



July 28, 2004

Consolidated financial summary

(For the first quarter ended June 30, 2004)

(1) Operating results (from April 1, 2004 to June 30, 2004)

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

“-” indicates a loss or negative figure.

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

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
First quarter (2004/6)	124,660	(11.3)%	101,058	(19.5)%	32,738	(49.4)%	34,193	(44.4)%
First quarter (2003/6)	111,996	(11.2)%	84,579	(17.1)%	21,906	(124.9)%	23,682	(98.6)%
Fiscal 2003 (2004/3)	453,813		352,434		92,519		96,130	

	Net income		Earnings/share		Fully diluted earnings/share		Return on stockholders' equity (annual basis)	
First quarter (2004/6)	14,284	(29.5)%	10.73	Yen	10.22	Yen	9.4	%
First quarter (2003/6)	11,028	(90.6)%	8.30	Yen	7.94	Yen	8.0	%
Fiscal 2003 (2004/3)	42,637		31.66	Yen	30.28	Yen	7.4	%

(Note)

1. Equity in earnings

First quarter (2004/6): 115 million yen First quarter (2003/6): 116 million yen Fiscal 2003 (2004/3): 90 million yen

2. Average number of shares outstanding (shares)

First quarter (2004/6): 1,330,720,666 First quarter (2003/6): 1,328,250,785 Fiscal 2003 (2004/3): 1,329,304,723

3. Change in accounting policies: None

4. Scope of consolidation and equity method

Consolidated subsidiaries: 51 companies Affiliates applicable of equity method: 5 companies

5. Change in scope of consolidation and equity method: None

(2) Financial conditions

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

	Total assets	Stockholders' equity	Stockholders' equity ratio		Stockholders' equity/share	
First quarter (2004/6)	10,871,681	610,102	5.6	%	458.47	Yen
First quarter (2003/6)	11,378,630	557,770	4.9	%	419.90	Yen
Fiscal 2003 (2004/3)	10,765,665	604,170	5.6	%	453.60	Yen

(Note)

Number of shares outstanding (shares)

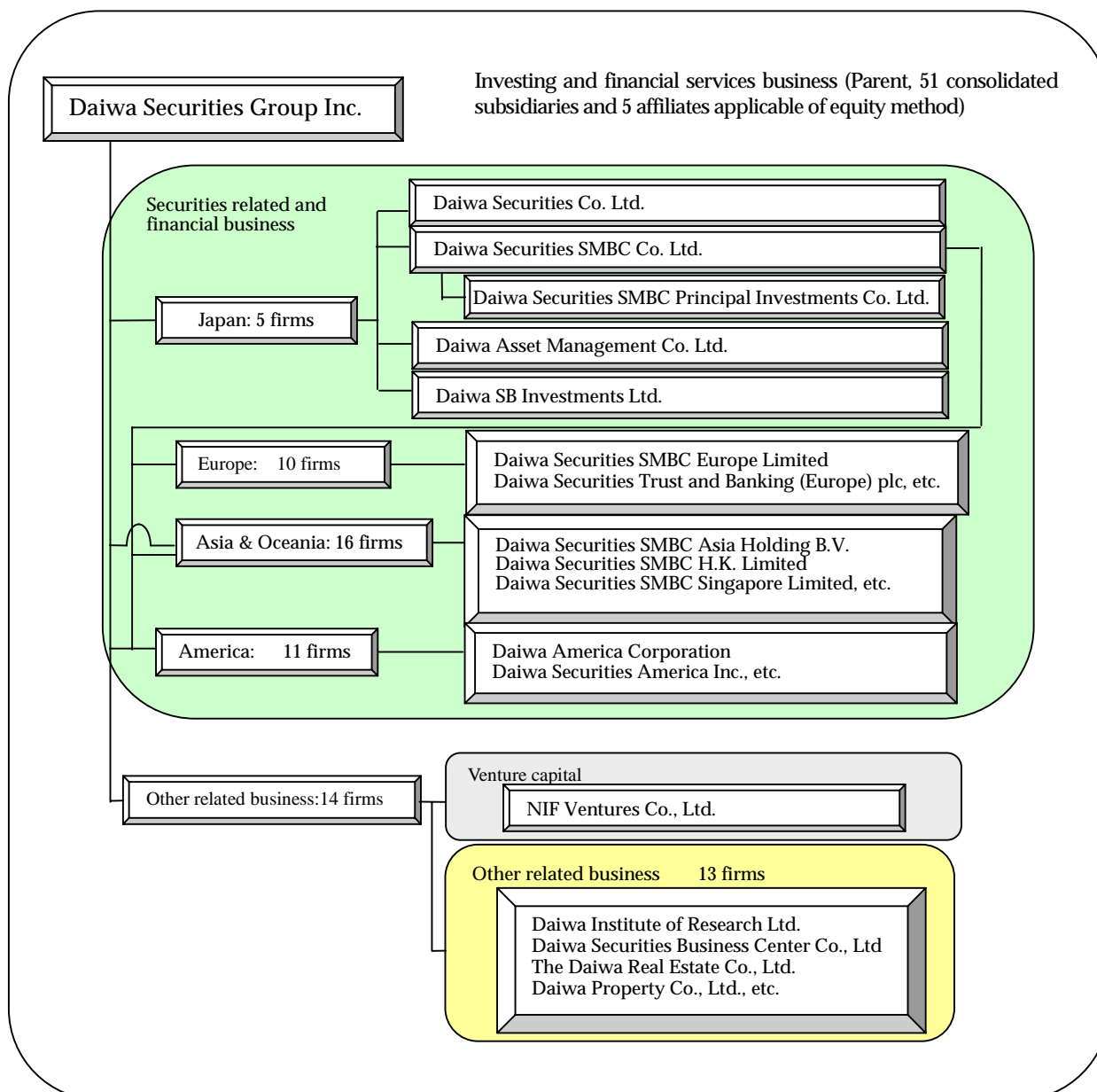
As of Jun. 30, 2004 : 1,330,715,469 As of Jun. 30, 2003 : 1,328,312,899 As of Mar. 31, 2004 : 1,330,732,981

(Note) The Group's principal business is securities business, and the performance is influenced by the market environment.

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

Information on Group Companies

The Company and its related companies, 51 consolidated subsidiaries and 5 affiliates applicable of equity method, predominantly operate in investing and financial segment, focusing on securities businesses such as trading and brokerage of securities and derivatives, underwriting of securities, distribution of securities, private offering of securities and other business related to securities and financial fields. The Group provides wide range of services, satisfying the worldwide customer needs for raising and investing of funds through the global networks linking major financial markets in Japan, America, Europe and Asia and Oceania.



Results of Operation and Financial Conditions**a. Consolidated operating results for the first quarter of fiscal 2004**

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

Consolidated net operating revenues increased 19.5% to 101,058 million yen mainly because commissions increased. The selling, general and administrative expenses increased 9.0% to 68,319 million yen. As a result, ordinary income increased 44.4% to 34,193 million yen and consolidated net income increased 29.5% to 14,284 million yen.

(1) Commissions

(i) Brokerage commission

Brokerage commission increased sharply 112.9% to 27,544 million yen, in line with an increase of 108.6% to 1,656.2 billion yen in daily average trading value on the Tokyo Stock Exchange.

(ii) Underwriting commission

Underwriting commission went up 151.3% to 10,236 million yen because the Group actively acted as lead-manager for public-offerings of listed companies.

(iii) Distribution commission

Distribution commission grew 9.8% to 5,852 million yen due to an increase in commission arising from the sale of the Japanese government bonds to individual investors.

(iv) Other commission

Other commission on investment trust increased 33.0% to 6,046 million yen, primarily due to an increase in the balance of equity-related beneficiary certificate. As a result, total other commission increased 15.8% to 10,665 million yen.

(2) Net trading gains/losses

Net trading gains on stock and other increased sharply 117.9% to 19,285 million yen, owing to the upward trend in stock market. Net trading gains on bond, forex and other declined 33.5% to 23,151 million yen. Total net trading gains decreased 2.8% to 42,437 million yen.

(3) Financial income

Interest and dividend income decreased 31.6% to 19,498 million yen and interest expenses decreased 18.5% to 17,926 million yen due to a decrease in interests received on bonds and repo transactions by overseas subsidiaries. Net financial income decreased 75.9% to 1,571 million yen.

(4) Selling, general and administrative expenses

Selling, general and administrative expenses increased 9.0% to 68,319 million yen, mainly due to increase in employees' compensation and benefits including bonuses in line with a rise in operating results and due to increase in commission and other expenses with the active transactions.

2. Operating results of overseas subsidiaries for the first quarter of fiscal 2004 (3 months)

Ordinary income by geographic area (millions of yen)

America	Europe	Asia & Oceania	Total
342	1,737	352	2,432

b. Financial conditions (comparison with March 31, 2004)

Total assets increased by 106,016 million yen to 10,871,681 million yen, because trading assets and receivables on collateralized securities transactions increased by 207,135 million yen and 405,980 million yen, respectively, while 580,674 million yen trade date accrual that was posted in the asset side as of March 31, 2004 moved to the liabilities side. Total liabilities increased by 93,588 million yen to 10,089,419 million yen, because trading liabilities and trade date accrual increased by 299,189 million yen and 149,109 million yen, respectively, while payables on collateralized securities transactions decreased by 405,092 million yen.

Consolidated balance sheets

(millions of yen)	First quarter Jun. 30, 2004	First quarter Jun. 30, 2003	Increase/ Decrease	Fiscal 2003 Mar. 31, 2004
Assets				
Current assets:	10,325,304	10,738,000	-412,695	10,210,037
Cash and deposits	473,373	387,037	86,336	486,932
Cash segregated as deposits	115,643	102,048	13,594	109,940
Notes receivable and trade accounts receivable	6,767	4,924	1,842	8,057
Securities	27,133	27,312	-178	38,650
Trading assets:	4,239,080	4,198,794	40,285	4,031,944
Trading securities and others	3,683,002	3,671,778	11,224	3,529,917
Derivative assets	556,078	527,016	29,061	502,027
Trade date accrual	-	615,784	-615,784	580,674
Operational investment securities	41,151	45,671	-4,520	40,733
Less: Allowance for possible investment losses	-5,357	-4,693	-664	-5,172
Other inventories	1,097	2,086	-989	816
Receivables related to margin transactions:	261,205	144,069	117,136	235,535
Loans receivable from customers for margin transactions	122,041	38,581	83,459	92,832
Cash deposits as collateral for securities borrowed from securities finance companies	139,164	105,487	33,676	142,703
Receivables on collateralized securities transactions:	4,797,418	4,339,983	457,435	4,391,437
Cash deposits as collateral for securities borrowed	4,793,418	4,339,335	454,083	4,391,437
Receivables related to gensaki transactions	4,000	647	3,352	-
Receivables	16,339	2,113	14,226	26,481
Short-term loans receivable	100,383	139,158	-38,774	96,780
Accrued income	16,284	14,182	2,102	16,934
Deferred income tax assets-current	11,655	4,648	7,007	15,224
Other current assets	223,500	715,536	-492,036	135,420
Less: Allowance for doubtful accounts- current	-372	-656	283	-355
Non-current assets:	546,376	640,629	-94,252	555,628
Tangible fixed assets	141,664	157,919	-16,254	143,123
Intangible fixed assets	59,207	54,780	4,426	59,458
Investments and others:	345,504	427,930	-82,425	353,046
Investment securities	186,600	232,873	-46,273	187,437
Long-term loans receivable	11,401	13,384	-1,983	12,388
Long-term guarantee deposits	25,386	28,371	-2,984	25,522
Deferred income tax assets-non-current	32,689	62,444	-29,754	42,259
Other investments	101,323	109,281	-7,958	97,757
Less: Allowance for doubtful accounts- non-current	-11,896	-18,425	6,528	-12,319
Total assets	10,871,681	11,378,630	-506,948	10,765,665

(millions of yen)	First quarter Jun. 30, 2004	First quarter Jun. 30, 2003	Increase/ Decrease	Fiscal 2003 Mar. 31, 2004
<i>Liabilities</i>				
Current liabilities:	9,314,554	9,987,833	-673,278	9,122,137
Notes payable and trade accounts payable	2,407	2,872	-464	2,861
Trading liabilities:	3,213,745	1,650,970	1,562,775	2,914,555
Trading securities and others	2,721,424	1,161,779	1,559,645	2,445,560
Derivative liabilities	492,320	489,190	3,130	468,995
Trade date accrual	149,109	-	149,109	-
Payables related to margin transactions:	100,701	74,894	25,806	93,449
Loans from securities finance companies for margin transactions	3,292	2,895	397	3,636
Proceeds of securities sold for margin transactions	97,408	71,999	25,409	89,813
Payables on collateralized securities transactions:	3,686,929	5,922,489	-2,235,559	4,092,022
Cash deposits as collateral for securities loaned	3,220,607	5,257,338	-2,036,731	3,769,690
Payables related to gensaki transactions	466,322	665,150	-198,827	322,332
Deposits received	179,304	106,784	72,520	144,580
Cash deposits received from customers	64,016	46,988	17,028	49,208
Short-term borrowings	1,441,802	1,241,979	199,822	1,408,775
Commercial paper	159,722	260,200	-100,478	273,722
Bonds due within one year	128,312	47,061	81,250	21,102
Accrued income taxes	2,486	2,744	-258	15,406
Deferred income tax liabilities-current	124	717	-592	190
Accrued bonuses	10,658	8,541	2,116	19,375
Other current liabilities	175,233	621,589	-446,356	86,887
Non-current liabilities:	769,644	673,034	96,610	868,560
Bonds	590,184	460,796	129,388	645,589
Convertible bonds	79,986	79,986	-	79,986
Long-term borrowings	67,409	105,461	-38,051	112,813
Deferred income tax liabilities-non-current	8,947	6,398	2,548	6,643
Accrued retirement benefits	17,283	14,774	2,509	17,301
Other non-current liabilities	5,834	5,617	216	6,226
Statutory reserves	5,220	3,922	1,298	5,132
Total liabilities	10,089,419	10,664,789	-575,369	9,995,830
Minority interest	172,159	156,069	16,089	165,664
<i>Stockholders' equity</i>				
Common stock	138,431	138,431	-	138,431
Capital surplus	117,940	117,786	153	117,939
Earned surplus	331,221	300,460	30,760	330,780
Net unrealized gain on securities, net of tax effect	30,964	10,561	20,402	27,297
Translation adjustments	-7,749	-7,106	-643	-9,588
Treasury stock	-705	-2,362	1,657	-689
Total stockholders' equity	610,102	557,770	52,331	604,170
Total liabilities, minority interest and stockholders' equity	10,871,681	11,378,630	-506,948	10,765,665

Consolidated income statements

(millions of yen)	First quarter Apr. 1, 2004- Jun. 30, 2004	First quarter Apr. 1, 2003- Jun. 30, 2003	Yr/yr % change	Fiscal 2003 Apr. 1, 2003- Mar. 31, 2004
Operating revenues:	124,660	111,996	11.3	453,813
Commissions	54,299	31,547	72.1	194,162
Net gains on trading	42,437	43,679	-2.8	120,195
Net gains on operational investment securities	950	288	229.1	1,817
Interest and dividend income	19,498	28,516	-31.6	103,223
Other sales revenues	7,475	7,963	-6.1	34,413
Interest expenses	17,926	21,985	-18.5	77,331
Cost of sales	5,675	5,431	4.5	24,047
Net operating revenues	101,058	84,579	19.5	352,434
Selling, general and administrative expenses:	68,319	62,672	9.0	259,914
Commission and other expenses	10,559	9,174	15.1	39,786
Employees' compensation and benefits	37,043	34,099	8.6	136,963
Real estate expenses	7,901	7,846	0.7	32,518
Data processing and office supplies	3,784	3,529	7.2	14,898
Depreciation expenses	5,458	4,964	10.0	21,530
Taxes other than income taxes	1,829	1,172	56.1	5,617
Others	1,743	1,886	-7.6	8,599
Operating income	32,738	21,906	49.4	92,519
Non-operating income:	2,439	2,654	-8.1	6,013
Equity in earnings	115	116	-0.1	90
Others	2,323	2,538	-8.5	5,923
Non-operating expenses	984	878	12.1	2,402
Ordinary income	34,193	23,682	44.4	96,130
Extraordinary gains	319	314	1.5	8,962
Extraordinary losses	777	394	97.2	28,167
Income before income taxes and others	33,734	23,602	42.9	76,925
Income taxes-current	890	904	-1.5	15,169
Income taxes-deferred	12,625	8,537	47.9	5,637
Minority interest in income	-5,933	-3,133	-	-13,480
Net income	14,284	11,028	29.5	42,637
Net financial income included in net operating revenues	1,571	6,531	-75.9	25,892

Consolidated statements of retained earnings

(millions of yen)	First quarter Apr. 1, 2004- Jun. 30, 2004	First quarter Apr. 1, 2003- Jun. 30, 2003	Fiscal 2003 Apr. 1, 2003- Mar. 31, 2004
<i>Capital surplus</i>			
Beginning balance of capital surplus	117,939	117,786	117,786
Increase in capital surplus	0	-	153
Net gains on sales of treasury stock	0	-	153
Decrease in capital surplus	-	-	-
Ending balance of capital surplus	117,940	117,786	117,939
<i>Earned surplus</i>			
Beginning balance of earned surplus	330,780	297,404	297,404
Increase in earned surplus:	14,284	11,028	42,637
Net income	14,284	11,028	42,637
Decrease in earned surplus:	13,843	7,972	9,261
Decrease in earned surplus due to expansion of scope of consolidation	-	-	1,291
Dividends	13,307	7,969	7,969
Directors' bonuses	536	-	-
Net losses on sales of treasury stock	-	2	-
Ending balance of earned surplus	331,221	300,460	330,780

Notes to consolidated financial statements

The consolidated financial statements of the Company for the first quarter ended June 30, 2004 are prepared in accordance with the 'Cabinet Office Ordinance Concerning Securities Companies' (Prime Minister's Office Ordinance and Ministry of Finance Ordinance No. 32, 1998), and the 'Uniform Accounting Standards of Securities Companies' (set by the board of directors of the Japan Securities Dealers' Association, November 14, 1974), based on the 'Regulations of Interim Consolidated Financial Statements' (Ministry of Finance Ordinance No. 24, 1999) and its Article 48 and 69.

Basis of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries: 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 Property Co., Ltd.
 Daiwa Securities SMBC Europe Limited
 Daiwa Securities Trust and Banking (Europe) 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

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

2. Application of equity method

Affiliates applicable of equity method: 5 companies

Major companies:

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

Each amount of net income corresponding to equity holdings and earned surplus corresponding to equity holdings of both non-consolidated subsidiaries and affiliates inapplicable of equity method has little influence on the consolidated financial statements and has little materiality as a whole.

For affiliates applicable of equity method whose first quarter ends other than June 30, 2004, the financial statements for the relevant first quarter are reflected.

3. Fiscal period of subsidiaries

For subsidiaries with the first quarter ending other than June 30, 2004, one of the following two approaches has been taken.

(1) The financial statements for the relevant first quarter are employed and important transactions occurred by discrepancies with closing account date are adjusted for this consolidated financial statements.

(2) Accounts are closed provisionally on June 30.

4. Accounting policies

(1) Valuation of financial instruments and inventories

(i) Valuation of trading securities

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

(ii) Valuation of non-trading securities

Non-trading securities are valued as follows.

(a) Held-to-maturity securities

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

(b) Other securities

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

- (iii) Valuation of other inventories
Cost method determined by the specific identification method is mainly applied.
- (2) Depreciation of depreciable assets
- (i) Tangible fixed assets
In terms of domestic consolidated companies, declining-balance method is mainly applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. Useful life for depreciation is mainly based on Corporation Tax Law. In terms of consolidated overseas subsidiaries, straight-line method is mainly applied.
- (ii) Intangible fixed assets, and investments and others
Straight-line method is mainly applied. Useful life for depreciation is mainly based on Corporation Tax Law. Software for in-house use is depreciated under straight-line method based on internal estimated useful life (5 years).
- (3) Accounting policies for various provisions
- (i) Provision for doubtful accounts
The domestic consolidated companies provide the allowances based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans. The consolidated overseas subsidiaries mainly provide the allowances specifically assessed.
- (ii) Allowance for possible investment losses
Some consolidated subsidiaries provide the allowances based on estimated losses on operational investment securities held at the consolidated first-quarter end, assessing the financial conditions of investee companies.
- (iii) Accrued employees' bonuses
Estimated amount of employees' bonuses is accrued based on each company's bylaws.
- (iv) Accrued retirement benefits
The parent company and most of domestic consolidated subsidiaries provide accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of June 30, 2004, 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, 2005.
- (4) Accounting for certain lease transactions
Finance leases in which ownership is not transferred to a lessee are mainly accounted for in the same manner as operating leases.
- (5) Hedging transaction
Valuation gain or loss on hedging instrument is mainly deferred as assets or liabilities until the gain or loss on underlying hedged instruments is realized. A part of interests received or paid on interest rate swap for hedging are accrued without marking-to-market, and a part of premium or discount on forward foreign exchange contract for hedging is allocated to each fiscal term without marking-to-market.
- (6) Other material items
- (Accounting for consumption taxes)
Consumption taxes are separately recorded.
- (Deferred Assets)
Issue costs for stocks and bonds are amortized in a lump sum when incurred.
- (Consolidated tax system)
The consolidated tax system is applied starting from this fiscal year.
- (Application of 'Accounting Standards for Impairment of Fixed Assets')
Accounting Standards Board of Japan issued 'Accounting Standards for Impairment of Fixed Assets' ('Opinion on Establishing Accounting Standards for Impairment of Fixed Assets' issued by Accounting Standards Board of Japan on August 9, 2002) and 'Guidance on Application of Accounting Standards for Impairment of Fixed Assets' (Application Guidance on Accounting Standards number 6, issued on October 31, 2003). Accordingly, the company has complied with these standards since the fiscal year ended on March 31, 2004.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

	As of Jun. 30, 2004 101,282 million yen	As of Jun. 30, 2003 97,274 million yen	As of Mar. 31, 2004 98,934 million yen
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2. Guarantee

	As of Jun. 30, 2004 4,269 million yen	As of Jun. 30, 2003 5,748 million yen	As of Mar. 31, 2004 4,591 million yen
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3. Subordinated borrowings

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

Short-term borrowings

	As of Jun. 30, 2004 40,000 million yen	As of Jun. 30, 2003 -	As of Mar. 31, 2004 -
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Long-term borrowings

	As of Jun. 30, 2004 -	As of Jun. 30, 2003 40,000 million yen	As of Mar. 31, 2004 40,000 million yen
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Notes to consolidated income statements

Details of extraordinary gains/losses

	(millions of yen)		
	<u>First quarter</u> Apr. 1, 2004- Jun. 30, 2004	<u>First quarter</u> Apr. 1, 2003- Jun. 30, 2003	<u>Fiscal 2003</u> Apr. 1, 2003- Mar. 31, 2004
Extraordinary gains:			
Gain on sale of fixed assets	7	3	1,063
Gain on sale of investment securities	311	310	7,899
Reversal of reserve for financial futures transactions liabilities	0	-	-
Extraordinary losses:			
Write-down of investment securities	-	-	2,691
Valuation loss of fixed assets	-	-	58
Loss on sale or disposal of fixed assets	93	166	1,222
Loss on impairment of fixed assets	-	-	12,796
Loss on liquidation of related companies	-	-	4,220
Loss on sale of related companies' stocks	-	-	752
Loss on sale of investment securities	257	8	442
Loss on sale of loans receivable	-	-	557
Provision for doubtful accounts	-	189	648
Reorganization and relocation costs for business offices and branches	-	-	2,473
Reorganization costs for overseas banking subsidiary	338	-	594
Provision for securities transaction liabilities	87	30	1,240
Other	-	-	469

Supplemental information for the first quarter of fiscal 2004

1. Breakdown of commissions

First quarter ended June 30, 2004 (A)

(millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	27,171	312	60	-	-	27,544
Underwriting	-	-	-	10,236	-	10,236
(Stock and other)	(-)	(-)	(-)	(7,843)	(-)	(7,843)
(Bond and other)	(-)	(-)	(-)	(2,232)	(-)	(2,232)
Distribution	-	-	5,141	711	-	5,852
Other commission	551	510	6,046	1,152	2,405	10,665
(Agency commission)	(-)	(509)	(3,233)	(-)	(-)	(3,743)
Total	27,723	822	11,248	12,100	2,405	54,299

First quarter ended June 30, 2003 (B)

(millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	12,581	319	37	-	-	12,939
Underwriting	-	-	-	4,073	-	4,073
(Stock and other)	(-)	(-)	(-)	(1,078)	(-)	(1,078)
(Bond and other)	(-)	(-)	(-)	(2,897)	(-)	(2,897)
Distribution	-	-	5,200	127	-	5,328
Other commission	476	684	4,545	929	2,570	9,206
(Agency commission)	(-)	(679)	(2,375)	(-)	(-)	(3,055)
Total	13,058	1,004	9,783	5,130	2,570	31,547

Yr/yr percentage change (First quarter ended Jun. 30, 2004 (A) / First quarter ended Jun. 30, 2003 (B) - 1)

(percentage)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	116.0	-2.5	61.9	-	-	112.9
Underwriting	-	-	-	151.3	-	151.3
(Stock and other)	(-)	(-)	(-)	(627.0)	(-)	(627.0)
(Bond and other)	(-)	(-)	(-)	(-22.9)	(-)	(-22.9)
Distribution	-	-	-1.1	459.9	-	9.8
Other commission	15.7	-25.5	33.0	24.0	-6.4	15.8
(Agency commission)	(-)	(-25.0)	(36.1)	(-)	(-)	(22.5)
Total	112.3	-18.2	15.0	135.9	-6.4	72.1

Fiscal 2003 ended March 31, 2004

(millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	78,193	1,242	208	-	-	79,645
Underwriting	-	-	-	46,093	-	46,093
(Stock and other)	(-)	(-)	(-)	(36,927)	(-)	(36,927)
(Bond and other)	(-)	(-)	(-)	(8,400)	(-)	(8,400)
Distribution	-	-	21,904	1,661	-	23,565
Other commission	1,866	3,977	20,932	8,049	10,032	44,858
(Agency commission)	(-)	(3,952)	(10,940)	(-)	(-)	(14,892)
Total	80,060	5,219	43,045	55,805	10,032	194,162

2. Breakdown of net gains on trading

(millions of yen)

	First quarter (2004/6)	First quarter (2003/6)	Yr/yr % change	Fiscal 2003 (2004/3)
Stock and other	19,285	8,849	117.9	50,024
Bond, forex and other	23,151	34,830	-33.5	70,171
(Bond and other)	(17,228)	(22,256)	(-22.6)	(47,267)
(Forex and other)	(5,922)	(12,573)	(-52.9)	(22,904)
Total	42,437	43,679	-2.8	120,195

Quarterly consolidated income statements (Reference Data)

(millions of yen)	1 st quarter Apr. 1, 2003- Jun. 30, 2003	2 nd quarter Jul. 1, 2003- Sep. 30, 2003	3 rd quarter Oct. 1, 2003- Dec. 31, 2003	4 th quarter Jan. 1, 2004- Mar. 31, 2004	1 st quarter Apr. 1, 2004- Jun. 30, 2004
Operating revenues	111,996	110,362	108,462	122,991	124,660
Commissions	31,547	49,441	52,960	60,213	54,299
Brokerage commission	12,939	21,911	21,069	23,724	27,544
(Stock and other)	12,581	21,597	20,373	23,641	27,171
(Bond and other)	319	247	653	21	312
Underwriting commission	4,073	10,241	15,656	16,122	10,236
(Stock and other)	1,078	8,963	13,447	13,437	7,843
(Bond and other)	2,897	1,230	2,166	2,106	2,232
Distribution commission	5,328	5,631	5,136	7,469	5,852
(Beneficiary certificates)	5,200	5,389	4,530	6,782	5,141
Other commission	9,206	11,657	11,098	12,896	10,665
(Beneficiary certificates)	4,545	5,104	5,431	5,738	6,016
Net gains on trading	43,679	24,958	23,221	28,336	42,437
(Stock and other)	8,849	20,544	9,179	11,450	19,285
(Bond and other)	22,256	2,586	7,453	14,970	17,228
(Forex and other)	12,573	1,827	6,588	1,915	5,922
Net gains on operational investment Securities	288	136	599	793	950
Interest and dividend income	28,516	27,763	23,830	23,113	19,498
Other sales revenues	7,963	8,063	7,850	10,535	7,475
Interest expenses	21,985	19,591	17,467	18,285	17,926
Cost of sales	5,431	5,295	5,322	7,997	5,675
Net operating revenues	84,579	85,475	85,672	96,708	101,058
Selling general and administrative expenses:	62,672	64,702	63,718	68,820	68,319
Commission and other expenses	9,174	9,925	10,119	10,566	10,559
Employees' compensation and benefits	34,099	33,352	33,966	35,545	37,043
Real estate expenses	7,846	8,205	7,661	8,805	7,901
Data processing and office supplies	3,529	3,933	3,619	3,816	3,784
Depreciation expenses	4,964	5,242	5,221	6,101	5,458
Taxes other than income taxes	1,172	2,018	1,202	1,224	1,829
Others	1,886	2,025	1,926	2,761	1,743
Operating income	21,906	20,772	21,953	27,887	32,738
Non-operating income	2,654	1,328	954	1,075	2,439
Non-operating expenses	878	699	465	359	984
Ordinary income	23,682	21,401	22,442	28,603	34,193
Extraordinary gains	314	2,047	748	5,851	319
Extraordinary losses	394	3,774	3,026	20,971	777
Income before income taxes and others	23,602	19,674	20,164	13,483	33,734
Income taxes-current	904	6,110	1,165	6,990	890
Income taxes-deferred	8,537	1,972	6,515	-11,387	12,625
Minority interest in income	-3,133	-3,328	-3,383	-3,635	-5,933
Net income	11,028	8,263	9,100	14,244	14,284
Net financial income included in net operating revenues	6,531	8,171	6,362	4,827	1,571

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

July 28, 2004

Non-consolidated financial summary
(For the first quarter ended June 30, 2004)

(1) Operating results (from April 1, 2004 to June 30, 2004)

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

'-' indicates a loss or negative figure.

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

	Operating revenues		Operating income		Ordinary income	
First quarter (2004/6)	21,148	(132.7)%	17,766	(221.7)%	19,186	(230.2)%
First quarter (2003/6)	9,088	(-85.7)%	5,523	(-90.8)%	5,811	(-90.5)%
Fiscal 2003 (2004/3)	15,656		1,359		1,855	

	Net income		Earnings/share	
First quarter (2004/6)	18,419	(220.4)%	13.84	Yen
First quarter (2003/6)	5,749	(-90.5)%	4.32	Yen
Fiscal 2003 (2004/3)	-39,891		-30.09	Yen

(Note)

1. Average number of shares outstanding (shares)

First quarter (2004/6): 1,330,730,164

First quarter (2003/6): 1,328,279,279

Fiscal 2003 (2004/3): 1,329,314,221

2. Change in accounting policies: None

(2) Financial conditions

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

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/share
First quarter (2004/6)	1,113,965	565,494	50.8 %	424.95 Yen
First quarter (2003/6)	1,189,581	585,928	49.3 %	441.10 Yen
Fiscal 2003 (2004/3)	1,121,183	558,157	49.8 %	419.34 Yen

(Note)

1. Number of shares outstanding (shares)

As of Jun. 30, 2004: 1,330,724,967

As of Jun. 30, 2003: 1,328,322,397

As of Mar. 31, 2004: 1,330,742,479

2. Treasury stock (shares)

As of Jun. 30, 2004: 1,010,291

As of Jun. 30, 2003: 3,412,861

As of Mar. 31, 2004: 992,779

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

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

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

Representative: Shigeharu Suzuki, President

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

Balance sheets

(millions of yen)	First quarter Jun. 30, 2004	First quarter Jun. 30, 2003	Increase/ Decrease	Fiscal 2003 Mar. 31, 2004
Assets				
Current assets:	263,917	272,381	-8,463	252,906
Cash and deposits	179,047	119,779	59,268	157,251
Short-term loans receivable	67,533	134,425	-66,891	81,983
Accrued income	1,531	1,447	84	1,857
Deferred income tax assets-current	6,870	-	6,870	7,043
Other current assets	8,934	16,728	-7,794	4,769
Non-current assets:	850,047	917,199	-67,152	868,277
Tangible fixed assets	10,358	10,121	236	10,422
Intangible fixed assets	819	591	228	935
Investments and others:	838,869	906,487	-67,617	856,919
Investment securities	656,297	636,691	19,606	666,328
Long-term loans receivable	144,183	227,290	-83,106	150,781
Long-term guarantee deposits	27,808	31,482	-3,673	29,251
Others	11,015	11,665	-649	11,046
Less: Allowance for doubtful accounts	-436	-642	205	-488
Total assets	1,113,965	1,189,581	-75,616	1,121,183

(millions of yen)	First quarter Jun. 30, 2004	First quarter Jun. 30, 2003	Increase/ Decrease	Fiscal 2003 Mar. 31, 2004
<i>Liabilities</i>				
Current liabilities:	277,076	345,754	-68,678	193,219
Short-term borrowings	94,410	231,460	-137,050	113,360
Commercial paper	-	30,000	-30,000	-
Bonds due within one year	108,400	36,269	72,131	8,400
Payables on collateralized securities transactions	68,966	42,926	26,039	66,795
Accrued income taxes	79	2	76	9
Accrued bonuses	315	232	82	425
Stock purchase warrant	501	501	-	501
Other current liabilities	4,405	4,363	41	3,728
Non-current liabilities:	271,393	257,898	13,495	369,805
Bonds	120,000	108,400	11,600	220,000
Convertible bonds	79,986	79,986	-	79,986
Long-term borrowings	38,000	39,000	-1,000	38,000
Long-term cash deposits received	18,746	21,612	-2,865	20,243
Deferred income taxes liabilities	10,347	6,243	4,103	7,192
Accrued retirement benefits	3,105	2,361	743	3,005
Other non-current liabilities	1,208	293	914	1,378
Total liabilities	548,470	603,652	-55,182	563,025
<i>Stockholders' equity</i>				
Common stock	138,431	138,431	-	138,431
Capital surplus	117,940	117,786	153	117,939
Additional paid-in capital	117,786	117,786	-	117,786
Other capital surplus reserve	153	-	153	153
Net gains on sales of treasury stock	153	-	153	153
Earned surplus	282,254	322,896	-40,641	277,257
Earned surplus reserve	45,335	45,335	-	45,335
General-purpose reserve	218,000	271,000	-53,000	271,000
Unappropriated retained earnings	18,918	6,560	12,358	-39,077
(Net income for the current term)	(18,419)	(5,749)	(12,670)	(-39,891)
Net unrealized gains on investment securities, net of tax effect	27,573	9,176	18,396	25,218
Treasury stock	-704	-2,362	1,657	-689
Total stockholders' equity	565,494	585,928	-20,433	558,157
Total liabilities and stockholders' equity	1,113,965	1,189,581	-75,616	1,121,183

Income statements

(millions of yen)	First quarter Apr. 1, 2004 - Jun. 30, 2004	First quarter Apr. 1, 2003 - Jun. 30, 2003	Yr/yr % Change	Fiscal 2003 Apr. 1, 2003 - Mar. 31, 2004
Operating revenues:	21,148	9,088	132.7	15,656
Dividends from related companies	19,127	6,963	174.7	7,359
Interest on loans to related companies	1,109	1,251	-11.4	4,800
Other interest and dividend income	27	12	130.4	64
Royalty on trademark	884	861	2.7	3,432
Operating expenses:	3,382	3,565	-5.1	14,297
Selling, general and administrative expenses:	1,980	1,921	3.0	8,155
Commission and other expenses	179	309	-42.1	989
Employees' compensation and benefits	971	1,014	-4.2	3,600
Real estate expenses	197	149	31.9	587
Data processing and office supplies	248	141	75.5	806
Depreciation expenses	107	77	38.8	364
Others	274	228	20.3	1,807
Interest expenses	1,401	1,643	-14.7	6,141
Operating income	17,766	5,523	221.7	1,359
Non-operating income	1,443	826	74.6	1,724
Non-operating expenses	23	538	-95.6	1,228
Ordinary income	19,186	5,811	230.2	1,855
Extraordinary gains	160	153	5.1	5,287
Extraordinary losses	85	212	-59.7	64,178
Income before income taxes	19,261	5,751	234.9	-57,034
Income taxes-current	-870	2	-	9
Income taxes-deferred	1,712	-	-	-17,152
Net income	18,419	5,749	220.4	-39,891
Net losses on sales of treasury stock	-	2	-	-
Unappropriated retained earnings-carryforward	498	813	-38.7	813
Unappropriated retained earnings at ending	18,918	6,560	188.4	-39,077

Notes to financial statements

The financial statements of the Company for the first quarter ended June 30, 2004 are prepared in accordance with 'Regulations of Interim Financial Statements' (MOF Ordinance No. 38, 1977).

Basis of financial statements

1. Valuation of investment securities
 - (1) Subsidiary stocks and affiliated company stocks are valued at moving average cost method.
 - (2) Other securities than subsidiary stocks and affiliated company stocks are valued at fair value on the closing date with posting net unrealized gains net of tax effect directly in stockholders' equity, if their fair value is available. The cost of those securities is based on moving average method. Other securities are valued at moving average cost method if their fair value is not available.
2. Depreciation of depreciable assets
 - (1) Tangible fixed assets
Declining-balance method is applied, and straight-line method is applied to the building (excluding annexes) 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, 2004, 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, 2005.
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.
6. Other material items
 - (1) Accounting for consumption taxes
Consumption taxes are separately recorded.
 - (2) Consolidated tax system
The consolidated tax system is applied starting from this fiscal year.
 - (3) Application of 'Accounting Standards for Impairment of Fixed Assets'
Accounting Standards Board of Japan issued 'Accounting Standards for Impairment of Fixed Assets' ('Opinion on Establishing Accounting Standards for Impairment of Fixed Assets' issued by Accounting Standards Board of Japan on August 9, 2002) and 'Guidance on Application of Accounting Standards for Impairment of Fixed Assets' (Application Guidance on Accounting Standards number 6, issued on October 31, 2003). Accordingly, the Company has complied with these standards since the fiscal year ended on March 31, 2004.

Notes to balance sheets

1. Accumulated depreciation of tangible fixed assets

As of Jun. 30, 2004	As of Jun. 30, 2003	As of Mar. 31, 2004
3,356 million yen	3,284 million yen	3,292 million yen

2. Guarantee

As of Jun. 30, 2004	As of Jun. 30, 2003	As of Mar. 31, 2004
14,844 million yen	22,302 million yen	17,746 million yen

3. Fair value of subsidiary and affiliated company stocks as of Jun. 30, 2004 (millions of yen)

	Carrying value	Fair value	Difference
Subsidiary	16,121	46,243	30,121
Affiliated company	274	578	304

Notes to income statements

Details of extraordinary gains/losses

(millions of yen)

	<u>First quarter</u> Apr. 1, 2004- Jun. 30, 2004	<u>First quarter</u> Apr. 1, 2003- Jun. 30, 2003	<u>Fiscal 2003</u> Apr. 1, 2003- Mar. 31, 2004
Extraordinary gains:			
Gains on sales of fixed assets	-	2	11
Gains on sales of investment securities	160	150	5,276
Extraordinary losses:			
Write-down of related companies' stocks	-	-	1,230
Write-down of investment securities	-	-	1,151
Losses on sales or disposal of fixed assets	85	28	36
Losses on sales of investment securities	-	7	269
Losses on impairment of fixed assets	-	-	848
Losses on sales of related companies' stocks	-	-	265
Valuation losses of fixed assets	-	-	25
Provision for doubtful accounts	-	176	60,350