the 'Cabinet Office 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, September 28, 2001), based on the 'Regulations of Interim Consolidated Financial Statements' (MOF Ordinance No. 24, 1999) and its Article 48 and 69.

In accordance with the amendment of the 'Regulations of Interim Consolidated Financial Statements', the method of presentation for consolidated balance sheet and consolidated statement of retained earnings for this first half are changed.

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 excluded from scope of consolidation due to liquidation during this first half. Each amount of assets, operating revenues (or sales), net income and retained earnings 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: 4 companies

Major companies:

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

Each amount of net income and retained earnings 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. As the first half of one affiliate applicable of equity method ends other than September 30, 2002, the financial statements for the relevant fiscal year are reflected.

3. Fiscal period of subsidiaries

As the first half of one consolidated subsidiary ends other than September 30, 2002, the financial statements for the relevant fiscal year 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 securities and inventories

(i) Valuation of trading account

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 based on moving average method. Other securities are valued at moving average cost method, if their fair value is not available.

Some portion of securities held by some domestic consolidated subsidiaries and operational investment securities are categorized as 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 primarily 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 policies for various provisions
- (i) Provision for doubtful accounts
The domestic consolidated companies provide the allowance 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 allowance specifically assessed.
- (ii) Accrued employees' bonuses
Estimated amount of employees' bonuses is accrued based on each company's bylaws.
- (iii) 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 September 30, 2002, 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 6 months are provided based on the difference between projected benefit obligation and fund fair value expected on March 31, 2003. As for the closed pension fund of some consolidated subsidiaries, the companies accounted their plans as an expiration, according to Item 1 of the Accounting Standards Board (ASB) Guideline and Item 2 of The Practical Issues Task Force (PITF), which has little influence on the consolidated financial statements as a whole.
- (iv) Provision for real estate business reorganization
The Company's board of directors resolved to reorganize some subsidiaries' real estate business and to initiate working on how to provide financial assistance to them including capital injection, aiming at improving the Group financial condition on October 26, 2001. Provision for real estate reorganization is based on anticipated financial assistance as of September 30, 2002.
- (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
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
- (i) Accounting for consumption taxes
Consumption taxes are separately recorded.
- (ii) Amortization for deferred assets
Issue costs for bonds are amortized in a lump sum when incurred.
5. Scope of cash and cash equivalents in consolidated cash flow statement
Cash and cash equivalent in consolidated cash flow statement is defined as liquid fund including cash in hand, current account deposits and ordinary current deposits.

Notes to consolidated balance sheet

1. Guarantee

As of Sep. 30, 2002	4,531 million yen
As of Sep. 30, 2001	5,408 million yen
As of Mar. 31, 2002	4,914 million yen

2. 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 Sep. 30, 2002	40,000 million yen
As of Sep. 30, 2001	40,000 million yen
As of Mar. 31, 2002	40,000 million yen

Notes to consolidated income statement**Details of extraordinary gains/losses**

(millions of yen)	First half Apr. 1, 2002- Sep. 30, 2002	First half Apr. 1, 2001- Sep. 30, 2001	Fiscal 2001 Apr. 1, 2001- Mar. 31, 2002
Extraordinary gains:			
Gain on sale of fixed assets	2,242	195	349
Gain on sale of subsidiary stocks	-	-	4,278
Gain on sale of investment securities	5,886	8,089	9,588
Gain on change in stake in subsidiary	-	-	4,068
Reversal of multiemployer pension plan (Note)	-	13,691	13,691
Extraordinary losses:			
Write-down of related companies' stocks	220	3,043	5,381
Write-down of investment securities	3,059	7,888	21,233
Valuation loss of fixed assets	-	112	247
Loss on sale or disposal of fixed assets	1,157	1,819	2,340
Loss on sale of investment securities	164	4,668	9,764
Loss on sale of loan receivables	-	-	128
Provision for doubtful accounts	772	3,099	4,517
Expenses for real estate business reorganization	-	127,516	127,400
Early retirement benefit	-	-	730
Amortization of goodwill	-	5,000	5,000
Non-deductible consumption tax relating to goodwill	-	98	93
Provision for securities transaction liabilities	486	470	957

(Note): The reversal of the provision for multiemployer pension plan is the amount after the deduction of expenses actually paid to Securities Companies' Welfare Pension Fund upon withdrawal.

Notes to consolidated cash flow statement

Reconciliation of 'cash and time deposits' on the consolidated balance sheet to 'cash and cash equivalents at end of term'

(millions of yen)	First half Sep. 30, 2002	First half Sep. 30, 2001	Fiscal 2001 Mar. 31, 2002
Cash and time deposits	336,017	380,377	454,559
Time deposit more than 3 months	-12,003	-10,101	-14,577
Cash and cash equivalents	324,014	370,275	439,981

Segment information

1. Net 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. Net operating revenues by geographic area

'Net operating revenues', 'Selling, general and administrative expenses (S.G. & A. expenses)' and 'Operating income' by geographic area are as follows.

First half ended September 30, 2002

(millions of yen)	Japan	America	Europe	Asia and Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues from external customers	120,846	3,848	9,114	2,751	136,560	-	136,560
Intersegment revenues	913	54	1,221	240	2,430	(2,430)	-
Net operating revenues	121,759	3,903	10,335	2,991	138,990	(2,430)	136,560
S.G. & A. expenses	109,163	5,688	9,428	3,106	127,386	(2,419)	124,967
Operating income (loss)	12,596	(1,785)	907	(114)	11,604	(11)	11,592

First half ended September 30, 2001

(millions of yen)	Japan	America	Europe	Asia and Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues from external customers	111,471	9,176	11,550	2,522	134,719	-	134,719
Intersegment revenues	5,190	(228)	259	75	5,298	(5,298)	-
Net operating revenues	116,662	8,947	11,810	2,597	140,018	(5,298)	134,719
S.G. & A. expenses	117,175	7,337	9,349	3,025	136,887	(2,511)	134,375
Operating income (loss)	(512)	1,610	2,460	(427)	3,130	(2,786)	344

Fiscal 2001 ended March 31, 2002

(millions of yen)	Japan	America	Europe	Asia and Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues from external customers	240,541	16,434	23,022	4,933	284,932	-	284,932
Intersegment revenues	9,724	648	1,530	762	12,665	(12,665)	-
Net operating revenues	250,266	17,082	24,552	5,696	297,598	(12,665)	284,932
S.G. & A. expenses	226,435	15,109	19,501	6,267	267,313	(5,150)	262,163
Operating income (loss)	23,831	1,973	5,051	(571)	30,284	(7,515)	22,769

Note: Method of segmentation by geographic area and principal countries of the 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 and Oceania: Hong Kong and Singapore

3. Overseas net operating revenues

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

First half ended September 30, 2002

(millions of yen)	America	Europe	Asia and Oceania	Total
Overseas net operating revenues	5,205	9,529	3,866	18,602
Consolidated net operating revenues	-	-	-	136,560
Percentage of total revenues	3.8	7.0	2.8	13.6

First half ended September 30, 2001

(millions of yen)	America	Europe	Asia and Oceania	Total
Overseas net operating revenues	7,928	9,982	3,177	21,088
Consolidated net operating revenues	-	-	-	134,719
Percentage of total revenues	5.9	7.4	2.4	15.7

Fiscal 2001 ended March 31, 2002

(millions of yen)	America	Europe	Asia and Oceania	Total
Overseas net operating revenues	20,389	21,195	7,358	48,942
Consolidated net operating revenues	-	-	-	284,932
Percentage of total revenues	7.2	7.4	2.6	17.2

Note: Method of segmentation by geographic area and principal countries of area belonging to each segment are same as

'2. Net operating revenues by geographic area'.

Supplemental information for the first half for fiscal 2002

1. Breakdown of commission income

First half ended September 30, 2002 (A)

(millions of yen)	Equity	Fixed income (Bond)	Investment Trust	Investment banking	Others	Total
Brokerage commission	25,602	537	176	-	-	26,316
Underwriting	-	-	-	12,881	-	12,881
(Stock and other)	(-)	(-)	(-)	(8,194)	(-)	(8,194)
(Bond and other)	(-)	(-)	(-)	(4,574)	(-)	(4,574)
Distribution	-	-	7,500	98	-	7,599
Other commission	1,111	1,424	15,503	5,258	6,400	29,699
(Agency commission)	(-)	(1,367)	(7,980)	(-)	(-)	(9,348)
Total	26,713	1,962	23,180	18,239	6,400	76,497

First half ended September 30, 2001 (B)

(millions of yen)	Equity	Fixed income (Bond)	Investment Trust	Investment banking	Others	Total
Brokerage commission	30,940	639	112	-	-	31,692
Underwriting	-	-	-	14,671	-	14,671
(Stock and other)	(-)	(-)	(-)	(9,371)	(-)	(9,371)
(Bond and other)	(-)	(-)	(-)	(5,290)	(-)	(5,290)
Distribution	-	-	8,437	259	-	8,697
Other commission	1,092	1,452	25,958	2,527	4,660	35,692
(Agency commission)	(-)	(1,449)	(14,382)	(-)	(-)	(15,831)
Total	32,033	2,091	34,509	17,458	4,660	90,753

Yr/yr percentage change (First half ended Sep. 30, 2002 (A) / First half ended Sep. 30, 2001 (B) - 1)

(percentage)	Equity	Fixed income (Bond)	Investment Trust	Investment banking	Others	Total
Brokerage commission	-17.3	-15.8	56.3	-	-	-17.0
Underwriting	-	-	-	-12.2	-	-12.2
(Stock and other)	(-)	(-)	(-)	(-12.6)	(-)	(-12.6)
(Bond and other)	(-)	(-)	(-)	(-13.5)	(-)	(-13.5)
Distribution	-	-	-11.1	-61.8	-	-12.6
Other commission	1.7	-1.9	-40.3	108.0	37.3	-16.8
(Agency commission)	(-)	(-5.6)	(-44.5)	(-)	(-)	(-41.0)
Total	-16.6	-6.2	-32.8	4.5	37.3	-15.7

Fiscal 2001 ended Mar. 31, 2002

(millions of yen)	Equity	Fixed income (Bond)	Investment Trust	Investment banking	Others	Total
Brokerage commission	58,280	1,228	244	-	-	59,752
Underwriting	-	-	-	27,818	-	27,818
(Stock and other)	(-)	(-)	(-)	(17,112)	(-)	(17,112)
(Bond and other)	(-)	(-)	(-)	(9,070)	(-)	(9,070)
Distribution	-	-	14,734	875	-	15,610
Other commission	2,387	3,441	46,424	7,619	8,814	68,687
(Agency commission)	(-)	(3,277)	(25,507)	(-)	(-)	(28,785)
Total	60,667	4,670	61,403	36,313	8,814	171,869

2. Breakdown of net trading gains (millions of yen)

	First half (2002/9)	First half (2001/9)	Yr/yr % change (%)	Fiscal 2001 (2002/3)
Stock and other	8,404	5,562	51.1	20,307
Bond, Forex and other	34,637	18,759	84.6	43,084
(Bond and other)	(21,720)	(11,829)	(83.6)	(32,943)
(Forex and other)	(12,917)	(6,930)	(86.4)	(10,141)
Total	43,042	24,322	77.0	63,392

Quarterly consolidated income statement (Reference Data)

(millions of yen)	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
	Jul. 1, 2001- Sep. 30, 2001	Oct. 1, 2001- Dec. 31, 2001	Jan. 1, 2002- Mar.31, 2002	Apr. 1, 2002- Jun. 30, 2002	Jul. 1, 2002- Sep. 30, 2002
Operating revenue	117,209	112,491	119,174	100,717	95,198
Commissions	40,651	39,662	41,453	38,990	37,507
Brokerage commission	13,029	12,728	15,331	15,562	10,753
(Stock and other)	12,601	12,347	14,991	15,202	10,399
(Bond and other)	316	337	252	278	258
Underwriting commission	7,985	7,733	5,413	5,988	6,893
(Stock and other)	5,307	4,358	3,382	3,609	4,585
(Bond and other)	2,668	1,759	2,019	2,379	2,194
Distribution commission	2,754	3,543	3,369	3,965	3,634
(Beneficiary certificates)	2,546	3,268	3,028	3,952	3,548
Other commission	16,881	15,657	17,338	13,472	16,226
(Beneficiary certificates)	12,132	10,877	9,587	8,215	7,288
Net gain on trading	9,487	14,290	24,779	24,355	18,686
(Stock and other)	-1,576	6,011	8,733	6,276	2,128
(Bond and other)	2,624	8,977	12,136	12,062	9,657
(Forex and other)	8,439	-698	3,909	6,016	6,900
Net gain on operational investment securities	-942	1,791	902	1,001	-744
Interest and dividend income	57,931	46,304	30,755	27,123	30,695
Other sales revenues	10,080	10,443	21,283	9,246	9,054
Interest expenses	52,514	37,276	21,351	21,720	24,716
Cost of sales	7,154	7,740	15,085	6,756	6,162
Net operating revenues	57,539	67,474	82,737	72,240	64,319
Selling general and administrative expenses	66,835	62,988	64,799	62,502	62,465
Commission and other expenses	12,729	11,033	10,716	10,277	10,833
Employees' compensation and benefits	32,686	31,048	32,741	31,923	30,764
Real estate expenses	8,726	8,661	8,956	8,097	9,004
Data processing and office supplies	3,884	3,850	4,172	3,503	3,621
Depreciation expenses	4,559	4,688	5,217	5,143	5,190
Taxes other than income taxes	1,365	1,237	956	1,446	1,101
Others	2,883	2,467	2,037	2,110	1,949
Operating income	-9,295	4,486	17,938	9,738	1,853
Non-operating income	1,267	1,911	3,052	2,854	2,746
Non-operating expenses	1,349	1,224	1,490	666	959
Ordinary income	-9,377	5,173	19,500	11,926	3,640
Extraordinary gains	13,729	1,431	8,568	2,325	5,804
Extraordinary losses	141,969	15,389	8,688	2,195	3,664
Income before income taxes and others	-137,617	-8,785	19,380	12,056	5,780
Income taxes-current	495	751	406	1,447	2,471
Income taxes-deferred	-681	118	3,506	2,976	1,015
Minority interest in income	813	-2,114	-2,668	-1,845	-859
Net income	-136,618	-11,769	12,798	5,785	1,434

Daiwa Securities Group Inc.

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

October 25, 2002

Non-consolidated financial summary
(For the first half ended September 30, 2002)

(1) Operating results (from April 1, 2002 to September 30, 2002)

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
First half (2002/9)	65,859 (34.6)%	58,820 (40.8)%	59,258 (38.3)%
First half (2001/9)	48,936	41,771	42,836
Fiscal 2001 (2002/3)	54,793	40,737	42,400

	Net income	Earnings/share
First half (2002/9)	59,248 (-)%	44.59 Yen
First half (2001/9)	-89,689	-67.34
Fiscal 2001 (2002/3)	-109,612	-82.51

Note: 1. Average number of shares outstanding (shares)

First half (2002/9): 1,328,585,457 First half (2001/9): 1,331,735,258 Fiscal 2001 (2002/3): 1,328,421,515

Treasury stocks are excluded in computing the earnings/share above.

2. Change in accounting policies: None

(2) Dividends

	Interim dividends/share	Annual dividends/share
First half (2002/9)	- Yen	- Yen
First half (2001/9)	-	-
Fiscal 2001 (2002/3)	-	6.00

(3) Financial conditions

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

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/share
First half (2002/9)	1,301,362	667,788	51.3 %	502.62 Yen
First half (2001/9)	1,243,266	635,663	51.1	477.31
Fiscal 2001 (2002/3)	1,262,149	617,697	48.9	464.95

Note 1. Number of shares outstanding (shares)

As of Sep. 30, 2002: 1,328,592,481 As of Sep. 30, 2001: 1,331,735,258 As of Mar. 31, 2002: 1,328,519,143

Treasury stocks are excluded in computing the stockholders' equity/share above.

2. Treasury stock (shares)

As of Sep. 30, 2002: 3,142,777 As of Sep. 30, 2001: 3,270,438 As of Mar. 31, 2002: 3,216,115

(Note) The Company, the holding company for the 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: Junichiro Wakimizu, Director and Executive Officer, Phone: +813-3243-2100

Balance Sheet

Assets (millions of yen)	First half Sep. 30, 2002	First half Sep. 30, 2001	Increase/ Decrease	Fiscal 2001 Mar. 31, 2002
Current assets:	292,077	372,531	-80,453	432,321
Cash and time deposits	58,593	50,374	8,219	123,264
Short-term loans receivable	214,885	308,300	-93,414	293,536
Accrued income	1,475	2,240	-765	2,589
Other current assets	17,123	15,281	1,842	14,581
Less: Allowance for doubtful accounts	-	-3,664	3,664	-1,650
Non-current assets:	1,009,284	870,735	138,549	829,828
Tangible fixed assets	10,228	10,620	-391	10,368
Intangible fixed assets	592	884	-292	626
Investments and others:	998,463	859,229	139,233	818,833
Investment securities	716,299	708,343	7,955	693,854
Long-term loans receivable	235,780	95,713	140,066	75,710
Long-term guarantee deposits	33,928	38,770	-4,842	35,799
Others	15,145	18,614	-3,469	16,028
Less: Allowance for doubtful accounts	-2,689	-2,212	-477	-2,559
Total assets	1,301,362	1,243,266	58,095	1,262,149

Liabilities (millions of yen)	First half Sep. 30, 2002	First half Sep. 30, 2001	Increase/ Decrease	Fiscal 2001 Mar. 31, 2002
Current liabilities:	406,454	286,306	120,148	322,386
Short-term borrowings	287,560	75,960	211,600	166,660
Commercial paper	20,000	5,000	15,000	76,000
Bonds due within one year	36,269	19,440	16,829	19,440
Payables on collateralized securities transactions	48,280	51,429	-3,148	45,776
Accrued income taxes	4	7	-2	13
Accrued bonuses	300	310	-10	370
Provision for subsidiaries' real estate business reorganization	10,076	127,566	-117,489	10,076
Stock purchase warrant	501	501	-	501
Other current liabilities	3,462	6,092	-2,629	3,548
Non-current liabilities:	227,119	321,296	-94,176	322,065
Bonds	108,400	108,400	-	108,400
Convertible bonds	79,986	116,255	-36,269	116,255
Long-term borrowings	6,000	62,000	-56,000	62,000
Long-term cash deposits received	23,829	28,482	-4,653	25,675
Deferred income taxes liabilities	6,997	4,812	2,184	7,888
Accrued retirement benefits	1,630	952	677	1,386
Other non-current liabilities	275	392	-117	459
Total liabilities	633,574	607,602	25,971	644,452
Stockholders' equity:				
Common stock	-	138,431	-	138,431
Legal reserve	-	163,121	-	163,121
Additional paid-in capital	-	117,786	-	117,786
Earned surplus reserve	-	45,335	-	45,335
Other surplus	-	327,477	-	307,554
General-purpose reserve	-	417,000	-	417,000
Unappropriated retained earnings including net income -89,689 million yen for Sep. 2001 and net income -109,612 million yen for Fiscal 2001	-	-89,522	-	-109,445
Net unrealized gain on investment securities, net of tax effect	-	6,632	-	10,871
Treasury stock	-	-	-	-2,282
Common stock	138,431	-	-	-
Capital surplus	117,786	-	-	-
Additional paid-in capital	117,786	-	-	-
Earned surplus	404,161	-	-	-
Earned surplus reserve	45,335	-	-	-
General-purpose reserve	299,000	-	-	-
Unappropriated retained earnings including net income 59,248 million yen for the current term	59,825	-	-	-
Net unrealized gain on investment securities, net of tax effect	9,643	-	-	-
Treasury stock	-2,234	-	-	-
Total stockholders' equity	667,788	635,663	32,124	617,697
Total liabilities and stockholders' equity	1,301,362	1,243,266	58,095	1,262,149

Income Statement

(millions of yen)	First half	First half	Yr/yr	Fiscal 2001
	Apr. 1, 2002 - Sep. 30, 2002	Apr. 1, 2001 - Sep. 30, 2001	% Change	Apr. 1, 2001- Mar. 31, 2002
Operating revenues:	65,859	48,936	34.6	54,793
Dividends from related companies	61,162	42,983	42.3	42,988
Interest on loans to related companies	3,383	2,653	27.5	5,350
Other interest and dividend income	24	38	-36.2	77
Royalty on trademark	1,288	3,260	-60.5	6,377
Operating expenses:	7,039	7,165	-1.8	14,056
Selling, general and administrative expenses:	3,862	4,273	-9.6	8,165
Commission and other expenses	755	938	-19.5	1,469
Employees' compensation and benefits	1,462	1,542	-5.2	3,334
Real estate expenses	371	374	-0.7	798
Data processing and office supplies	541	456	18.6	828
Depreciation expenses	186	326	-42.8	554
Others	545	635	-14.2	1,180
Interest expenses	3,177	2,892	9.9	5,890
Operating income	58,820	41,771	40.8	40,737
Non-operating income	994	1,585	-37.3	2,436
Non-operating expenses	555	520	6.8	773
Ordinary income	59,258	42,836	38.3	42,400
Extraordinary gains	2,584	9,868	-73.8	10,542
Extraordinary losses	2,590	142,387	-98.2	162,540
Income before income taxes	59,252	-89,681	-	-109,598
Income taxes-current	4	8	-44.7	14
Income taxes-deferred	-	-	-	-
Net income	59,248	-89,689	-	-109,612
Net loss on disposal of treasury stock	6	-	-	-
Unappropriated retained earnings-carryforward	583	167	248.3	167
Unappropriated retained earnings at ending	59,825	-89,522	-	-109,445

Notes to financial statements

The financial statements of the Company for the first half ended September 30, 2002 are prepared in accordance with 'Regulations of Interim Financial Statements' (MOF Ordinance No. 38, 1977).

In accordance with the amendment of the 'Regulations of Interim Financial Statements', the method of presentation for balance sheet for this first half are changed.

Basis of financial statements

1. Valuation of securities and 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 the fair value on the closing date with posting net unrealized gains net of tax effect directly in stockholders' equity, if their fair value is available. 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 appendices) 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 September 30, 2002, 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 6 months are provided based on the difference between projected benefit obligation and fund fair value expected on March 31, 2003.

(4) Provision for subsidiaries' real estate business reorganization

The Company's board of directors resolved to reorganize some subsidiaries' real estate business and to initiate working on how to provide financial assistance to them including capital injection, aiming at improving the Group financial condition on October 26, 2001. Provision for subsidiaries' real estate reorganization is based on anticipated financial assistance as of September 30, 2002.

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.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets	As of Sep. 30, 2002	As of Sep. 30, 2001	As of Mar. 31, 2002
	3,192 million yen	3,993 million yen	3,643 million yen
2. Guarantee	As of Sep. 30, 2002	As of Sep. 30, 2001	As of Mar. 31, 2002
	31,825 million yen	122,713 million yen	116,770 million yen
3. Treasury stock			
Treasury stock is presented as a deduction from stockholders' equity in accordance with the amendment of 'Regulations of Financial Statements'.			
(1) Treasury stock included in other current assets	As of Sep. 30, 2002	As of Sep. 30, 2001	As of Mar. 31, 2002
	-	32,438 shares	-
	-	37 million yen	-
(2) Treasury stock included in investments and others	As of Sep. 30, 2002	As of Sep. 30, 2001	As of Mar. 31, 2002
	-	3,238,000 shares	-
	-	2,279 million yen	-
4. Fair value of subsidiary and affiliated company stocks as of Sep. 30, 2002 (millions of yen)			
	Carrying value	Fair value	Difference
Subsidiary	40,170	31,182	-8,987
Affiliated company	792	664	-127

Notes to income statement

Details of extraordinary gains/losses

	(millions of yen)		
	<u>First half</u>	<u>First half</u>	<u>Fiscal 2001</u>
	Apr. 1, 2002- Sep. 30, 2002	Apr. 1, 2001- Sep. 30, 2001	Apr. 1, 2001- Mar. 31, 2002
Extraordinary gains:			
Gain on sale of fixed assets	17	124	125
Gain on sale of investment securities	2,567	8,516	9,189
Reversal of multiemployer pension plan (Note)	-	1,227	1,227
Extraordinary losses:			
Write-down of related companies' stocks	15	5,164	8,005
Write-down of investment securities	2,237	3,184	18,022
Valuation loss of fixed assets	-	8	31
Loss on sale or disposal of fixed assets	100	8	78
Loss on sale of investment securities	89	4,392	6,215
Provision for doubtful accounts	147	2,062	2,793
Expenses for subsidiaries' real estate business reorganization	-	127,566	127,286
Early retirement benefit	-	-	107

(Note): The reversal of the provision for multiemployer pension plan is the amount after the deduction of expenses actually paid to Securities Companies' Welfare Pension Fund upon withdrawal.