

July 25, 2002

Consolidated financial summary
 (For the first quarter ended June 30, 2002)

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

Note: All figures in the financial statements are rounded down to the nearest millionth. “-” indicates a loss or negative figure.

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change
First quarter (2002/6)	100,717	(-28.1)%	72,240	(-)	9,738	(-7.5)%	11,926	(13.0)%
First quarter (2001/6)	140,159		-		10,526		10,553	
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)	
	Millions of yen	Yr/yr change	Yen		Yen		%	
First quarter (2002/6)	5,785	(14.8)%	4.35		4.19		4.1	
First quarter (2001/6)	5,041		3.79		3.66		2.8	
Fiscal 2001 (2002/3)	-130,547		-98.27		-		-20.3	

- Note
- Equity in earnings
 First quarter (2002/6): 141 million yen First quarter (2001/6): 43 million yen Fiscal 2001 (2002/3): 963 million yen
 - Average number of shares outstanding (shares)
 First quarter (2002/6): 1,328,547,726 First quarter (2001/6): 1,328,250,479 Fiscal 2001 (2002/3): 1,328,421,515
 - Change in accounting policies: None

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' Equity ratio	Stockholders' equity / share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2002	8,764,022	560,261	6.4	421.68
As of Jun. 30, 2001	9,604,985	704,298	8.6	530.21
As of Mar. 31, 2002	7,827,306	570,839	7.3	429.68

- Note
- Number of shares outstanding (shares)
 As of Jun. 30, 2002: 1,328,614,409 As of Jun. 30, 2001: 1,328,333,835 As of Mar. 31, 2002: 1,328,519,143
 - Stockholders' equity ratio
 Stockholders' equity ratio = Total stockholders' equity / Total liabilities (*), minority interest and stockholders' equity
 (*) Excluding securities deposited by customers as collateral and short-term securities borrowed.

(3) Scope of consolidation and equity method

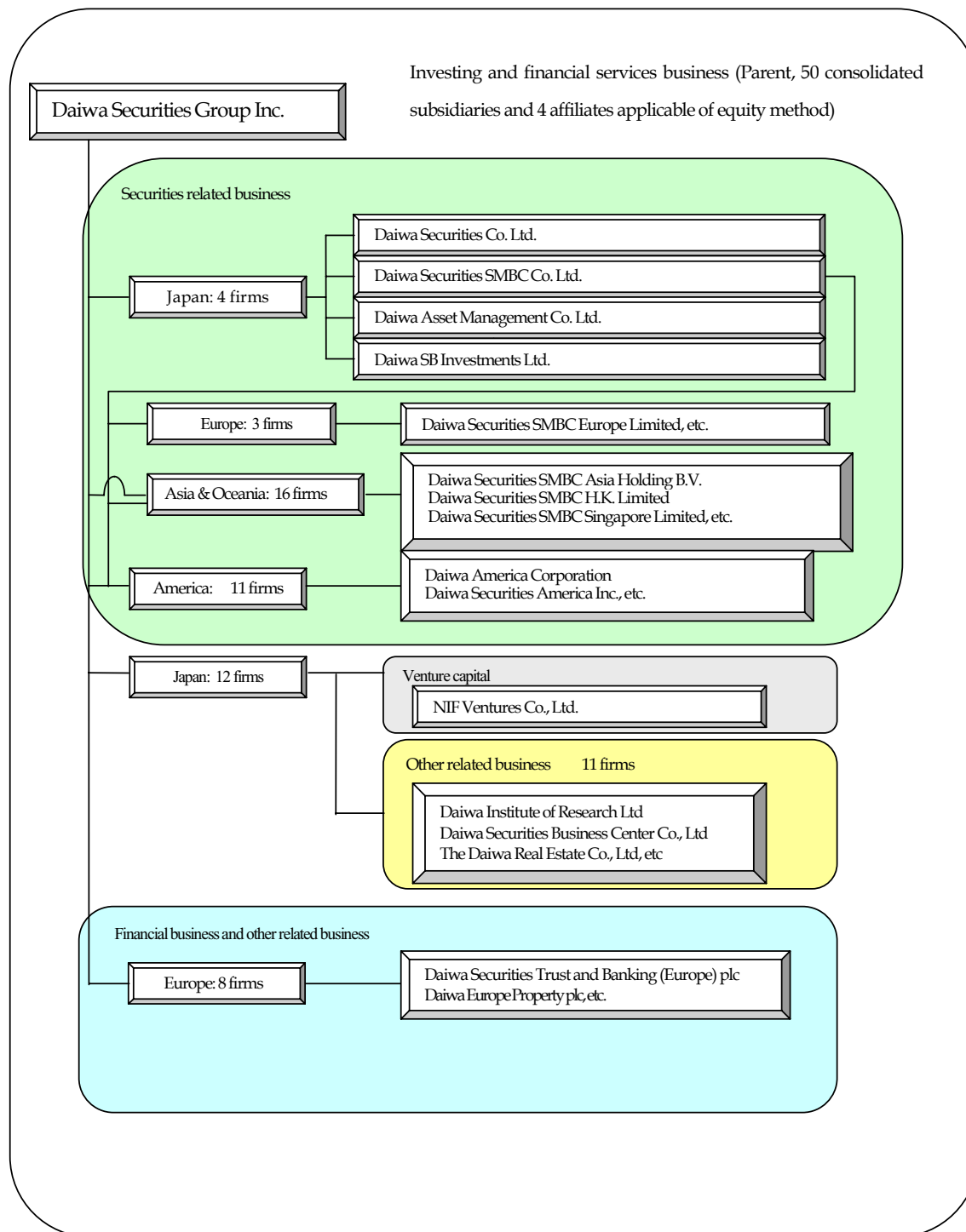
Consolidated subsidiaries: 50 Companies Affiliates applicable of equity method: 4 Companies

(4) Change in scope of consolidation and equity method

Consolidated subsidiaries: Exclusion...1 Company

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.



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

1. Summary of operating results for 3 months (comparison with the first quarter of fiscal 2001)

Consolidated operating revenues declined 28.1% to 100,717 million yen, mainly because a brokerage commission and financial income decreased although trading gains were in a good shape. Consolidated net operating revenues amounted to 72,240 million yen. Consolidated ordinary income increased 13.0% to 11,926 million yen, mainly due to a decrease in selling, general and administrative expenses. Consolidated net revenue increased 14.8% to 5,785 million yen, taking account of income taxes and minority interest in income.

(1) Commissions

(i) Brokerage commission

"Brokerage" commission declined 16.6% to 15,562 million yen, in line with a decrease of 2.4% in daily average trading value on Tokyo Stock Exchange.

(ii) Underwriting commission

"Underwriting" commission diminished 10.4% to 5,988 million yen, as the stagnant secondary stock market damped the primary stock market.

(iii) Distribution commission

"Distribution" commission dropped 33.3% to 3,965 million yen, as the depressed stock market affected commission on sale of equity-related beneficiary certificate.

(iv) Other commission

"Other" commission in "Investment trust" was decreased 40.6% to 8,215 million yen, due to a decline in trust fee rates and in net asset value of bond-related beneficiary certificate. "Other" commission decreased 28.4% to 13,472 million yen.

(2) Net trading gains/losses

Net trading gains on "Stock and other" declined 12.1% to 6,276 million yen, mainly due to lackluster trading by clients. While, net trading gains on "Bond, Forex and other" sharply increased 134.9% to 18,079 million yen, in line with favorable sales of non-Japanese bonds.

(3) Financial income

Net financial income decreased to 5,403 million yen, with interest and dividend income of 27,123 million yen and interest expenses of 21,720 million yen, primarily due to shrinkage of repurchase agreement transactions in overseas subsidiaries.

(4) Selling, general & administrative expenses

Selling, general & administrative expenses decreased 7.5% to 62,502 million yen mainly because "Commission and other expenses" and "Data processing and office supplies" declined, reflecting curtailment in advertisement expenses and system development.

(5) Extraordinary gains/losses

Extraordinary gains totaled 2,325 million yen, including gain on sale of fixed assets of 1,804 million, and gain on sale of investment securities of 520 million yen. Extraordinary losses totaled 2,195 million yen, including write-off of investment securities of 1,179 million yen, and loss on sale or disposal of fixed assets of 698 million yen.

2. Operating results of overseas subsidiaries for the first quarter of fiscal 2002 (3 months)

Ordinary income by geographic area (millions of yen)

<u>America</u>	<u>Europe</u>	<u>Asia & Oceania</u>	<u>Total</u>
36	519	97	653

b. Financial conditions (comparison with Mar. 31, 2002)

Total assets increased by 936,716 million yen to 8,764,022 million yen, and total liabilities increased by 946,593 million yen to 8,050,356 million yen. On assets side, trading assets increased by 1,006,363 million yen, mainly because bond trading positions increased although cash and time deposits decreased by 140,618 million yen. On liabilities side, trading liabilities and trade date accrual increased by 436,367 million yen and by 597,770 million yen, respectively, while the total of short-term and long-term borrowing decreased by 220,078 million yen. On stockholders' equity, net unrealized gain on securities net of tax effect decreased in line with a decline of market price of investment securities. Translation adjustments decreased due to yen's appreciation.

Consolidated balance sheet

(millions of yen)

	First quarter Jun. 30, 2002	Fiscal 2001 Mar. 31, 2002		First quarter Jun. 30, 2001
<i>Assets</i>				
Current assets:	8,014,013	7,058,589	Current assets:	8,824,606
Cash and time deposits	313,941	454,559	Cash and time deposits	448,418
Cash segregated as deposits	102,669	108,610	Cash segregated as deposits related to securities transactions	9,259
Notes receivable and accounts receivable	9,849	15,247	Notes receivable and accounts receivable	15,161
Securities	44,780	43,277	Receivables	22,888
Trading assets:	3,432,680	2,426,316	Advance payments on securities subscribed	3,065
Trading securities and others	3,031,544	2,081,231	Short-term loans receivable	169,931
Derivative assets	401,136	345,085	Accrued income	26,677
Operational investment securities	39,246	42,638	Securities	75,155
Less: Allowance for possible investment losses	-1,539	-1,540	Operational investment securities	48,091
Other inventories	3,248	2,559	Less: Allowance for possible investment losses	-1,220
Receivables related to margin transactions:	159,310	125,272	Trading assets:	2,822,982
Loans receivable from customers for margin transactions	79,750	49,227	Trading securities and others	2,453,228
Cash deposits as collateral for securities borrowed from securities finance companies	79,559	76,045	Options transactions	34,837
Receivables on collateralized securities transactions	3,497,680	3,493,653	Derivative valuation accounts	334,916
Cash deposits as collateral for securities borrowed	3,388,009	3,355,930	Other inventories	8,344
Receivables related to gensaki transactions	109,670	137,722	Receivables related to margin transactions:	202,656
Receivables	2,763	5,631	Loans receivable from customers for margin transactions	96,320
Short-term loans receivable	276,573	104,039	Cash deposits as collateral for securities borrowed from securities finance companies	106,336
Accrued income	12,277	16,597	Receivables related to gensaki transactions	612,128
Deferred income tax assets-current	9,857	10,468	Cash deposits as collateral for securities borrowed	2,819,781
Other current assets	112,007	214,218	Securities in custody	1,461,970
Less: Allowance for doubtful accounts-current	-1,332	-2,960	Deferred income tax assets-current	11,201
			Other current assets	75,146
			Less: Allowance for doubtful accounts-current	-7,033
Non-current assets:	750,008	768,717	Non-current assets:	780,379
Tangible fixed assets	180,952	188,451	Tangible fixed assets	311,609
Intangible fixed assets	49,503	51,047	Intangible fixed assets	47,384
Investments and others	519,552	529,218	Investments and others	421,385
Investment securities	310,741	310,273	Investment securities	214,748
Long-term loans receivable	14,660	14,745	Long-term loans receivable	15,405
Long-term guarantee deposits	30,477	31,519	Long-term guarantee deposits	32,186
Deferred income tax assets-non-current	75,675	79,095	Deferred income tax assets-non-current	80,539
Other investments	105,423	111,111	Other investments	92,887
Less: Allowance for doubtful accounts-non-current	-17,426	-17,527	Less: Allowance for doubtful accounts-non-current	-14,381
Total assets	8,764,022	7,827,306	Total assets	9,604,985

(millions of yen)

	First quarter Jun. 30, 2002	Fiscal 2001 Mar. 31, 2002		First quarter Jun. 30, 2001
<i>Liabilities</i>				
Current liabilities:	7,504,692	6,509,555	Current liabilities:	8,158,858
Notes payable and accounts payable	2,031	4,224	Notes payable and accounts payable	3,392
Trading liabilities:	1,624,213	1,187,846	Short-term borrowings	490,670
Trading securities and others	1,272,168	880,968	Commercial paper	304,742
Derivative liabilities	352,045	306,878	Bonds due within one year	91,693
Trade date accrual	767,117	169,346	Deposits received	122,857
Payables related to margin transactions:	32,643	42,432	Trade date accrual	69,669
Loans from securities finance companies for margin transactions	1,927	3,590	Advance receipts on securities subscribed	3,839
Proceeds of securities sold for margin transactions	30,716	38,842	Trading liabilities:	1,307,903
Payables on collateralized securities transactions	2,834,170	2,467,714	Trading securities and others	957,549
Cash deposits as collateral for securities loaned	2,762,738	2,389,617	Options transactions	29,270
Payables related to gensaki transactions	71,432	78,096	Derivative valuation accounts	321,083
Deposits received	100,995	110,320	Payables related to margin transactions:	47,308
Cash deposits received from customers	48,844	43,899	Loans from securities finance companies for margin transactions	14,384
Short-term borrowings	1,579,591	1,742,389	Proceeds of securities sold for margin transactions	32,923
Commercial paper	397,500	442,100	Payables related to gensaki transactions	345,402
Bonds due within one year	39,438	111,457	Cash deposits as collateral for securities loaned	3,750,515
Accrued income taxes	1,761	2,785	Short-term securities borrowed	1,146,879
Deferred income tax liabilities-current	-	2,086	Cash deposits received from customers	82,977
Accrued bonuses	6,882	14,582	Securities deposited by customers as collateral	315,091
Provision for real estate business reorganization	10,076	10,076	Accrued income taxes	1,347
Other current liabilities	59,424	158,292	Deferred income tax liabilities-current	2,048
			Accrued bonuses	7,561
			Other current liabilities	64,955
Non-current liabilities:	542,477	591,274	Non-current liabilities:	581,075
Bonds	336,024	327,213	Bonds	232,824
Convertible bonds	116,255	116,255	Convertible bonds	135,695
Long-term borrowings	64,637	121,917	Long-term borrowings	149,740
Deferred income tax liabilities-non-current	8,484	8,407	Long-term securities borrowed	6,000
Accrued retirement benefits	11,610	11,256	Deferred income tax liabilities-non-current	13,546
Other non-current liabilities	5,466	6,225	Accrued retirement benefits	8,142
			Multiemployer pension plan	28,442
			Other non-current liabilities	6,684
Statutory reserves:	3,186	2,932	Statutory reserves:	2,225
Total liabilities	8,050,356	7,103,762	Total liabilities	8,742,159
Minority interest	153,403	152,704	Minority interest	158,527
<i>Stockholders' equity</i>				
Common stock	138,431	138,431	Common stock	138,431
Capital surplus	117,786	-	Additional paid-in capital	117,786
Additional paid-in capital	-	117,786	Retained earnings	447,308
Earned Surplus	309,514	-	Net unrealized gain on securities net of tax effect	20,031
Retained earnings	-	311,719	Translation adjustments	-16,847
Net unrealized gain on securities net of tax effect	11,283	12,696	Treasury stock	-2,413
Translation adjustments	-14,539	-7,511		
Treasury stock	-2,215	-2,282		
Total stockholders' equity	560,261	570,839	Total stockholders' equity	704,298
Total liabilities, minority interest and stockholders' equity	8,764,022	7,827,306	Total liabilities, minority interest and stockholders' equity	9,604,985

Consolidated income statement

(millions of yen)

	First quarter Apr. 1, 2002 - Jun. 30, 2002	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002		First quarter Apr. 1, 2001 - Jun. 30, 2001
Operating revenues:	100,717	488,044	Operating revenues:	140,159
Commissions	38,990	171,869	Commissions	50,101
Net gain on trading	24,355	63,392	Net gain on trading	14,834
Net gain on operational investment securities	1,001	3,855	Net gain on operational investment securities	2,104
Interest and dividend income	27,123	195,934	Interest and dividend income	61,933
Other sales revenues	9,246	52,992	Other sales revenues	11,184
Interest expenses	21,720	164,505	Operating expenses:	129,632
Cost of sales	6,756	38,606	Interest expenses	53,466
Net operating revenues	72,240	284,932	Cost of sales	8,625
Selling, general and administrative expenses:	62,502	262,163	Selling, general and administrative expenses:	67,539
Commission and other expenses	10,277	47,023	Commission and other expenses	12,544
Employees' compensation and benefits	31,923	129,972	Employees' compensation and benefits	33,495
Real estate expenses	8,097	35,090	Real estate expenses	8,746
Data processing and office supplies	3,503	16,473	Data processing and office supplies	4,565
Depreciation expenses	5,143	18,774	Depreciation expenses	4,308
Taxes other than income taxes	1,446	5,328	Taxes other than income taxes	1,768
Others	2,110	9,500	Others	2,111
Operating income	9,738	22,769	Operating income	10,526
Non-operating income	2,854	8,615	Non-operating income	1,412
Equity in earnings (profit)	141	963	Equity in earnings (profit)	43
Others	2,712	7,651	Others	1,369
Non-operating expenses	666	5,535	Non-operating expenses	1,386
Ordinary income	11,926	25,849	Ordinary income	10,553
Extraordinary gains	2,325	31,977	Extraordinary gains	8,247
Extraordinary losses	2,195	177,795	Extraordinary losses	11,747
Income before income taxes and others	12,056	-119,969	Income before income taxes and others	7,053
Income taxes-current	1,447	2,612	Income taxes-current	959
Income taxes-deferred	2,976	2,989	Income taxes-deferred	45
Minority interest in income	-1,845	-4,976	Minority interest in income	-1,006
Net income	5,785	-130,547	Net income	5,041

Consolidated statement of retained earnings

(millions of yen)

	First quarter Apr. 1, 2002 - Jun. 30, 2002		Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002	First quarter Apr. 1, 2001 - Jun. 30, 2001
<i>Capital surplus</i>				
Beginning balance of capital surplus	117,786	Beginning balance of retained earnings	459,994	459,994
Increase in capital surplus	-	Decrease in retained earnings	17,727	17,727
Decrease in capital surplus	-	Dividends	17,265	17,265
		Directors' bonuses	462	462
		Net income	-130,547	5,041
Ending balance of capital surplus	117,786	Ending balance of retained earnings	311,719	447,308
<i>Earned surplus</i>				
Beginning balance of earned surplus	311,719			
Increase in earned surplus	5,785			
Net income	5,785			
Decrease in earned surplus	7,991			
Dividends	7,971			
Directors' bonuses	14			
Net loss on disposal of treasury stock	5			
Ending balance of earned surplus	309,514			

Changes in the Forms of the consolidated statement of retained earnings for the first quarter ended June 30, 2002 are brought about by the amendment of the "Regulations of Consolidated Financial Statements."

Notes to consolidated financial statements

The consolidated financial statements of the Company for the first quarter ended June 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.

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 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 quarter.

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 quarter of one affiliate applicable of equity method ends other than June 30, 2002, the financial statements for the relevant fiscal year are reflected.

3. First quarter of consolidated subsidiaries

As the first quarter of one consolidated subsidiary ends other than June 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. Those securities cost 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 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) Amortization for deferred assets

Issue costs for bonds are amortized in a lump sum when incurred.

(4) 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 June 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 3 months are provided based on the difference between projected benefit obligation and fund fair value expected on March 31, 2003.

(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 June 30, 2002.

(5) Accounting for certain lease transactions

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

(6) 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.

(7) Other material items

(Accounting for consumption taxes)

Consumption taxes are separately recorded.

Notes to consolidated balance sheet

1. Guarantee

As of Jun. 30, 2002.....	4,686 million yen
As of Mar. 31, 2002.....	4,914 million yen
As of Jun. 30, 2001.....	5,710 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 Jun. 30, 2002.....	40,000 million yen
As of Mar. 31, 2002.....	40,000 million yen
As of Jun. 30, 2001.....	40,000 million yen

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

	First quarter	Fiscal 2001	(millions of yen) First quarter
	Apr. 1, 2002 -	Apr. 1, 2001 -	Apr. 1, 2001 -
	<u>Jun. 30, 2002</u>	<u>Mar. 31, 2002</u>	<u>Jun. 30, 2001</u>
Extraordinary gains			
Gain on sale of fixed assets.....	1,804	349	121
Gain on sale of subsidiary stocks.....	-	4,278	-
Gain on sale of investment securities.....	520	9,588	6,994
Gain on change in stake in subsidiary.....	-	4,068	-
Reversal of multiemployer pension plan (Note).....	-	13,691	-
Reversal of doubtful accounts.....	-	-	1,131
Extraordinary losses			
Write-off of related companies' stocks.....	-	5,381	-
Write-off of investment securities.....	1,179	21,233	3,018
Valuation loss of fixed assets.....	-	247	-
Loss on sale or disposal of fixed assets.....	698	2,340	480
Loss on sale of investment securities.....	62	9,764	2,899
Loss on sale of loan receivables.....	-	128	-
Provision for doubtful accounts.....	-	4,517	-
Expenses for real estate business reorganization.....	-	127,400	-
Early retirement benefit.....	-	730	-
Write-off of goodwill.....	-	5,000	5,000
Consumption tax incurred regarding goodwill not falling under other deductions.....	-	93	98
Provision for securities transaction liabilities.....	254	957	250

(Note): Reversal of multiemployer pension plan is a deduction of actual obligation on withdrawal from the Securities Companies' Welfare Pension Fund from the provision for multiemployer pension plan.

Supplemental information for the first quarter for fiscal 2002

1. Breakdown of commission income

First quarter ended Jun.30, 2002 (A)

(millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	15,202	278	81	-	-	15,562
Underwriting	-	-	-	5,988	-	5,988
(Stock and other)	(-)	(-)	(-)	(3,609)	(-)	(3,609)
(Bond and other)	(-)	(-)	(-)	(2,379)	(-)	(2,379)
Distribution	-	-	3,952	13	-	3,965
Other commission	604	591	8,215	1,422	2,637	13,472
(Agency commission)	(-)	(544)	(4,153)	(-)	(-)	(4,698)
Total	15,807	870	12,249	7,425	2,637	38,990

First quarter ended Jun.30, 2001 (B)

(millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	18,339	322	0	-	-	18,663
Underwriting	-	-	-	6,685	-	6,685
(Stock and other)	(-)	(-)	(-)	(4,063)	(-)	(4,063)
(Bond and other)	(-)	(-)	(-)	(2,622)	(-)	(2,622)
Distribution	-	-	5,891	51	-	5,942
Other commission	577	494	13,826	1,188	2,722	18,810
(Agency commission)	(-)	(467)	(7,655)	(-)	(-)	(8,123)
Total	18,917	817	19,718	7,924	2,722	50,101

Yr/yr % change (First quarter ended Jun.30, 2002 (A) / First quarter ended Jun.30, 2001 (B) - 1)

(%)

	Equity	Fixed income (Bond)	Investment Trust	Investment banking	Others	Total
Brokerage commission	-17.1	-13.6	-	-	-	-16.6
Underwriting	-	-	-	-10.4	-	-10.4
(Stock and other)	(-)	(-)	(-)	(-11.2)	(-)	(-11.2)
(Bond and other)	(-)	(-)	(-)	(-9.2)	(-)	(-9.2)
Distribution	-	-	-32.9	-74.3	-	-33.3
Other commission	4.7	19.6	-40.6	19.8	-3.1	-28.4
(Agency commission)	(-)	(16.6)	(-45.7)	(-)	(-)	(-42.2)
Total	-16.4	6.5	-37.9	-6.3	-3.1	-22.2

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 quarter (2002/6)	First quarter (2001/6)	Yr/yr % change (%)	Fiscal 2001 (2002/3)
Stock and other	6,276	7,139	-12.1	20,307
Bond, Forex and other	18,079	7,695	134.9	43,084
(Bond and other)	(12,062)	(9,204)	(31.1)	(32,943)
(Forex and other)	(6,016)	(-1,509)	(-)	(10,141)
Total	24,355	14,834	64.2	63,392

(Reference Data)

Quarterly consolidated income statement

	Fiscal 2001				Fiscal 2002
	First quarter Apr. 1, 2001 - Jun. 30, 2001	Second quarter Jul. 1, 2001 - Sep. 30, 2001	Third quarter Oct. 1, 2001 - Dec. 31, 2001	Fourth quarter Jan. 1, 2002 - Mar. 31, 2002	First quarter Apr. 1, 2002 - Jun. 30, 2002
Operating revenue	139,168	117,209	112,491	119,174	100,717
Commissions	50,101	40,651	39,662	41,453	38,990
Brokerage commission	18,663	13,029	12,728	15,331	15,562
(Stock and other)	18,339	12,601	12,347	14,991	15,202
(Bond and other)	322	316	337	252	278
Underwriting commission	6,685	7,985	7,733	5,413	5,988
(Stock and other)	4,063	5,307	4,358	3,382	3,609
(Bond and other)	2,622	2,668	1,759	2,019	2,379
Distribution commission	5,942	2,754	3,543	3,369	3,965
(Beneficiary certificates)	5,891	2,546	3,268	3,028	3,952
Other commission	18,810	16,881	15,657	17,338	13,472
(Beneficiary certificates)	13,826	12,132	10,877	9,587	8,215
Net gain on trading	14,834	9,487	14,290	24,779	24,355
(Stock and other)	7,139	-1,576	6,011	8,733	6,276
(Bond and other)	9,204	2,624	8,977	12,136	12,062
(Forex and other)	-1,509	8,439	-698	3,909	6,016
Net gain on operational investment securities	2,104	-942	1,791	902	1,001
Interest and dividend income	60,943	57,931	46,304	30,755	27,123
Other sales revenues	11,184	10,080	10,443	21,283	9,246
Interest expenses	53,362	52,514	37,276	21,351	21,720
Cost of sales	8,625	7,154	7,740	15,085	6,756
Net operating revenues	77,180	57,539	67,474	82,737	72,240
Selling, general and administrative expenses	67,539	66,835	62,988	64,799	62,502
Commission and other expenses	12,544	12,729	11,033	10,716	10,277
Employees' compensation and benefits	33,495	32,686	31,048	32,741	31,923
Real estate expenses	8,746	8,726	8,661	8,956	8,097
Data processing and office supplies	4,565	3,884	3,850	4,172	3,503
Depreciation expenses	4,308	4,559	4,688	5,217	5,143
Taxes other than income taxes	1,768	1,365	1,237	956	1,446
Others	2,111	2,883	2,467	2,037	2,110
Operating income	9,640	-9,295	4,486	17,938	9,738
Non-operating income	2,383	1,267	1,911	3,052	2,854
Non-operating expenses	1,470	1,349	1,224	1,490	666
Ordinary income	10,553	-9,377	5,173	19,500	11,926
Extraordinary gains	8,247	13,729	1,431	8,568	2,325
Extraordinary losses	11,747	141,969	15,389	8,688	2,195
Income before income taxes and others	7,053	-137,617	-8,785	19,380	12,056
Income taxes-current	959	495	751	406	1,447
Income taxes-deferred	45	-681	118	3,506	2,976
Minority interest in income	-1,006	813	-2,114	-2,688	-1,845
Net income	5,041	-136,618	-11,769	12,798	5,785

Note: The operating results are presented in accordance with the amended "Uniform Accounting Standards of Securities Companies"

(set by the board of directors of the Japan Securities Dealers' Association, September 28, 2001) since the 2nd quarter of fiscal 2001.

The operating results for the 1st quarter of fiscal 2001 are reclassified in that manner.

July 25, 2002

Daiwa Securities Group Inc.
Non-consolidated financial summary
 (For the first quarter ended June 30, 2002)

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

Note :All figures in the financial statements are rounded down to the nearest millionth.
 "-" indicates a loss or negative figure.

	Operating revenues	Yr/yr	Operating income	Yr/yr	Ordinary income	Yr/yr
	Millions of yen	change	Millions of yen	change	Millions of yen	change
First quarter (2002/6)	63,531	(34.8)%	60,161	(38.6)%	61,031	(39.9)%
First quarter (2001/6)	47,136		43,396		43,635	
Fiscal 2001 (2002/3)	54,793		40,737		42,400	

	Net income	Yr/yr	Earnings /share
	Millions of yen	change	Yen
First quarter (2002/6)	60,230	(32.1)%	45.33
First quarter (2001/6)	45,593		34.23
Fiscal 2001 (2002/3)	-109,612		-82.51

Note 1. Average number of shares outstanding (shares)

First quarter (2002/6): 1,328,557,224

First quarter (2001/6): 1,331,735,258

Fiscal 2001 (2002/3): 1,328,421,515

2. Change in accounting policies: None

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/share
	Millions of yen	Millions of yen	%	Yen
As of Jun.30, 2002	1,339,978	670,440	50.0	504.61
As of Jun. 30, 2001	1,283,532	781,935	60.9	587.15
As of Mar. 31, 2001	1,262,149	617,697	48.9	464.95

Note 1. Number of shares outstanding (shares)

As of Jun. 30, 2002: 1,328,623,907

As of Jun. 30, 2001: 1,331,735,258

As of Mar. 31, 2002: 1,328,519,143

2. Treasury stock (shares)

As of Jun. 30, 2002: 3,111,351

As of Mar. 31, 2002: 3,216,115

Daiwa Securities Group Inc.

Balance sheet

(millions of yen)

	(A) First quarter Jun. 30, 2002	(B) First quarter Jun. 30, 2001	(A)-(B) Increase/ decrease	Fiscal 2001 Mar. 31, 2002
<i>Assets</i>				
Current assets:	319,177	396,426	-77,249	432,321
Cash and time deposits	74,241	127,192	-52,951	123,264
Short-term loans receivable	217,224	248,779	-31,555	293,536
Accrued income	1,209	2,656	-1,447	2,589
Securities	-	1	-1	-
Other current assets	26,502	20,692	5,810	14,581
Less: Allowance for doubtful accounts-current	-0	-2,897	2,896	-1,650
Non-current assets:	1,020,801	887,105	133,696	829,828
Tangible fixed assets	10,329	10,665	-335	10,368
Intangible fixed assets	617	923	-306	626
Investments and others:	1,009,854	875,517	134,337	818,833
Investment securities	693,362	722,352	-28,989	693,854
Long-term loans receivable	269,060	98,616	170,443	75,710
Long-term guarantee deposits	33,913	39,009	-5,096	35,799
Others	16,062	16,517	-455	16,028
Less: Allowance for doubtful accounts-non-current	-2,543	-978	-1,565	-2,559
Total assets	1,339,978	1,283,532	56,446	1,262,149

(millions of yen)

	(A) First quarter Jun. 30, 2002	(B) First quarter Jun. 30, 2001	(A)-(B) Increase/ decrease	Fiscal 2001 Mar. 31, 2002
<i>Liabilities</i>				
Current liabilities:	405,153	146,027	259,126	322,386
Short-term borrowings	287,860	72,710	215,150	166,660
Commercial paper	40,000	5,000	35,000	76,000
Bonds due within one year	19,440	-	19,440	19,440
Payables on collateralized securities transactions	42,464	60,891	-18,427	45,776
Accrued income taxes	2	3	-1	13
Accrued bonuses	170	-	170	370
Provision for subsidiaries' real estate business reorganization	10,076	-	10,076	10,076
Stock purchase warrant	501	501	-	501
Other current liabilities	4,639	6,920	-2,280	3,548
Non-current liabilities:	264,384	355,569	-91,184	322,065
Bonds	108,400	108,400	-	108,400
Convertible bonds	116,255	135,695	-19,440	116,255
Long-term borrowings	6,000	65,000	-59,000	62,000
Long-term cash deposits received	23,806	30,292	-6,486	25,675
Deferred income taxes liabilities-non-current	8,193	12,786	-4,592	7,888
Accrued retirement benefits	1,474	811	662	1,386
Multiemployer pension plan	-	2,200	-2,200	-
Other non-current liabilities	255	384	-129	459
Total liabilities	669,538	501,596	167,942	644,452
<i>Stockholders' equity</i>				
Common stock	138,431	138,431	-	138,431
Capital surplus	117,786	-	-	-
Additional paid-in capital	117,786	-	-	-
Earned surplus	405,144	-	-	-
Earned surplus reserve	45,335	-	-	-
General-purpose reserve	299,000	-	-	-
Unappropriated retained earnings	60,809	-	-	-
(Net income for the current term)	(60,230)	-	-	-
Additional paid-in capital	-	117,786	-	117,786
Earned surplus reserve	-	45,335	-	45,335
Other surplus	-	462,761	-	307,554
General-purpose reserve	-	417,000	-	417,000
Unappropriated retained earnings	-	45,761	-	-109,445
(Net income for the current term)	-	(45,593)	-	(-109,612)
Net unrealized gain on investment securities net of tax effect	11,292	17,620	-6,328	10,871
Treasury stock	-2,215	-	-2,215	-2,282
Total stockholders' equity	670,440	781,935	-111,495	617,697
Total liabilities and stockholders' equity	1,339,978	1,283,532	56,446	1,262,149

Daiwa Securities Group Inc.

Income statement

(millions of yen)

	(A)	(B)	(C)=(A)-(B)	(C)/(B)	
	First quarter Apr. 1, 2002 - Jun. 30, 2002	First quarter Apr. 1, 2001 - Jun. 30, 2001	Increase/ decrease	Yr/yr Change %	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002
Operating revenues:	63,531	47,136	16,394	34.8	54,793
Dividends from related companies	61,162	42,983	18,179	42.3	42,988
Interest on loans to related companies	1,681	1,309	371	28.4	5,350
Other interest and dividend income	11	1,007	-996	-98.9	77
Royalty on trademark	675	1,835	-1,160	-63.2	6,377
Operating expenses:	3,369	3,739	-370	-9.9	14,056
Selling, general and administrative expenses:	1,771	2,168	-397	-18.3	8,165
Commission and other expenses	350	422	-72	-17.0	1,469
Employees' compensation and benefits	707	824	-116	-14.2	3,334
Real estate expenses	199	187	12	6.8	798
Data processing and office supplies	156	197	-41	-20.8	828
Depreciation expenses	100	166	-65	-39.7	554
Others	256	370	-113	-30.8	1,180
Interest expenses	1,597	1,570	26	1.7	5,890
Operating income	60,161	43,396	16,764	38.6	40,737
Non-operating income	908	258	649	251.2	2,436
Non-operating expenses	39	20	18	93.2	773
Ordinary income	61,031	43,635	17,395	39.9	42,400
Extraordinary gains	120	7,774	-7,654	-98.5	10,542
Extraordinary losses	918	5,811	-4,893	-84.2	162,540
Income before income taxes	60,232	45,598	14,634	32.1	-109,598
Income taxes-current	2	4	-2	-50.9	14
Income taxes-deferred	-	-	-	-	-
Net income	60,230	45,593	14,637	32.1	-109,612
Net loss on disposal of treasury stock	-5	-	-	-	-
Unappropriated retained earnings-carryforward	583	167	416	248.3	167
Unappropriated retained earnings at ending	60,809	45,761	15,048	32.9	-109,445

Notes to financial statements

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

Basis of financial statements

1. Valuation of securities and investment securities

Subsidiary stocks and affiliated company stocks are valued at moving average cost method. 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 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 June 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 3 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 June 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	<u>As of Jun. 30, 2002</u> 3,672 million yen	<u>As of Jun. 30, 2001</u> 3,964 million yen	<u>As of Mar. 31, 2002</u> 3,643 million yen
2. Guarantee	<u>As of Jun. 30, 2002</u> 34,178 million yen	<u>As of Jun. 30, 2001</u> 171,823 million yen	<u>As of Mar. 31, 2002</u> 116,770 million yen
3. Treasury stock	Treasury stock is presented as a deduction of stockholders' equity in accordance with the amendment of "Regulations of Financial Statements" since March 31, 2002.		
(1) Treasury stock included in other current assets	<u>As of Jun. 30, 2002</u> - shares - million yen	<u>As of Jun. 30, 2001</u> 33,423 shares 42 million yen	<u>As of Mar. 31, 2002</u> - shares - million yen
(2) Treasury stock included in investments and others	<u>As of Jun. 30, 2002</u> - shares - million yen	<u>As of Jun. 30, 2001</u> 3,368,000 shares 2,371 million yen	<u>As of Mar. 31, 2002</u> - shares - million yen
4. Fair value of subsidiary and affiliated company stocks as of June 30, 2002	<u>Value on balance sheet: (A)</u>	<u>Fair value: (B)</u>	<u>Difference: (B) - (A)</u>
Subsidiary	12,365 million yen	17,074 million yen	4,708 million yen
Affiliated company	345 million yen	340 million yen	-4 million yen

Notes to income statement

Details of extraordinary gains/losses

	<u>First quarter</u> <u>Apr. 1, 2002-</u> <u>Jun. 30, 2002</u>	<u>First quarter</u> <u>Apr. 1, 2001-</u> <u>Jun. 30, 2001</u>	(millions of yen) <u>Fiscal 2001</u> <u>Apr. 1, 2001-</u> <u>Mar. 31, 2002</u>
Extraordinary gains			
Gain on sale of fixed assets	16	96	125
Gain on sale of investment securities.....	103	7,677	9,189
Reversal of multiemployer pension plan (Note).....	-	-	1,227
Extraordinary losses			
Write-off of related companies' stocks	-	-	8,005
Write-off of investment securities	884	2,984	18,022
Valuation loss of fixed assets	-	-	31
Loss on sale or disposal of fixed assets.....	2	-	78
Loss on sale of investment securities	31	2,827	6,215
Provision for doubtful accounts	-	-	2,793
Expenses for subsidiaries' real estate business reorganization.....	-	-	127,286
Early retirement benefit	-	-	107

(Note): Reversal of multiemployer pension plan is a deduction of actual obligation on withdrawal from the Securities Companies' Welfare Pension Fund from the provision for multiemployer pension plan.