

April 26, 2002

Consolidated financial summary
 (For fiscal year ended March 31, 2002)

(1) Operating results (from April 1, 2001 to March 31, 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
Fiscal 2001 (2002/3)	488,044	(-32.0)%	284,932	(-)	22,769	(-87.3)%	25,849	(-85.5)%
Fiscal 2000 (2001/3)	718,113	(9.7)%	-	(-)	179,866	(-20.7)%	177,795	(-20.7)%

	Net income		Earnings / share		Fully diluted Earnings/share		Return on stockholders' equity (Annual basis)	
	Millions of yen	Yr/yr change	Yen		Yen		%	
Fiscal 2001 (2002/3)	-130,547	(-)	-98.27		-		-20.3	
Fiscal 2000 (2001/3)	64,550	(-38.7)%	48.62		46.26		9.3	

- Note
- Equity in earnings Fiscal 2001 (2002/3) : 963 million yen Fiscal 2000 (2001/3) : 761 million yen
 - Average number of shares outstanding (shares)
 Fiscal 2001 (2002/3) : 1,328,421,515 Fiscal 2000 (2001/3) : 1,327,472,109
 - 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 Mar. 31, 2002	7,827,306		570,839		7.3		429.68	
As of Mar. 31, 2001	9,250,223		716,817		9.3		539.72	

- Note
- Number of shares outstanding (shares)
 As of Mar. 31, 2002: 1,328,519,143 As of Mar. 31, 2001: 1,328,107,481
 - Stockholders' equity ratio
 Stockholders' equity ratio = Total stockholders' equity / ((Total liabilities*) + Minority interest + Total stockholders' equity)
 (*)Excluding securities deposited by customers as collateral and short-term securities borrowed.

(3) Cash flow

	Operating activities			Investing activities		Financing activities		Ending balance of cash and cash equivalent	
	Millions of yen			Millions of yen		Millions of yen		Millions of yen	
Fiscal 2001 (2002/3)	-875,274			-117,152		1,119,245		439,981	
Fiscal 2000 (2001/3)	-240,930			4,968		42,797		303,398	

(4) Scope of consolidation and equity method

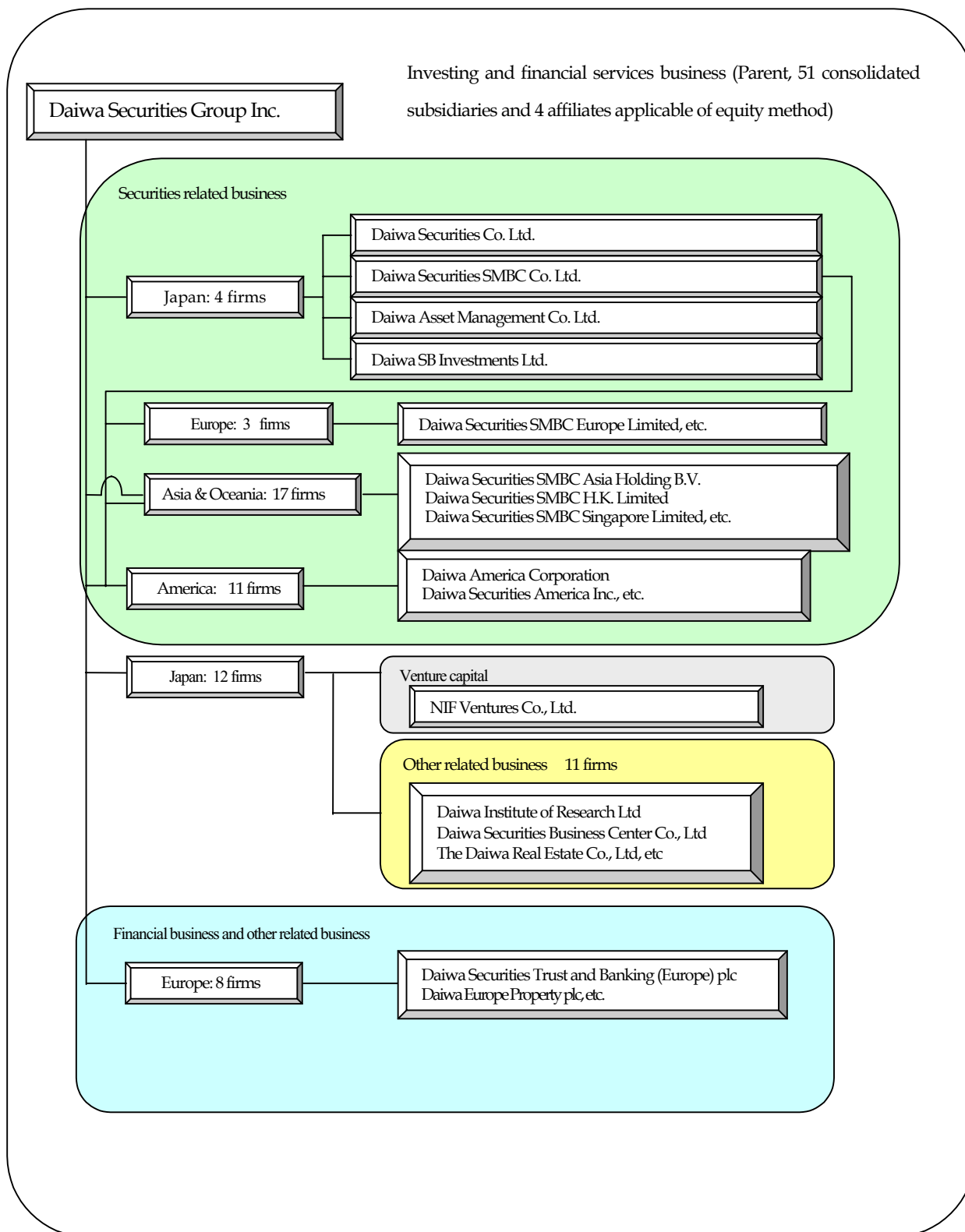
Consolidated subsidiaries: 51 Companies Affiliates applicable of equity method: 4 Companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries: Addition...2 Companies, Exclusion...3 Companies

Information on Group Companies

The Company and its related companies, 51 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 by utilizing the holding company structure and 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 investors, we will also reflect our financial performance on a consolidated basis. Under the "Group Medium-term Management Plan", we will appropriately distribute and manage shareholders' equity including any profits that we retain.

With this in mind, at the annual general meeting for shareholders', we would like to suggest a dividend of 6 yen per share.

(c) Principle Policy on New Unit Share System

We recognize that reducing the number of shares per unit is an important measure that should contribute to the revitalization of the Japanese stock market by expanding participation in the market.

To this extent, we will continue to look into the reduction in the number of Daiwa's shares per unit by considering our financial position, share price level, and the cost effectiveness of the reduction.

(d) 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.

(e) Mid to Long Term Management Targets

The Daiwa Securities Group was the first to move to a consolidated Group management structure in the financial industry in April 1999 and has been implementing various management innovation.

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 “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

To establish a personnel structure that reflects the needs of each business entity while balancing the needs of the Group as a whole, we will 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.

Furthermore, in November 2001, we inaugurated “Daiwa Leadership Program” to provide high-level training for young leaders, in addition to establishing “Daiwa Management Academy”, the training program geared to future executives, that has just produced the forth term students.

Furthermore, we make an effort to inculcate each of our employees the core values of our brand by providing programs for employees of all levels.

(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

We will develop a proactive public relations program as well as a shareholder and investor communications program to establish the Group’s corporate brand.

In December 2001, Daiwa Securities Media Networks Co. Ltd. established a channel dedicated to investment programs on Skyperfec TV!, a satellite television. We aim to expand the number of investors and to revitalize the securities markets by providing valuable information on finance and securities through this channel.

(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.

(5) Global Strategy

Daiwa signed a memorandum regarding a business collaboration with Shanghai International Group Corporation Limited (SIG) in March, 2002, in order to commence a study on business opportunities with respect to the rapidly advancing Chinese capital markets. SIG, located in Shanghai, the People's Republic of China, is a holding company of several financial and securities companies, with its shareholder being the Shanghai Municipal People's Government. Daiwa and SIG will shortly move to establish a close relationship with regards to the securities-related businesses and look into the detailed cooperation on business activities in the People's Republic of China.

Management Strategy for Each Business

(1) Daiwa Securities (Retail securities business)

Expecting the expansion of the number of individual investors near in the future, we provide our retail customers with various services that match their needs through the "Three Service Packages" which include the Internet and call center in addition to the branch office.

Last year, we worked to expand our services such as opening the branch offices on Saturday, selling variable annuities, and providing online margin trading. Furthermore, we have established the customer hotline to increase customer satisfaction.

(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.

On March 12, 2002, NIF Ventures' shares were registered for trading on JASDAQ, taking the company a further step forwards.

(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.

(f) Current Challenges

The role of the capital markets in the Japanese economy is growing in significance, as the defined-contribution pension plan has been introduced and full guarantees on time deposits have been lifted.

We, as a main player in the capital markets, recognize that we must fulfill our social role by establishing a firm business base.

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".

(g) 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 Group Management Meeting consists of the Holding Company board members who are also executive officers and Group executive officers comprising the presidents of each of the major group subsidiaries.

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 fiscal 2001

1. Summary of operating results (12 months)

Consolidated operating revenues declined 32.0% to 488,044 million yen, mainly due to a decrease in brokerage commission and trading gains. Consolidated net operating revenues amounted to 284,932 million yen. Consolidated ordinary income decreased 85.5% to 25,849 million yen. Consolidated net loss of 130,547 million yen was posted, mainly due to expenses for real estate business reorganization and write-off of investment securities as an extraordinary item.

(1) Commissions

(i) Brokerage commission

“Brokerage” commission declined 27.9% to 59,752 million yen, in line with depressed Nikkei Average of around 10,000 with a decrease of 6.9% in daily average trading value on Tokyo Stock Exchange.

(ii) Underwriting commission

“Underwriting” commission diminished 28.4% to 27,818 million yen, as the stagnant secondary stock market damped the primary stock market.

(iii) Distribution commission

“Distribution” commission dropped 60.6% to 15,610 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 34.1% to 46,424 million yen, due to a decline in trust fee rates and in net asset value of equity-related beneficiary certificate. “Other” commission decreased 26.4% to 68,687 million yen.

(2) Net trading gains/losses

Net trading gains on “Stock and other” plunged 84.4% to 20,307 million yen, mainly due to lackluster trading by clients. While, net trading gains on “Bond, Forex and other” increased 21.9% to 43,084 million yen.

(3) Financial income

Net financial income amounted to 31,428 million yen, with interest and dividend income of 195,934 million yen and interest expenses of 164,505 million yen, primarily due to expanded repurchase agreement transactions in overseas subsidiaries.

(4) Selling, general & administrative expenses

“Commission and other expenses” and bonuses included in “Employees’ compensation and benefits” were curtailed in line with a decrease in revenues, while “Depreciation expenses” on information technology-related investment increased. On balance, selling, general & administrative expenses decreased 8.6% to 262,163 million yen.

(5) Extraordinary gains/losses

Extraordinary gains totaled 31,977 million yen, including gains of 4,278 million for IPO of NIF Ventures Co., Ltd., a subsidiary, gain on change in stake in subsidiary of 4,068 million yen, gain on sale of investment securities of 9,588 million yen, and reversal of multi-employer pension plan of 13,691 million yen. Extraordinary losses totaled 177,795 million yen, including expenses for real estate business reorganization of 127,400 million yen, and write-off of investment securities of 21,233 million yen.

2. Summary of operating results (3 months)

Consolidated operating revenues for the 4th quarter of fiscal 2001 (3 months) increased 5.9% to 119,174 million yen compared with the previous quarter. Consolidated net operating revenues increased 22.6% to 82,737 million yen mainly because of an increase in net trading gains. Selling, general & administrative expenses increased 2.9% to 64,799 million yen. As a result, consolidated ordinary income jumped 277.0% to 19,500 million yen. Net income of 12,798 million yen was posted.

3. Operating results of overseas subsidiaries for fiscal 2001 (12 months)

Ordinary income by geographic area (millions of yen)

<u>America</u>	<u>Europe</u>	<u>Asia & Oceania</u>	<u>Total</u>
2,508	5,507	-173	7,842

b. Cash Flow

Net cash used in operating activities was 875,274 million yen for fiscal 2001, due to an increase of receivables on collateralized securities transactions, in spite of decrease in trading assets. Net cash used in investing activities was 117,152 million yen for fiscal 2001, due to increase of intangible fixed assets by information technology-related investment and acquisition of subordinated bonds to meet new rule on MMF. Net cash provided in financing activities was 1,119,245 million yen for fiscal 2001, mainly due to an increase of short-term borrowings. Cash and cash equivalents after effect of exchange rate fluctuation increased by 136,582 million yen to 439,981 million yen for fiscal 2001.

Consolidated balance sheet

(millions of yen)

	Fiscal 2001 Mar. 31, 2002		Fiscal 2000 Mar. 31, 2001
<i>Assets</i>		<i>Assets</i>	
Current assets:	7,058,589	Current assets:	8,451,951
Cash and time deposits	454,559	Cash and time deposits	399,564
Cash segregated as deposits	108,610	Cash segregated as deposits related to securities transactions	8,975
Notes receivable and accounts receivable	15,247	Notes receivable and accounts receivable	16,886
Securities	43,277	Receivables	19,003
Trading assets:	2,426,316	Advance payments on securities subscribed	1,100
Trading securities and others	2,081,231	Short-term loans receivable	409,455
Derivative assets	345,085	Accrued income	24,591
Operational investment securities	42,638	Securities	99,032
Less: Allowance for possible investment losses	-1,540	Operational investment securities	48,564
Other inventories	2,559	Less: Allowance for possible investment losses	-1,107
Receivables related to margin transactions:	125,272	Trading assets:	2,829,022
Loans receivable from customers for margin transactions	49,227	Trading securities and others	2,513,079
Cash deposits as collateral for securities borrowed from securities finance companies	76,045	Options transactions	43,022
Receivables on collateralized securities transactions	3,493,653	Derivative valuation accounts	272,920
Cash deposits as collateral for securities borrowed	3,355,930	Other inventories	8,016
Receivables related to gensaki transactions	137,722	Receivables related to margin transactions:	228,292
Receivables	5,631	Loans receivable from customers for margin transactions	88,171
Short-term loans receivable	104,039	Cash deposits as collateral for securities borrowed from securities finance companies	140,120
Accrued income	16,597	Receivables related to gensaki transactions	217,451
Deferred income tax assets-current	10,468	Cash deposits as collateral for securities borrowed	2,512,269
Other current assets	214,218	Securities in custody	1,556,172
Less: Allowance for doubtful accounts-current	-2,960	Deferred income tax assets-current	8,833
		Other current assets	73,991
		Less: Allowance for doubtful accounts-current	-8,163
Non-current assets:	768,717	Non-current assets:	798,271
Tangible fixed assets	188,451	Tangible fixed assets	313,905
Intangible fixed assets	51,047	Intangible fixed assets	46,801
Investments and others	529,218	Investments and others	437,564
Investment securities	310,273	Investment securities	227,875
Long-term loans receivable	14,745	Long-term loans receivable	15,782
Long-term guarantee deposits	31,519	Long-term guarantee deposits	32,487
Deferred income tax assets-non-current	79,095	Deferred income tax assets-non-current	83,366
Other investments	111,111	Other investments	92,442
Less: Allowance for doubtful accounts-non-current	-17,527	Less: Allowance for doubtful accounts-non-current	-14,390
Total assets	7,827,306	Total assets	9,250,223

(millions of yen)

	Fiscal 2001 Mar. 31, 2002		Fiscal 2000 Mar. 31, 2001
<i>Liabilities</i>		<i>Liabilities</i>	
Current liabilities:	6,509,555	Current liabilities:	7,715,514
Notes payable and accounts payable	4,224	Notes payable and accounts payable	5,012
Trading liabilities:	1,187,846	Short-term borrowings	600,028
Trading securities and others	880,968	Commercial paper	516,300
Derivative liabilities	306,878	Bonds due within one year	17,419
Trade date accrual	169,346	Deposits received	110,335
Payables related to margin transactions:	42,432	Trade date accrual	13,813
Loans from securities finance companies for margin transactions	3,590	Advance receipts on securities subscribed	1,823
Proceeds of securities sold for margin transactions	38,842	Trading liabilities:	1,412,369
Payables on collateralized securities transactions	2,467,714	Trading securities and others	1,109,527
Cash deposits as collateral for securities loaned	2,389,617	Option transactions	40,049
Payables related to gensaki transactions	78,096	Derivative valuation accounts	262,793
Deposits received	110,320	Payables related to margin transactions:	29,771
Cash deposits received from customers	43,899	Loans from securities finance companies for margin transactions	14,453
Short-term borrowings	1,742,389	Proceeds of securities sold for margin transactions	15,318
Commercial paper	442,100	Payables related to gensaki transactions	741,938
Bonds due within one year	111,457	Cash deposits as collateral for securities loaned	2,509,282
Accrued income taxes	2,785	Short-term securities borrowed	1,219,710
Deferred income tax liabilities-current	2,086	Cash deposits received from customers	89,282
Accrued bonuses	14,582	Securities deposited by customers as collateral	336,461
Provision for real estate business reorganization	10,076	Accrued income taxes	30,344
Other current liabilities	158,292	Deferred income tax liabilities-current	1,836
		Accrued bonuses	18,747
		Other current liabilities	61,037
Non-current liabilities:	591,274	Non-current liabilities:	637,810
Bonds	327,213	Bonds	287,400
Convertible bonds	116,255	Convertible bonds	135,695
Long-term borrowings	121,917	Long-term borrowings	152,324
Deferred income tax liabilities-non-current	8,407	Long-term securities borrowed	6,000
Accrued retirement benefits	11,256	Deferred income tax liabilities-non-current	13,234
Other non-current liabilities	6,225	Accrued retirement benefits	7,522
		Multiemployer pension plan	28,442
		Other non-current liabilities	7,190
Statutory reserves:	2,932	Statutory reserves:	1,974
Total liabilities	7,103,762	Total liabilities	8,355,299
Minority interest	152,704	Minority interest	178,106
<i>Stockholders' equity</i>		<i>Stockholders' equity</i>	
Common stock	138,431	Common stock	138,431
Additional paid-in capital	117,786	Additional paid-in capital	117,786
Retained earnings	311,719	Retained earnings	459,994
Net unrealized gain on securities net of tax effect	12,696	Net unrealized gain on securities net of tax effect	18,984
Translation adjustments	-7,511	Translation adjustments	-15,807
Treasury stock	-2,282	Treasury stock	-2,572
Total stockholders' equity	570,839	Total stockholders' equity	716,817
Total liabilities, minority interest and stockholders' equity	7,827,306	Total liabilities, minority interest and stockholders' equity	9,250,223

Consolidated income statement

(millions of yen)

	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002		Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001
Operating revenues:	488,044	Operating revenues:	718,113
Commissions	171,869	Commissions	254,704
Net gain on trading	63,392	Net gain on trading	165,637
Net gain on operational investment securities	3,855	Net gain on operational investment securities	3,853
Interest and dividend income	195,934	Net gain on other commodities trading	15
Other sales revenues	52,992	Interest and dividend income	223,992
Interest expenses	164,505	Other sales revenues	69,909
Cost of sales	38,606	Operating expenses:	538,247
Net operating revenues	284,932	Interest expenses	195,968
Selling, general and administrative expenses:	262,163	Cost of sales	55,330
Commission and other expenses	47,023	Selling, general and administrative expenses:	286,948
Employees' compensation and benefits	129,972	Commission and other expenses	55,618
Real estate expenses	35,090	Employees' compensation and benefits	140,426
Data processing and office supplies	16,473	Real estate expenses	38,662
Depreciation expenses	18,774	Data processing and office supplies	17,367
Taxes other than income taxes	5,328	Depreciation expenses	15,494
Others	9,500	Taxes other than income taxes	7,553
Operating income	22,769	Others	11,825
Non-operating income	8,615	Operating income	179,866
Equity in earnings (profit)	963	Non-operating income	5,926
Others	7,651	Equity in earnings (profit)	761
Non-operating expenses	5,535	Others	5,165
Ordinary income	25,849	Non-operating expenses	7,997
Extraordinary gains	31,977	Ordinary income	177,795
Extraordinary losses	177,795	Extraordinary gains	4,206
Income before income taxes and others	-119,969	Extraordinary losses	15,385
Income taxes-current	2,612	Income before income taxes and others	166,616
Income taxes-deferred	2,989	Income taxes-current	48,019
Minority interest in income	-4,976	Income taxes-deferred	21,829
Net income	-130,547	Minority interest in income	-32,217
		Net income	64,550

Consolidated statement of retained earnings

(millions of yen)

	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002	Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001
Beginning balance of retained earnings	459,994	413,468
Decrease in retained earnings:	17,727	18,024
Decrease in retained earnings due to change in stake in consolidated subsidiaries	-	497
Dividends	17,265	17,246
Directors' bonuses	462	280
Net income:	-130,547	64,550
Ending balance of retained earnings	311,719	459,994

Consolidated cash flow statement

(millions of yen)

	Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002	Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001
1. Cash flows from operating activities:		
Income before income taxes and others	-119,969	166,616
Depreciation	18,774	15,494
Increase in allowance for retirement benefits	3,728	4,253
Increase in allowance for doubtful accounts	445	1,403
Interest and dividends income	-194,617	-218,143
Interest expenses	168,339	207,440
Equity in earnings	-963	-761
Adjustment of extraordinary gains/losses items		
Gain on sale of fixed assets	-349	-245
Loss on sale or disposal of fixed assets	2,340	2,996
Valuation loss of fixed assets	247	227
Write-off of related companies' stocks	5,381	1,080
Gain on sale of subsidiary stocks	-4,278	-
Gain on sale of investment securities	-9,588	-3,960
Gain on change in stake in subsidiary	-4,068	-
Loss on sale of investment securities	9,764	1,956
Write-off of investment securities	21,233	3,669
Reversal of provision for multiemployer pension plan	-13,691	-
Loss on sale of loan receivables	128	1,519
Expenses for real estate business reorganization	127,400	-
Provision for doubtful accounts	4,517	2,942
Write-off of goodwill	5,000	-
Non-deductible consumption taxes derived from goodwill	93	-
Others	957	993
Increase in deposits segregated for customer	-5,200	-
Decrease in deposits segregated for customer	-	149,800
Increase in loan receivables	-	-259,198
Decrease in loan receivables	306,623	-
Increase/decrease in operational investment securities	2,633	2,559
Increase/decrease in trading assets	338,228	134,805
Increase/decrease in receivables related to margin transactions	115,681	-
Decrease in receivables related to margin transactions	-	141,490
Increase/decrease in Receivables/payables collateralized securities transactions	-1,549,167	-
Increase in receivables related to gensaki transactions and collateral (assets)	-	-510,205
The Securities Companies' Welfare Pension Fund payment	-15,252	-
Others	-84,573	-2,262
Sub-total	-870,200	-155,527
Interest and dividends received	201,303	211,216
Interest paid	-174,980	-205,945
Income taxes paid	-31,397	-90,673
Net cash provided by (used in) operating activities	-875,274	-240,930
2. Cash flows from investing activities:		
Purchase of securities	-97,779	-129,783
Sales and maturity of securities	159,588	124,439
Purchase of tangible fixed assets	-11,753	-10,408
Proceeds from sale of tangible fixed assets	8,856	6,297
Purchase of intangible fixed assets	-21,520	-21,242
Purchase of investment securities	-170,670	-16,218
Proceeds from sale and maturity of investment securities	51,892	43,758
Purchase of subsidiaries' stocks from non-Group shareholders	-15,200	-497
Proceeds from sale of subsidiary stocks	6,580	-
Loan made	-1,321	-517
Proceeds from collection of loan receivables	1,497	7,908
Others	-27,322	1,232
Net cash provided by (used in) investing activities	-117,152	4,968
3. Cash flows from financing activities:		
Proceeds from short-term borrowings	1,152,333	59,441
Proceeds from issuance of bonds and convertible bonds	161,903	192,109
Payments for redemption of bonds and convertible bonds	-46,835	-67,707
Proceeds from long-term borrowings	3,500	26,000
Repayment of long-term borrowings	-120,704	-152,904
Issuance of stocks to shareholder with minority interest	6,580	2,145
Proceeds from exercise of stock option	312	990
Dividends paid	-17,265	-17,246
Dividends paid to minority shareholder	-20,579	-29
Net cash provided by (used in) financing activities	1,119,245	42,797
4. Effect of exchange rate changes on cash and cash equivalents	9,764	7,696
5. Net change in cash and cash equivalents	136,582	-185,467
6. Cash and cash equivalents at beginning of year	303,398	488,865
7. Cash and cash equivalents at end of year	439,981	303,398

Notes to consolidated financial statements

The consolidated financial statements of the Company for fiscal 2001 ended March 31, 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 Consolidated Financial Statements" (MOF Ordinance No.28, 1976) and its Article 46 and 68.

Basis of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries.....51 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

Daiwa Securities SB Capital Markets Co. Ltd. changed its corporate name to "Daiwa Securities SMBC Co. Ltd." on April 1, 2001, and its overseas subsidiaries beginning with "Daiwa Securities SB Capital Markets" changed the corporate names in the same manner.

"Daiwa Securities SMBC Principal Investments Co. Ltd." and one overseas subsidiary are added to scope of consolidation due to establishment, and three overseas subsidiaries are excluded from scope of consolidation due to liquidation.

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 one affiliate applicable of equity method ends other than March 31 2002, the financial statements for the relevant fiscal year are reflected.

3. Fiscal 2001 of consolidated subsidiaries

As one consolidated subsidiary ends other than March 31 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 annexes) 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

(i) Issue costs for stocks and 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 March 31, 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 12 months are provided based on the difference between projected benefit obligation and fund fair value expected on March 31, 2002.

(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 March 31, 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
(i) Consumption Tax
Consumption taxes are separately recorded. Non-deductible consumption taxes imposed on certain assets are expensed when incurred.
5. Valuation of assets and liabilities of consolidated companies
Assets and liabilities of the consolidated subsidiaries are recorded at the fair value when the majority of ownership is acquired.
6. Amortization of consolidation adjustment account
Consolidation adjustment account is amortized in a lump sum when incurred due to its immateriality in amount.
7. Recording of appropriation of retained earnings
Appropriations of consolidated retained earnings in the consolidated statement of retained earnings are recorded in the fiscal year when the appropriations are resolved.
8. Scope of "Cash and cash equivalents" in consolidated cash flow statements
"Cash and cash equivalents" in consolidated cash flow statements is defined as liquid fund including cash in hand, current account deposits, and ordinary deposits.

Notes to consolidated balance sheet

1. Guarantee

As of Mar. 31, 2002.....	4,914million yen
As of Mar. 31, 2001.....	6,773 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 Mar. 31, 2002.....	40,000 million yen
As of Mar. 31, 2001.....	40,000 million yen

3. Changes in consolidated balance sheet due to amendment of the "Uniform Accounting Standards of Securities Companies"

- (i) Domestic trusted money segregated for customers as fiduciary assets were previously included in "Cash and time deposits" in accordance with Clause 3, Article 47 of the Securities and Exchange Act of Japan. The newly introduced "Cash segregated as deposits" is made up of the domestic trusted money segregated for customers as fiduciary assets and the former "Cash segregated as deposits related to securities transactions".
- (ii) "Securities in custody", "Securities deposited by customers as collateral" and "Short-term securities borrowed" are removed from balance sheet accounts.
- (iii) "Option transactions" and "Derivative valuation accounts" were previously presented separately. Those aggregated amounts are presented as "Derivative assets" or "Derivative liabilities".
- (iv) "Cash deposits as collateral for securities borrowed" and "Receivables related to gensaki transactions" are presented as a sub-account of newly introduced "Receivables on collateralized securities transactions".
- (v) "Cash deposits as collateral for securities loaned" and "Payables related to gensaki transactions" are presented as sub-account of newly introduced "Payables on collateralized securities transactions".

Notes to consolidated income statement**1. Details of extraordinary gains/losses**

	(millions of yen)	
	Fiscal 2001	Fiscal 2000
	Apr. 1, 2001 -	Apr. 1, 2000 -
	<u>Mar. 31, 2002</u>	<u>Mar. 31, 2001</u>
Extraordinary gains		
Gain on sale of fixed assets.....	349	245
Gain on sale of subsidiary stocks.....	4,278	-
Gain on sale of investment securities.....	9,588	3,960
Gain on change in stake in subsidiary.....	4,068	-
Reversal of multiemployer pension plan (Note).....	13,691	-
Extraordinary losses		
Write-off of related companies' stocks.....	5,381	1,080
Write-off of investment securities.....	21,233	3,669
Valuation loss of fixed assets.....	247	227
Loss on sale or disposal of fixed assets.....	2,340	2,996
Loss on sale of investment securities.....	9,764	1,956
Loss on sale of loan receivables.....	128	1,519
Provision for doubtful accounts.....	4,517	2,942
Expenses for real estate business reorganization.....	127,400	-
Early retirement benefit.....	730	-
Write-off of goodwill.....	5,000	-
Consumption tax incurred regarding goodwill not falling under other deductions.....	93	-
Provision for securities transaction liabilities.....	957	993
Provision for financial futures transaction liabilities.....	-	0

(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.

2. Changes in consolidated income statement due to amendment of the "Uniform Accounting Standards of Securities Companies"

- (1) "Net operating revenues", a deduction of "Interest expenses" and "Cost of sales" from "Operating revenues", is presented.
 (2) Dividends received on stocks held for the purpose of business other than securities and related businesses are removed to "Non-operating income" from "Interest and dividend income" of "Operating revenues".

Notes to consolidated cash flow statement**1. Reconciliation for "cash and cash equivalents at end of year" and "cash and time deposits" on consolidated balance sheet**

	(millions of yen)	
	Fiscal 2001	Fiscal 2000
	Apr. 1, 2001 -	Apr. 1, 2000 -
	<u>Mar. 31, 2002</u>	<u>Mar. 31, 2001</u>
Cash and deposits	454,559	399,564
Deposits segregated for customers	-	-85,500
Time deposit more than 3 months	-14,577	-10,665
Cash and cash equivalents	<u>439,981</u>	<u>303,398</u>

2. Important non-cash transactions

	(millions of yen)	
	Fiscal 2001	Fiscal 2000
	Apr. 1, 2001 -	Apr. 1, 2000 -
	<u>Mar. 31, 2002</u>	<u>Mar. 31, 2001</u>
Conversion of convertible bonds (CB)		
Increase in capital by conversion of CB	-	0
Increase in additional paid-in capital by conversion of CB	-	0
Decrease in CB by conversion	-	2

Segment information

1. Sales (operating revenues) by business segment

The company and its consolidated subsidiaries' world-wide activities include (a) trading in securities, (b) brokerage of securities, (c) underwriting and distribution of securities, (d) other business related to securities transactions and (e) private offering of securities. These activities include financing and other services. Accordingly, the Company and its subsidiaries operate in a single industry segment, "Investment and financial services".

2. Sales (Net operating revenue) by geographic area

Fiscal 2001 ended March 31, 2002

	(millions of yen)						
	Japan	America	Europe	Asia & Oceania	Total	Elimination or Unallocated	Consolidated
1. Net operating revenues and expenses							
Net operating revenues:							
Outside customers	240,541	16,434	23,022	4,933	284,932	-	284,932
Inter-area	9,724	648	1,530	762	12,665	(12,665)	-
Total	250,266	17,082	24,552	5,696	297,598	(12,665)	284,932
Operating 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
2. Asset	5,560,405	1,757,738	661,297	72,098	8,051,539	(224,233)	7,827,306

Fiscal 2000 ended March 31, 2001

	(millions of yen)						
	Japan	America	Europe	Asia & Oceania	Total	Elimination or Unallocated	Consolidated
1. Operating revenues and expenses							
Operating revenues:							
Outside customers	488,513	198,305	26,643	7,651	718,113	-	718,113
Inter-area	15,528	(370)	138	116	15,414	(15,414)	-
Total	504,041	197,935	23,782	7,768	733,527	(15,414)	718,113
Operating expenses	330,499	186,779	18,989	6,702	542,972	(4,724)	538,247
Operating income (loss)	173,542	11,155	4,792	1,065	190,555	(10,689)	179,866
2. Asset	7,104,228	1,817,111	572,243	76,507	9,570,091	(319,867)	9,250,223

(Note.1) Method of segmentation by geographic area and principal countries of area belonging to each segment are as follows:

- (1) Method of segmentation by geographic area: Geographical adjacency
- (2) Principal countries of area belonging to each segment area:
 - America: USA
 - Europe: United Kingdom, Germany, Switzerland and France
 - Asia & Oceania: Hong Kong and Singapore

(Note.2) Net operating revenues by geographic area are presented for fiscal 2001 due to amendment of "Uniform Accounting Standards of Securities Companies" .

3. Overseas net operating revenues

Fiscal 2001 ended March 31, 2002

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

Fiscal 2000 ended March 31, 2001

	America	Europe	Asia & Oceania	(millions of yen) Total
Overseas operating revenues	188,739	22,045	7,631	218,416
Consolidated operating revenues				718,113
% of total revenues	26.3%	3.1%	1.1%	30.4%

(Note)

- (1) Method of segmentation by geographic area and principal countries of area belonging to each segment are same as "2. Sales (operating revenue) by geographic area".
- (2) Overseas net operating revenues by geographic area are presented for fiscal 2001 due to amendment of "Uniform Accounting Standards of Securities Companies".

Notes to Post-Employment benefit plan

1. Post-Employment benefit plan

The Company and domestic consolidated subsidiaries adopt retirement lump-sum system and some of domestic companies adopt the closed pension fund applied only to annuitant. The Company and almost all of domestic consolidated subsidiaries introduced defined contribution pension plan in December, 2001. Some overseas-consolidated subsidiaries adopt defined contribution pension plan.

2. Post-employment benefit obligation and Provision for employees' retirement allowance on consolidated financial statement

	<u>Fiscal 2001 (Mar. 31, 2002)</u>	<u>Fiscal 2000 (Mar. 31, 2001)</u>
(1) Post -employment benefit obligation		
Accrued retirement benefits:	11,256 million yen	7,522 million yen
(2) Provision for employees' retirement allowance		
Provision for employees' retirement allowance:	6,412 million yen	7,392 million yen

Note: Provision for employees' retirement allowance is included in " Employees' compensation and benefits " of "Selling, general and administrative expenses".

3. Basis of measurement of post -employment benefit obligation (Straight-line period method)

(1) Method of allocation of projected post-employment methods:

	<u>Fiscal 2001 (Mar. 31,2002)</u>	<u>Fiscal 2000 (Mar. 31,2001)</u>
(2) Discount rate:	1.5% to 1.75%	1.5% to 3.0%
(3) Expected rates of return on asset:	1.5% to 1.75%	1.5% to 3.0%
(4) Term of amortization of net actuarial loss:	5 years	5 years

Supplemental information for fiscal year 2001

1. Breakdown of commission income

Fiscal 2001 ended Mar.31, 2002 (A)

(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

Fiscal 2000 ended Mar.31, 2001 (B)

(millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	82,230	642	8	-	-	82,880
Underwriting	-	-	-	38,858	-	38,858
(Stock and other)	(-)	(-)	(-)	(31,131)	(-)	(31,131)
(Bond and other)	(-)	(-)	(-)	(7,727)	(-)	(7,727)
Distribution	-	-	37,509	2,099	-	39,609
Other commission	2,620	3,084	70,420	7,137	10,093	93,356
(Agency commission)	(-)	(2,949)	(38,637)	(-)	(-)	(41,587)
Total	84,850	3,726	107,938	48,096	10,093	254,704

Yr/yr % change (Fiscal 2001 (A) / Fiscal 2000 (B) - 1)

(%)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	-29.1	91.3	2,752.6	-	-	-27.9
Underwriting	-	-	-	-28.4	-	-28.4
(Stock and other)	(-)	(-)	(-)	(-45.0)	(-)	(-45.0)
(Bond and other)	(-)	(-)	(-)	(17.4)	(-)	(17.4)
Distribution	-	-	-60.7	-58.3	-	-60.6
Other commission	-8.9	11.6	-34.1	6.8	-12.7	-26.4
(Agency commission)	(-)	(11.1)	(-34.0)	(-)	(-)	(-30.8)
Total	-28.5	25.3	-43.1	-24.5	-12.7	-32.5

2. Breakdown of net trading gains

(millions of yen)

	Fiscal 2001 (2002/3)	Fiscal 2000 (2001/3)	Yr/yr % change (%)
Stock and other	20,307	130,300	-84.4
Bond, Forex and other	43,084	35,336	21.9
(Bond and other)	(32,943)	(32,523)	(1.3)
(Forex and other)	(10,141)	(2,813)	(260.5)
Total	63,392	165,637	-61.7

(Reference Data)

Quarterly consolidated income statement

(millions of yen)

	Fiscal 2000		Fiscal 2001			
	Fourth quarter Jan. 1, 2001 - Mar. 31, 2001		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
Operating revenue	220,979	Operating revenue	139,168	117,209	112,491	119,174
Commissions	53,606	Commissions	50,101	40,651	39,662	41,453
Brokerage commission	16,744	Brokerage commission	18,663	13,029	12,728	15,331
(Stock and other)	16,603	(Stock and other)	18,339	12,601	12,347	14,991
(Bond and other)	139	(Bond and other)	322	316	337	252
Underwriting commission	6,596	Underwriting commission	6,685	7,985	7,733	5,413
(Stock and other)	5,169	(Stock and other)	4,063	5,307	4,358	3,382
(Bond and other)	1,413	(Bond and other)	2,622	2,668	1,759	2,019
Distribution commission	7,060	Distribution commission	5,942	2,754	3,543	3,369
(Beneficiary certificate)	6,429	(Beneficiary certificates)	5,891	2,546	3,268	3,028
Other commission	23,204	Other commission	18,810	16,881	15,657	17,338
(Beneficiary certificate)	15,158	(Beneficiary certificates)	13,826	12,132	10,877	9,587
Net gain on trading	95,491	Net gain on trading	14,834	9,487	14,290	24,779
(Stock and other)	83,318	(Stock and other)	7,139	-1,576	6,011	8,733
(Bond and other)	11,212	(Bond and other)	9,204	2,624	8,977	12,136
(Forex and other)	960	(Forex and other)	-1,509	8,439	-698	3,909
Net gain on operational investment securities	-380	Net gain on operational investment securities	2,104	-942	1,791	902
Net gain on other commodities trading	0	Interest and dividend income	60,943	57,931	46,304	30,755
Interest and dividend income	57,423	Other sales revenues	11,184	10,080	10,443	21,283
Other sales revenues	14,838	Interest expenses	53,362	52,514	37,276	21,351
Operating expenses	137,474	Cost of sales	8,625	7,154	7,740	15,085
Interest expenses	52,033	Net operating revenues	77,180	57,539	67,474	82,737
Cost of sales	11,517	Selling, general and administrative expenses	67,539	66,835	62,988	64,799
Selling, general and administrative expenses:	73,923	Commission and other expenses	12,544	12,729	11,033	10,716
Commission and other expenses	13,653	Employees' compensation and benefits	33,495	32,686	31,048	32,741
Employees' compensation and benefits	36,551	Real estate expenses	8,746	8,726	8,661	8,956
Real estate expenses	10,396	Data processing and office supplies	4,565	3,884	3,850	4,172
Data processing and office supplies	4,334	Depreciation expenses	4,308	4,559	4,688	5,217
Depreciation expenses	4,170	Taxes other than income taxes	1,768	1,365	1,237	956
Taxes other than income taxes	1,891	Others	2,111	2,883	2,467	2,037
Others	2,925	Operating income	9,640	-9,295	4,486	17,938
Operating income	83,505	Non-operating income	2,383	1,267	1,911	3,052
Non-operating income	65	Non-operating expenses	1,470	1,349	1,224	1,490
Non-operating expenses	2,216	Ordinary income	10,553	-9,377	5,173	19,500
Ordinary income	81,353	Extraordinary gains	8,247	13,729	1,431	8,568
Extraordinary gains	340	Extraordinary losses	11,747	141,969	15,389	8,688
Extraordinary losses	6,059	Income before income taxes and others	7,053	-137,617	-8,785	19,380
Income before income taxes and others	75,635	Income taxes-current	959	495	751	406
Income taxes-current	31,937	Income taxes-deferred	45	-681	118	3,506
Income taxes-deferred	1,574	Minority interest in income	-1,006	813	-2,114	-2,688
Minority interest in income	-18,875	Net income	5,041	-136,618	-11,769	12,798
Net income	23,246					

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.

Daiwa Securities Group Inc.

2-6-4 Otemachi Chiyoda-ku

Tokyo 100-8101, Japan

(URL <http://www.ir.daiwa.co.jp/>)

April 26, 2002

Daiwa Securities Group Inc.
Non-consolidated financial summary
 (For fiscal year ended March 31, 2002)

(1) Operating results (from April 1, 2001 to March 31, 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
Fiscal 2001 (2002/3)	54,793	(83.2)%	40,737	(212.4)%	42,400	(241.4)%
Fiscal 2000 (2001/3)	29,909	(-27.6)%	13,041	(29.5)%	12,419	(47.6)%

	Net income	Yr/yr	Earnings /share	Fully diluted	Return on
	Millions of yen	Change	Yen	Earnings/share	stockholders' equity
				Yen	(Annual basis)
Fiscal 2001 (2002/3)	-109,612	(-)	-82.51	-	-16.0%
Fiscal 2000 (2001/3)	8,859	(-92.9)%	6.65	6.60	1.2%

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

Fiscal 2001: 1,328,421,515

Fiscal 2000: 1,331,734,572

2. Change in accounting policies: Applied

(2) Dividends

	Dividend / share			Dividends	Pay-out ratio	Dividends on equity
	Yen	Interim	Full year			
			Yen	Yen	Millions of yen	%
Fiscal 2001 (2002/3)	6.00	-	6.00	7,971	-	1.3
Fiscal 2000 (2001/3)	13.00	-	13.00	17,265	194.9	2.3

(3) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2002	1,262,149	617,697	48.9	464.95
As of Mar. 31, 2001	1,321,097	753,635	57.0	565.90

Note 1. Number of shares outstanding (shares):

As of March 31, 2002: 1,328,519,143

As of March 31, 2001: 1,331,735,258

2. Treasury stock (shares)

As of March 31, 2002: 3,216,115

As of March 31, 2001: 3,627,777

Contact: Junichiro Wakimizu, Executive Officer, General Manager, Finance Department Phone: +813-3243-2100

Daiwa Securities Group Inc.

Balance sheet

	(millions of yen)		
	(A) Fiscal 2001 Mar. 31, 2002	(B) Fiscal 2000 Mar. 31, 2001	(A)-(B) Increase/ decrease
<i>Assets</i>			
Current assets:	432,321	399,284	33,037
Cash and time deposits	123,264	82,542	40,722
Short-term loans receivable	293,536	264,620	28,915
Accrued income	2,589	2,921	-331
Securities	-	30,000	-30,000
Other current assets	14,581	22,078	-7,496
Less: Allowance for doubtful accounts-current	-1,650	-2,878	1,227
Non-current assets:	829,828	921,813	-91,985
Tangible fixed assets	10,368	10,733	-365
Intangible fixed assets	626	1,425	-798
Investments and others:	818,833	909,654	-90,821
Investment securities	693,854	735,766	-41,912
Long-term loans receivable	75,710	98,619	-22,908
Long-term guarantee deposits	35,799	60,014	-24,214
Others	16,028	16,232	-204
Less: Allowance for doubtful accounts-non-current	-2,559	-978	-1,581
Total assets	1,262,149	1,321,097	-58,947

(millions of yen)

	(A) Fiscal 2001 Mar. 31, 2002	(B) Fiscal 2000 Mar. 31, 2001	(A)-(B) Increase/ decrease
Liabilities			
Current liabilities:	322,386	193,143	129,243
Short-term borrowings	166,660	133,410	33,250
Commercial paper	76,000	-	76,000
Bonds due within one year	19,440	-	19,440
Payables on collateralized securities transactions	45,776	55,084	-9,307
Accrued income taxes	13	14	-0
Accrued bonuses	370	490	-120
Provision for subsidiaries' real estate business reorganization	10,076	-	10,076
Stock purchase warrant	501	501	-
Other current liabilities	3,548	3,643	-94
Non-current liabilities:	322,065	374,317	-52,252
Bonds	108,400	108,400	-
Convertible bonds	116,255	135,695	-19,440
Long-term borrowings	62,000	65,000	-3,000
Long-term cash deposits received	25,675	48,854	-23,178
Deferred income taxes liabilities-non-current	7,888	12,708	-4,820
Accrued retirement benefits	1,386	724	662
Multiemployer pension plan	-	2,200	-2,200
Other non-current liabilities	459	735	-275
Total liabilities	644,452	567,461	76,990
Stockholders' equity			
Common stock	138,431	138,431	-
Additional paid-in capital	117,786	117,786	-
Earned surplus reserve	45,335	45,335	-
Retained earnings:	307,554	434,568	-127,013
General-purpose reserve	417,000	417,000	-
Unappropriated retained earnings	-109,445	17,568	-127,013
(Net income for the current term)	(-109,612)	(8,859)	(-118,472)
Net unrealized gain on investment securities net of tax effect	10,871	17,514	-6,642
Treasury stock	-2,282	-	-2,282
Total stockholders' equity	617,697	753,635	-135,938
Total liabilities and stockholders' equity	1,262,149	1,321,097	-58,947

Daiwa Securities Group Inc.
Income statement

(millions of yen)

	(A) Fiscal 2001 Apr. 1, 2001 - Mar. 31, 2002	(B) Fiscal 2000 Apr. 1, 2000 - Mar. 31, 2001	(C) =(A)-(B) Increase/ decrease	(C)/(B) Yr/yr change (%)
Operating revenues:	54,793	29,909	24,884	83.2
Dividends from related companies	42,988	12,255	30,732	250.8
Interest on loans to related companies	5,350	5,275	74	1.4
Other interest and dividend income	77	3,430	-3,352	-97.7
Royalty on trademark	6,377	8,947	-2,570	-28.7
Operating expenses:	14,056	16,868	-2,811	-16.7
Selling, general and administrative expenses:	8,165	9,720	-1,554	-16.0
Commission and other expenses	1,469	1,619	-150	-9.3
Employees' compensation and benefits	3,334	3,616	-281	-7.8
Real estate expenses	798	841	-42	-5.1
Data processing and office supplies	828	1,300	-472	-36.3
Depreciation expenses	554	812	-258	-31.8
Others	1,180	1,529	-348	-22.8
Interest expenses	5,890	7,148	-1,257	-17.6
Operating income	40,737	13,041	27,695	212.4
Non-operating income	2,436	244	2,191	895.9
Non-operating expenses	773	866	-92	-10.7
Ordinary income	42,400	12,419	29,980	241.4
Extraordinary gains	10,542	2,776	7,765	279.7
Extraordinary losses	162,540	6,322	156,218	-
Income before income taxes	-109,598	8,873	-118,472	-
Income taxes-current	14	14	0	0.4
Income taxes-deferred	-	-	-	-
Net income	-109,612	8,859	-118,472	-
Unappropriated retained earnings-carryforward	167	8,708	-8,540	-98.1
Unappropriated retained earnings at ending	-109,445	17,568	-127,013	-

Daiwa Securities Group Inc.**Statement of appropriation of retained earnings**

(millions of yen)

(Appropriation plan)

	Fiscal 2001 Apr. 1, 2001- Mar. 31, 2002		Fiscal 2000 Apr. 1, 2000- Mar. 31, 2001	
	Unappropriated retained earnings on loss		-109,445	
Reversal of voluntary reserve		118,000		-
Reversal of other reserve	118,000		-	
Total		8,554		17,568
Appropriations of retained earnings		7,971		17,400
Cash dividends (*)	7,971		17,265	
Directors' bonuses	-		135	
Unappropriated retained earnings carried forward		583		167

(*) Cash dividends for fiscal year 2000: 13 yen per share

Cash dividends for fiscal year 2001: 6 yen per share (planned)

Notes to financial statements

The financial statements of the Company for fiscal 2001 ended March 31, 2002 are prepared in accordance with "Regulations of Financial Statements" (MOF Ordinance No. 38, 1963).

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 March 31, 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 are provided based on the difference between projected benefit obligation and fund fair value as of March 31, 2002.

(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 March 31, 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.

Change in accounting policies and method of presentation in accordance with amendment of "Uniform Accounting Standards of Securities Companies"

The Company's financial statements are prepared, based on "Regulations of Financial Statements" (MOF Ordinance No. 59, 1963). The "Uniform Accounting Standards of Securities Companies" applied to the Group's main operating field, investing and financial business focusing on securities business, was amended on September 28, 2001. Therefore, "Dividends from non-related companies" and "Interest on loans to non-related companies" that were included in "Other interest and dividend income" of "Operating revenues" until fiscal 2000 are treated as "Non-operating income", and "Interest expenses to non-related companies" that was included in "Interest expenses" of "Operating expenses" are treated as "Non-operating expenses" for fiscal 2001.

"Cash deposits as collateral for securities loaned" on liabilities side is renamed "Payables on collateralized securities transactions" on the same side.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets

<u>As of Mar. 31, 2002</u>	<u>As of Mar. 31, 2001</u>
3,643 million yen	3,919 million yen

2. Guarantee

<u>As of Mar. 31, 2002</u>	<u>As of Mar. 31, 2001</u>
116,770 million yen	179,811 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" (Cabinet Office Ordinance No.76, 2001).

(1) Treasury stock included in other current assets

<u>As of Mar. 31, 2002</u>	<u>As of Mar. 31, 2001</u>
-	38,777 shares
-	46 million yen

(2) Treasury stock included in investments and others

<u>As of Mar. 31, 2002</u>	<u>As of Mar. 31, 2001</u>
-	3,589,000 shares
-	2,526 million yen

4. Fair value of subsidiary and affiliated company stocks

	<u>Value on balance sheet as of Mar. 31, 2002: (A)</u>	<u>Fair value as of Mar. 31, 2001: (B)</u>	<u>Difference: (A) - (B)</u>
Subsidiary	12,365 million yen	21,571 million yen	9,205 million yen
Affiliated company	345 million yen	345 million yen	-

Notes to income statement

1. Details of extraordinary items

	<u>Fiscal 2001</u> Apr. 1, 2001- Mar. 31, 2002	(millions of yen) <u>Fiscal 2000</u> Apr. 1, 2000- Mar. 31, 2001
Extraordinary gains		
Gain on sale of fixed assets	125	42
Gain on sale of investment securities	9,189	2,734
Reversal of multiemployer pension plan (Note)	1,227	-
Extraordinary losses		
Write-off of related companies' stocks	8,005	77
Write-off of investment securities	18,022	3,512
Valuation loss of fixed assets	31	129
Loss on sale or disposal of fixed assets	78	230
Loss on sale of investment securities	6,215	1,589
Provision for doubtful accounts	2,793	781
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.