

Daiwa Securities Group Inc.

Code No. 8601

Stock Exchange Listings: Tokyo, Osaka, Nagoya

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

Scheduled date of annual shareholders' meeting: June 21, 2008

Scheduled dividend payment: June 2, 2008

Scheduled financial report FSA filing: June 23, 2008



April 28, 2008

Consolidated financial summary

(For the fiscal year ended March 31, 2008)

1. Consolidated financial results (from April 1, 2007 to March 31, 2008)

(1) Consolidated operating results

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

Percentage data shows change from previous year.

'-' indicates a loss or negative figure.

(Millions of yen except per share data and percentage)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
Fiscal 2007 (2008/3)	825,422	-10.0%	447,491	-15.0%	83,632	-55.1%	90,143	-53.9%
Fiscal 2006 (2007/3)	917,307	8.5%	526,764	-9.1%	186,391	-26.7%	195,415	-25.0%
	Net income		Earnings / share		Fully diluted earnings/share		Return on equity	
Fiscal 2007 (2008/3)	46,411	-49.9%	33.69	Yen	33.63	Yen	5.3	%
Fiscal 2006 (2007/3)	92,724	-33.7%	67.90	Yen	66.07	Yen	10.8	%

(Note) Equity in earnings

Fiscal 2007 (2008/3): 1,738 million yen

Fiscal 2006 (2007/3): 1,424 million yen

(2) Consolidated financial conditions

(Millions of yen except per share data and percentage)

	Total assets	Net assets	Equity ratio	Net assets / share
As of Mar. 31, 2008	17,307,119	1,082,923	4.7 %	607.64 Yen
As of Mar. 31, 2007	14,411,265	1,223,225	6.5 %	665.98 Yen

(Note) Equity (i.e. "Owners' equity" and "Valuation and translation adjustments"):

As of Mar. 31, 2008: 818,089 million yen

As of Mar. 31, 2007: 929,525 million yen

(3) Consolidated cash flow summary

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Ending balance of cash and cash equivalents
Fiscal 2007 (2008/3)	-782,533	-189,042	991,086	359,851
Fiscal 2006 (2007/3)	-14,469	-73,288	43,162	352,779

2. Dividends

(Millions of yen except per share data and percentage)

	Dividend/share (yen)			Annual total of dividend	Payout ratio	Net assets dividend ratio
	First half	Second half	Fiscal			
Fiscal 2006 (2007/3)	12.00	16.00	28.00	39,072	41.2 %	4.4 %
Fiscal 2007 (2008/3)	12.00	10.00	22.00	29,919	65.3 %	3.5 %
Fiscal 2008 (2009/3) (expected) (*)	Not yet determined	Not yet determined	Not yet determined		Not yet determined	

(*) The Group doesn't disclose expected dividends for the reason described in the following "3. Forecasts of consolidated financial results".

3. Forecasts of consolidated financial results for Fiscal 2008 (from April 1, 2008 to March 31, 2009)

The Group's principal business is securities business, and the performance is influenced by the economic and market environment. Therefore, the Group doesn't disclose the forecasts of consolidated operating results, considering the difficulty to forecast the performance.

Representative: Shigeharu Suzuki, President

Contact: Mikita Komatsu, General Manager, Finance Department

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4. Other information

- (1) Reclassification of significant subsidiaries during the period (Reclassification due to change in scope of consolidation):
None
- (2) Change in accounting principle, procedure and presentation preparing the consolidated financial statements (noted on changes in "Change in the basis of financial statements for the fiscal year ended March 31, 2008")
- (i) Change due to amendment to accounting standard: None
- (ii) Change due to other than above: Yes
(Note) Please see "Change in the basis of financial statements for the fiscal year ended March 31, 2008" on page 17 for details
- (3) Number of outstanding shares (common shares)
- (i) Number of outstanding shares including treasury stock
As of Mar. 31, 2008: 1,404,664,772 As of Mar. 31, 2007: 1,404,664,772
- (ii) Number of treasury stock
As of Mar. 31, 2008: 58,329,030 As of Mar. 31, 2007: 8,946,245
(Note) Please see "Information on per share" on page 21 regarding number of share for calculation of earnings/share

(Reference)

Non-consolidated financial results (from April 1, 2007 to March 31, 2008)

(1) Non-consolidated operating results

(Note) Percentage data shows change from previous year.

(Millions of yen except per share data and percentage)

	Operating revenues		Operating income		Ordinary income	
Fiscal 2007 (2008/3)	58,544	-25.7%	41,721	-36.2%	42,608	-38.6%
Fiscal 2006 (2007/3)	78,806	123.8%	65,343	183.7%	69,415	176.1%

	Net income		Earnings/share		Fully diluted earnings/share	
Fiscal 2007 (2008/3)	38,989	-47.9%	28.30	Yen	28.25	Yen
Fiscal 2006 (2007/3)	74,874	45.9%	54.83	Yen	53.36	Yen

(2) Non-consolidated financial conditions

(Millions of yen except per share data and percentage)

	Total assets	Net assets	Equity ratio		Net assets/share	
As of Mar. 31, 2008	1,307,826	640,378	48.9	%	474.64	Yen
As of Mar. 31, 2007	1,279,636	724,072	56.5	%	518.36	Yen

(Note) Equity (i.e. "Owners' equity" and "Valuation and translation adjustments"):

As of Mar. 2008: 639,036 million yen As of Mar. 2007: 723,504 million yen

[Qualitative Information and Financial Statements]

Consolidated operating resultsa. Consolidated operating results for fiscal 2007

1. Summary of consolidated operating results for 12 months (comparison with fiscal 2006)

Net operating revenues decreased by 15.0% to 447,491 million yen mainly because underwriting commissions and net gain on trading decreased though commissions in investment trust increased. Selling, general and administrative expenses increased by 6.9% to 363,858 million yen. As a result, ordinary income decreased by 53.9% to 90,143 million yen. Extraordinary gains of 3,634 million yen and extraordinary losses of 11,826 million yen such as write-down of investment securities of 7,888 million yen were posted. Consequently, net income decreased 49.9% to 46,411 million yen after posting income taxes and minority interests.

(1) Commissions

(i) Brokerage commission

Daily average trading value on the Tokyo Stock Exchange increased by 6.8% to 2,967.4 billion yen. Market share of personal investors, however, decreased. As a result, total brokerage commission decreased by 14.5% to 83,876 million yen.

(ii) Underwriting commission

Total underwriting commission decreased by 52.9% to 25,470 million yen. Underwriting commission derived from bonds increased by 10.3% to 10,370 million yen, although underwriting commission derived from equity decreased by 66.5% to 14,581 million yen due to the equity finance market slowdown.

(iii) Distribution commission

Total distribution commission grew by 10.5% to 42,571 million yen, because distribution commissions in investment trust increased by 5.7% to 39,342 million yen due to excellent sales for investment trust.

(iv) Other commission

Total other commission increased by 22.8% to 142,506 million yen primarily due to an increase in trust fee in line with expanded outstanding balance of equity investment trust.

(2) Net gains on trading

Net gains on trading in equity decreased by 64.8% to 11,020 million yen. Net gains on trading in bond, forex and other decreased by 26.7% to 92,341 million yen. As a result, total net gains on trading decreased by 34.3% to 103,361 million yen.

(3) Net financial income

Interest and dividend income decreased by 4.0% to 358,422 million yen and interest expenses also decreased by 4.1% to 339,783 million yen. Net financial income slightly decreased by 3.0% to 18,638 million yen.

(4) Selling, general and administrative expenses

Commission and other expenses increased by 19.5% to 85,398 million yen due to an increase in trust fee of investment trust. Data processing and office supplies increased by 29.8% to 29,877 million yen and depreciation expenses increased by 21.3% to 28,046 million yen due to an increase in system investment. As a result, selling, general and administrative expenses increased by 6.9% to 363,858 million yen.

2. Summary of consolidated operating results for 3 months (comparison with the third quarter of fiscal 2007)

Net operating revenues decreased by 42.0% to 70,431 million yen mainly because net gains on trading posted a deficit of 9,479 million yen due to stagnant secondary stock market. Selling, general and administrative expenses decreased by 6.5% to 86,290 million yen mainly due to a decrease in employees' compensation and benefits. As a result, ordinary income became to loss of 15,664. Net income resulted in loss of 12,928 million yen after posting extraordinary gains and losses, income taxes and minority interests.

3. Operating results of overseas subsidiaries for fiscal 2007 (12months)

Ordinary income by geographic area

America	Europe	Asia & Oceania	(Millions of yen)	
			Total	
1,948	-4,190	3,661	1,419	

b. Consolidated financial conditions (comparison with March 31, 2007)

Total assets increased by 2,895,854 million yen to 17,307,119 million yen, mainly because trading assets increased. Total liabilities increased by 3,036,156 million yen to 16,224,195 million yen, because collateralized short-term financing agreements and short-term borrowings increased. Net assets decreased by 140,301 million yen to 1,082,923 million yen due to acquisition of treasury stock and a decrease in net unrealized gain on securities, net of tax effect. As a result, equity ratio became to 4.7%.

Cash flows from operating activities decreased by 782,533 million yen. Cash flows from investing activities decreased 189,042 million yen mainly due to system investment and an increase in time deposits. Cash flows from financing activities increased 991,086 million yen mainly due to increase in borrowings and an issuance of bonds.

Consequently, cash and cash equivalents after effect of exchange rate changes amounted to 359,851 million yen as of March 31, 2008.

c. Principle Policy on the Distribution of Profits

We aim to improve shareholder value including distribution of profits continually. Considering the consolidated financial results, we will pay dividends based on a pay-out ratio of approximately 30% semi-annually. However, if we consider the amount of retained earnings to be enough for future business expansion and the financial situation to be stable, we intend to proactively implement measures to distribute profits such as share repurchase.

We plan to pay a dividend of 10 yen per share for this period. Since we paid an interim dividend of 12 yen per share in last December according to the resolution of the Board held on 26th October, 2007, the total amount of dividends will be 22 yen per share for fiscal 2007. The dividend pay-out-ratio for the fiscal year will be 65.3%.

Also, in accordance with the policy mentioned above, we repurchased 50 million of its own shares from the market during fiscal 2007 at an aggregate cost of 50.8 billion yen.

The Group's estimated operating result is difficult to forecast because of the nature of the Group's principal business, the securities business which performance is influenced by the economic and market environment. Therefore, the Group cannot, and therefore will not disclose dividends per share of fiscal year 2008.

Information on Group Companies

Daiwa Securities Group Inc. (the 'Company') and its related companies, 46 consolidated subsidiaries and 6 affiliates applicable of equity method (collectively the 'Group'), predominantly operate in the investment 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 the securities and financial fields. The Group provides wide range of services, to meet the worldwide customer needs for raising and investing of funds through its global networks linking major financial markets in Japan, America, Europe and Asia & Oceania.

Investing and financial services business

(Parent, 46 consolidated subsidiaries and 6 affiliates applicable of equity method)

<Holding company>

Daiwa Securities Group Inc.

<Group Core Business>

<Retail>

Daiwa Securities Co. Ltd.

etc.

<Asset Management>

Daiwa Asset Management Co. Ltd.

Daiwa SB Investments Ltd.

etc.

<Wholesale>

Daiwa Securities SMBC Co. Ltd.

Daiwa Securities SMBC Europe Limited

Daiwa Securities SMBC Asia Holding B.V.

Daiwa Securities SMBC H.K. Limited

Daiwa Securities SMBC Singapore Limited

Daiwa America Corporation

Daiwa Securities America Inc.

etc.

<Investment>

Daiwa Securities SMBC Principal Investments Co. Ltd.

NIF SMBC Ventures Co., Ltd.

etc.

<Group Support Business>

<Research, System Development and Consulting>

Daiwa Institute of Research Ltd.

<Securities Business Administration, Office Administration, etc.>

Daiwa Securities Business Center Co., Ltd.

Daiwa Property Co., Ltd.

etc.

Management Policy

(a) Principle Management Policy

The Daiwa Securities Group provides various high-quality products and services, in order to respond to the needs of our clients. We aim to become “the No.1” in each business area. We will maximize each division’s potential by improving inter-company communication and will provide highly integrated services. We will be the “Japan’s Leading Securities Group” by becoming the one and only partner for each and every client.

(b) Management targets

We have set the following as the main medium-term management targets.

- (1) Consolidated ordinary income : ¥350 billion or higher
- (2) Consolidated ROE : 15% or higher
- (3) Retail assets under custody : ¥45 trillion or higher
- (4) Wholesale investment banking : No. 1 in each League table (equity, fixed income, M&A)

(c) Mid to Long Term Management Strategies

We have established a medium-term management plan titled –“Passion for the Best”2008- for the three-year period from FY2006 to FY2008.

The following is the vision for the group stated in the medium-term management plan.

““Japan’s Leading Securities Group”, built on customers’ trust and employees’ passion
-Imagination and our strong will to realize-”.

We aim to become the best in Japan in various fields such as productivity, customer satisfaction and employee satisfaction, as well as the actual results in the various business areas.

We have formulated the basic strategies for the group and for each business, in order to accomplish the targets noted above and develop into “Japan’s Leading Securities Group”. Basic strategies for the group are as follows.

(1) Personnel

For personnel, we will develop an environment and framework where people with the highest skills in the financial industry can work with high motivation. We will establish an appropriate compensation package as the leading company in the financial industry. As for recruitment, we will strengthen our presence by increasing opportunities to interact and continuously acquire skilled and loyal candidates. Moreover, setting up the work-life-balance promoting committee with CEO as CWO, Chief Work-life-balance Officer, under the leadership of our top management, we will enhance the promotion of work-life balance.

(2) Financial affairs

In order to support perpetuate growth of our group, we maintain appropriate liquidity, and ensure efficient fund-raising and capital running. We also maintain appropriate balance of assets and liabilities and we ensure its financial stability.

With respect to financial reporting, we will provide information for investors in a prompt and appropriate manner. We are also engaged in efforts to introduce internal control for financial reporting, and we are strengthening an internal control system to ensure more reliable financial reporting.

(3) Risk management

In order to manage growing and complicating risk levels for the group as a whole, promoting further sophistication of quantifying method, we adopt effectively controlling and make improvements as needed taken in consideration of market circumstances and risk transformation and we keep risks at appropriate levels commensurate with the management vitality. Furthermore, we try to maintain a comprehensive vision of the particular risks for each sectoral business, and keep them at levels commensurate with the amount of capital at risk. We pursue perpetuate growth by aiming for the appropriate profits within the cost of capital.

(4) Internal control

In our group, complying with regulations and rules, we will proceed with framework of internal control systems in order to accomplish our operations effectively and efficiently. Through establishment of and managing the board systems in charge of internal control framework of group operations, and exercising internal audits in fully consolidated basis, we will enhance internal control.

(5) Information technology (IT) strategy

We will promote measures such as the centralization of IT functions and the standardization of software used within the group in order to utilize the system related resources effectively and to reduce the development period. We will proactively and flexibly make IT investments to expand our business or to further promote new products and services.

- (6) Investor relations/ Public relations/ Advertisement
We aim to establish the most advanced IR and disclosure framework in Japan, by strengthening timely and appropriate disclosure which should be appropriate for "Japan's Leading Securities Group".
- (7) Corporate social responsibility (CSR)
We aim to improve our social reputation and to contribute to the sound development of the economic society by proactively increasing communication with our stakeholders. We will focus on topics such as education in economics and finance, socially responsible investments and environment related matters.

Basic strategies for each business are as follows.

- (1) Retail securities business (Daiwa Securities)
'The Accumulation of No.1' is Daiwa Securities' basic strategy.
By establishing a unique business model ("value-added consulting" by the sales representative, "Daiwa Direct" which has various products and information, "SMA", the original separately managed account service for the wealthy class), Daiwa Securities will provide highly competitive financial products and services.
- (2) Wholesale securities business (Daiwa Securities SMBC)
Daiwa Securities SMBC will provide various financial services with investment banking services at its core. We will be the No.1 in customer satisfaction, by building up firm relationships with them. We aim to continuously develop and provide the world's 1st or Japan's 1st products. We will retain the No.1 position in each league table. These measures will enable us to become 'The Japan's Best Investment Bank' with a 1st grade reputation internationally.
- (3) Asset management business (Daiwa Asset Management, Daiwa SB Investments)
Daiwa Asset Management will increase the amount of assets under management by strengthening its capabilities to manage the funds and customer support and by selling mutual funds through commercial banks.
Daiwa SB Investments will improve external evaluations by focusing on improving capabilities to manage assets. We will meet the needs of domestic pension funds and foreign investors, by diversifying fixed income related products and alternative products which adopt a contingent fee system.
- (4) Investment business (Daiwa Securities SMBC PI, NIF SMBC Ventures)
Daiwa Securities SMBC PI helps firms restructure their businesses and also nurtures new businesses and firms in new industries, by investing in private equity, non-performing loans and real estate.
NIF SMBC Ventures will promote full-line private equity investment utilizing its infrastructure in the venture capital business. It will also work to expand peripheral services related to its existing fund management business.
- (5) Research and System business (Daiwa Institute of Research)
In the research and consulting business, Daiwa Institute of Research will provide high-quality and value-added research and consulting services, in order to contribute to the group's securities business which is becoming diversified and sophisticated.
In the information system business, Daiwa Institute of Research will provide system solution services which contribute to the business strategies of each segment in the group

(d) Current Challenges

FY2008 is the final year of the mid-term management plan "Passion for the Best"2008. Stemming from the subprime loan crisis, there is confusion in the financial and capital markets around the world. Financial institutions are going through a tough environment. However, we strongly believe that it is a good opportunity to distinguish ourselves from our peers and further strengthen our operating base. We have recently concentrated our major business functions in to our new headquarters, and with our concerted business resources, we aim to be the "Japan's Leading Securities Group";

The action plans for each business in FY2008 are as follows.

(1) Retail securities business (Daiwa Securities)

- (i) Increase assets under management by offering client oriented products and services.
- (ii) Expand wrap account contracted assets under management by enhancing asset management capabilities and modifying various services.
- (iii) Expand our online trading customer base through upgrades of our products and services.
- (iv) Reinforce businesses with corporate clients by promptly countering growing diversified business needs.

(2) Wholesale securities business (Daiwa Securities SMBC)

- (i) Strengthen investment banking businesses in Asia as we expect increasing placement of Asian stocks and convertibles.
- (ii) Offer new products and services, such as classified stocks and emissions trading.
- (iii) Provide M&A solutions that align with our clients' business strategies.
- (iv) Enhance business activities with SWFs and hedge funds.
- (v) Expand trading products.

(3) Asset management business (Daiwa Asset Management, Daiwa SB Investments)

Daiwa Asset Management

- (i) Enhance global focus in order to meet various client requirements.
- (ii) Increase assets of publicly offered equity investment trusts by promoting large-scale funds.
- (iii) Enhance product development and marketing capabilities.

Daiwa SB Investments

- (i) Improve asset management and research capabilities.
- (ii) Offer products suiting customers' diversified needs.
- (iii) Lead funds from overseas pension funds and governments, mainly into Japanese and Asian equities

(4) Investment business (Daiwa Securities SMBC PI, NIF SMBC Ventures)

- (i) Realize profits from existing investments.
- (ii) Coordinate efficiently with the investment banking division.
- (iii) Invest up to 30 billion yen, mainly in Asia.

(5) Research, consulting and systems business (Daiwa Institute of Research)

- (i) Reclaim the No.1 position in the analyst ranking.
- (ii) Strengthen research capabilities in the emerging markets.
- (iii) Strengthen businesses related to local regions. Consultation to municipalities, privatization on local public service corporations, and regional banks on reorganizations.
- (iv) Contribute to the Group's competitiveness by executing large projects and providing high-quality IT services

Consolidated balance sheets

(Millions of yen)	Fiscal 2006 Mar. 31, 2007	Fiscal 2007 Mar. 31, 2008	Comparison with Mar.31, 2007	
			Increase/ Decrease	Yr/yr % Change
Assets				
Current assets:	13,891,106	16,753,297	2,862,190	20.6%
Cash and deposits	365,310	429,976	64,666	17.7%
Cash segregated as deposits for regulatory purposes	256,434	233,544	-22,889	-8.9%
Notes receivable and trade accounts receivable	15,661	13,580	-2,081	-13.3%
Securities	44,202	54,105	9,902	22.4%
Trading assets:	5,082,219	7,857,122	2,774,902	54.6%
Trading securities and others	4,228,894	6,271,253	2,042,358	48.3%
Derivative assets	853,324	1,585,868	732,543	85.8%
Trading receivables, net	-	219,314	219,314	-
Private equity and other securities	448,964	483,268	34,303	7.6%
Less: Allowance for possible investment losses	-8,787	-11,536	-2,749	-
Loan receivable from customers	-	75,421	75,421	-
Other inventories	2,766	1,602	-1,164	-42.1%
Receivables related to margin transactions:	575,457	369,312	-206,145	-35.8%
Customer margin loans	339,104	192,000	-147,103	-43.4%
Cash deposits as collateral for securities borrowed	236,353	177,311	-59,041	-25.0%
Collateralized short-term financing agreements:	6,814,612	6,206,327	-608,284	-8.9%
Cash deposits as collateral for securities borrowed	6,814,603	6,206,125	-608,478	-8.9%
Receivables related to gensaki transactions	8	202	193	-
Receivables	10,038	12,511	2,472	24.6%
Short-term loans receivable	145,391	148,991	3,599	2.5%
Accrued income	40,602	36,597	-4,004	-9.9%
Deferred tax assets-current	12,471	15,913	3,442	27.6%
Other current assets	85,901	608,629	522,727	608.5%
Less: Allowance for doubtful accounts-current	-140	-1,384	-1,243	-
Non-current assets:	520,158	553,821	33,663	6.5%
Tangible fixed assets	134,536	153,392	18,856	14.0%
Intangible fixed assets	81,315	101,879	20,564	25.3%
Investments and others:	304,307	298,549	-5,757	-1.9%
Investment securities	234,102	215,611	-18,491	-7.9%
Long-term loans receivable	11,491	15,061	3,569	31.1%
Long-term guarantee deposits	23,729	30,130	6,401	27.0%
Deferred tax assets-non-current	13,208	15,434	2,225	16.8%
Other investments	23,373	24,579	1,205	5.2%
Less: Allowance for doubtful accounts-non-current	-1,599	-2,267	-667	-
Total assets	14,411,265	17,307,119	2,895,854	20.1%

(Millions of yen)	Fiscal 2006 Mar. 31, 2007	Fiscal 2007 Mar. 31, 2008	Comparison with Mar.31, 2007	
			Increase/ Decrease	Yr/yr % Change
<i>Liabilities</i>				
Current liabilities:	11,939,922	14,920,920	2,980,998	25.0
Notes payable and trade accounts payable	6,292	4,941	-1,350	-21.5
Trading liabilities:	4,105,362	4,643,643	538,281	13.1
Trading securities and others	3,417,833	3,443,374	25,541	0.7
Derivative liabilities	687,528	1,200,269	512,740	74.6
Trading payables, net	67,771	-	-67,771	-
Payables related to margin transactions:	233,352	202,010	-31,342	-13.4
Payable to securities finance companies	14,446	8,617	-5,828	-40.3
Proceeds of securities sold for customers' accounts	218,906	193,392	-25,513	-11.7
Collateralized short-term financing agreements:	5,159,100	6,238,684	1,079,584	20.9
Cash deposits as collateral for securities loaned	5,000,747	5,535,106	534,359	10.7
Payables related to gensaki transactions	158,352	703,577	545,225	344.3
Deposits received	148,173	134,361	-13,812	-9.3
Cash deposits received as guarantee	100,494	101,149	654	0.7
Short-term borrowings	1,644,417	2,362,803	718,386	43.7
Commercial paper	302,391	488,300	185,908	61.5
Bonds and notes due within one year	27,912	130,613	102,700	367.9
Income taxes payable	12,550	21,537	8,986	71.6
Deferred tax liabilities-current	9,287	13	-9,273	-99.8
Accrued bonuses	31,200	17,325	-13,874	-44.5
Provision for relocation costs of headquarter office	-	4,129	4,129	-
Other current liabilities	91,615	571,406	479,790	523.7
Non-current liabilities:	1,240,220	1,295,257	55,037	4.4
Bonds and notes	1,018,873	1,063,741	44,868	4.4
Long-term debt	165,895	199,070	33,175	20.0
Deferred tax liabilities-non-current	24,002	4,541	-19,461	-81.1
Retirement benefits	22,590	23,576	985	4.4
Provision for relocation costs of headquarter office	3,757	-	-3,757	-
Provision for litigation losses	623	779	156	25.1
Other non-current liabilities	4,478	3,548	-929	-20.8
Statutory reserves	7,896	8,017	120	1.5
Total liabilities	13,188,039	16,224,195	3,036,156	23.0
<i>Net assets</i>				
Owners' equity	844,854	801,880	-42,973	-5.1
Common stock	178,324	178,324	-	-
Capital surplus	157,678	157,678	-	-
Retained earnings	520,474	527,579	7,104	1.4
Treasury stock	-11,628	-61,701	-50,073	-
Paid-in money for treasury stock	4	-	-4	-
Valuation and translation adjustments	84,671	16,208	-68,462	-80.9
Net unrealized gain (loss) on securities, net of tax effect	75,657	24,470	-51,187	-67.7
Deferred gain (loss) on hedges	467	800	333	71.2
Translation adjustments	8,546	-9,061	-17,608	-
Stock subscription rights	610	1,429	818	134.1
Minority interests	293,088	263,404	-29,684	-10.1
Total net assets	1,223,225	1,082,923	-140,301	-11.5
Total liabilities and net assets	14,411,265	17,307,119	2,895,854	20.1

Consolidated statements of operations

(Millions of yen)	Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007 - Mar. 31, 2008	Comparison with Fiscal 2006	
			Increase/ Decrease	Yr/yr % Change
Operating revenues:	917,307	825,422	-91,885	-10.0
Commissions	306,736	294,424	-12,311	-4.0
Net gain (loss) on trading	157,332	103,361	-53,971	-34.3
Net gain (loss) on private equity and other securities	32,818	19,160	-13,657	-41.6
Interest and dividend income	373,452	358,422	-15,029	-4.0
Other sales revenues	46,967	50,052	3,085	6.6
Interest expenses	354,245	339,783	-14,461	-4.1
Cost of sales	36,298	38,147	1,848	5.1
Net operating revenues	526,764	447,491	-79,273	-15.0
Selling, general and administrative expenses:	340,372	363,858	23,485	6.9
Commission and other expenses	71,438	85,398	13,959	19.5
Employees' compensation and benefits	163,379	156,661	-6,717	-4.1
Occupancy and rental	38,846	38,759	-86	-0.2
Data processing and office supplies	23,020	29,877	6,856	29.8
Depreciation expenses	23,117	28,046	4,929	21.3
Taxes other than income taxes	8,264	7,329	-934	-11.3
Others	12,306	17,785	5,479	44.5
Operating income	186,391	83,632	-102,758	-55.1
Non-operating income:	10,937	9,647	-1,290	-11.8
Equity in earnings	1,424	1,738	313	22.0
Others	9,513	7,908	-1,604	-16.9
Non-operating expenses	1,913	3,135	1,222	63.9
Ordinary income	195,415	90,143	-105,271	-53.9
Extraordinary gains	3,601	3,634	33	0.9
Extraordinary losses	13,093	11,826	-1,267	-9.7
Income before income taxes and minority interests	185,922	81,951	-103,970	-55.9
Income taxes-current	65,794	40,474	-25,319	-38.5
Income taxes-deferred	3,657	299	-3,357	-91.8
Minority interests	-23,746	5,233	28,980	-
Net income	92,724	46,411	-46,313	-49.9
Net financial income included in net operating revenues	19,207	18,638	-568	-3.0

Consolidated statements of changes in net assets
(Apr. 1, 2006 - Mar. 31, 2007)

(Millions of yen)	Owners' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Paid-in money for treasury stock	Total owners' equity
Beginning balance as of Mar. 31, 2006	138,828	118,339	476,216	-14,660	-	718,723
Changes of items during the fiscal year						
Issuance of new shares	39,495	39,495	-	-	-	78,991
Dividends	-	-	-45,806	-	-	-45,806
Bonus to directors and executive officers	-	-	-1,827	-	-	-1,827
Net income	-	-	92,724	-	-	92,724
Acquisition of treasury stock	-	-	-	-311	-	-311
Disposal of treasury stock	-	-156	-1,238	3,344	-	1,949
Subsidiaries' merger	-	-	406	-	-	406
Other	-	-	-	-	4	4
Total changes of items during the fiscal year	39,495	39,339	44,258	3,032	4	126,131
Ending balance as of Mar. 31, 2007	178,324	157,678	520,474	-11,628	4	844,854

(Millions of yen)	Valuation and translation adjustments				Stock subscription rights	Minority interests
	Net unrealized gain (loss) on securities, net of tax effect	Deferred gain (loss) on hedges	Translation adjustments	Total valuation and translation adjustments		
Beginning balance as of Mar. 31, 2006	72,694	-	863	73,557	-	236,718
Changes of items during the fiscal year						
Net changes of items other than owners' equity	2,963	467	7,682	11,113	610	56,370
Total changes of items during the fiscal year	2,963	467	7,682	11,113	610	56,370
Ending balance as of Mar. 31, 2007	75,657	467	8,546	84,671	610	293,088

(Apr. 1, 2007 - Mar. 31, 2008)

(Millions of yen)	Owners' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Paid-in money for treasury stock	Total owners' equity
Beginning balance as of Mar. 31, 2007	178,324	157,678	520,474	-11,628	4	844,854
Changes of items during the fiscal year						
Dividends	-	-	-38,787	-	-	-38,787
Net income	-	-	46,411	-	-	46,411
Acquisition of treasury stock	-	-	-	-51,031	-	-51,031
Disposal of treasury stock	-	-	-346	958	-	611
Addition of a consolidated subsidiary	-	-	-172	-	-	-172
Other	-	-	-	-	-4	-4
Total changes of items during the fiscal year	-	-	7,104	-50,073	-4	-42,973
Ending balance as of Mar. 31, 2008	178,324	157,678	527,579	-61,701	-	801,880

(Millions of yen)	Valuation and translation adjustments				Stock subscription rights	Minority interests
	Net unrealized gain (loss) on securities, net of tax effect	Deferred gain (loss) on hedges	Translation adjustments	Total valuation and translation adjustments		
Beginning balance as of Mar. 31, 2007	75,657	467	8,546	84,671	610	293,088
Changes of items during the fiscal year						
Net changes of items other than owners' equity	-51,187	333	-17,608	-68,462	818	-29,684
Total changes of items during the fiscal year	-51,187	333	-17,608	-68,462	818	-29,684
Ending balance as of Mar. 31, 2008	24,470	800	-9,061	16,208	1,429	263,404

Consolidated statements of cash flows

(Millions of yen)	Fiscal 2006 Apr. 1, 2006- Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008
1. Cash flows from operating activities:		
Income before income taxes and others	185,922	81,951
Depreciation expenses	23,117	28,046
Increase in allowance for retirement benefits	1,027	985
Interest and dividend income	-375,860	-358,657
Interest expenses	353,802	339,604
Equity in earnings	-1,424	-1,738
Adjustment of extraordinary gains/losses items:		
Loss on sale or disposal of fixed assets	1,395	1,415
Write-down of fixed assets	1,510	-
Gain on sale of related companies' stocks	-147	-
Write-down of related companies' stocks	200	375
Gain on sale of investment securities	-3,453	-3,228
Loss on sale of investment securities	363	205
Write-down of investment securities	535	7,888
Allowance for doubtful accounts	316	-
Provision for litigation losses	550	-
Loss on impairment of fixed assets	2,974	537
Relocation costs of headquarter office	4,680	1,354
Provision for securities transaction liabilities	566	51
Other	-	-406
(Increase) Decrease in deposits segregated for customer	69,633	43,409
(Increase) Decrease in trading assets, net of trading liabilities	79,203	-2,561,538
(Increase) Decrease in private equity and other securities	-45,409	-76,272
(Increase) Decrease in loans receivable from customer	-	-44,083
(Increase) Decrease in receivables related to margin transactions, net of payables related to margin transactions	27,247	174,806
(Increase) Decrease in receivables on collateralized short-term financing agreements, net	-150,763	1,721,872
(Increase) Decrease in loans receivable	-86,086	-35,064
(Increase) Decrease in deposits received	-	-12,342
Others	-14,984	-64,918
Sub-total	74,917	-755,747
Interest and dividend received	370,690	362,175
Interest paid	-348,265	-342,670
Income taxes refunded (paid)	-111,811	-46,290
Net cash flows provided by (used in) operating activities	-14,469	-782,533

(Millions of yen)	Fiscal 2006 Apr. 1, 2006- Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008
2. Cash flows from investing activities:		
Increase in time deposits	-36,290	-120,181
Decrease in time deposits	30,995	56,042
Payments for purchase of securities	-33,661	-31,060
Proceeds from sale and redemption of securities	18,085	41,288
Payments for purchase of tangible fixed assets	-18,438	-34,295
Proceeds from sale of tangible fixed assets	539	239
Payments for purchase of intangible fixed assets	-34,647	-44,005
Purchase of subsidiary's stock due to change in scope of consolidation	1,356	-
Payments for purchase of related companies' stocks	-3,415	-10,158
Proceeds from sale of related companies' stocks	1,469	160
Payments for purchase of investment securities	-10,451	-45,511
Proceeds from sale and redemption of investment securities	16,998	11,459
Payments for loan made	-1,182	-5,091
Proceeds from collection of loans receivable	306	1,436
Others	-4,953	-9,364
Net cash flows provided by (used in) investing activities	-73,288	-189,042
3. Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	-97,429	945,659
Proceeds from issuance of bonds and convertible bonds	509,086	442,592
Payments for redemption of bonds and convertible bonds	-362,305	-294,317
Proceeds from sinking fund of convertible bonds	61,877	-
Payments for sinking fund of convertible bonds	-61,877	-
Proceeds from long-term debt	48,800	48,150
Payments for repayment of long-term debt	-38,440	-50,832
Proceeds from minority shareholders due to issuance of shares	40,080	-
Dividends paid	-45,806	-38,787
Dividends paid to minority shareholders	-12,039	-10,894
Proceeds from sale of treasury stocks	1,949	611
Payments for purchases of treasury stocks	-	-51,031
Others	-732	-64
Net cash flows provided by (used in) financing activities	43,162	991,086
4. Effect of exchange rate changes on cash and cash equivalents	4,788	-13,582
5. Net change in cash and cash equivalents	-39,806	5,928
6. Cash and cash equivalents at beginning of term	392,350	352,779
7. Increase in cash and cash equivalents due to merger of subsidiaries	235	655
8. Increase in cash equivalents due to addition of a consolidated subsidiary	-	488
9. Cash and cash equivalents at end of term	352,779	359,851

Notes to consolidated financial statements for the Fiscal year ended March 31, 2008

The consolidated financial statements of the Company for the fiscal year ended March 31, 2008 are prepared in accordance with the 'Cabinet Order on financial instruments business' (Cabinet Office Ordinance No.52, 2007), 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 Consolidated Financial Statements' (Ministry of Finance Ordinance No. 28, 1976) and its Article 46 and 68.

Basis of consolidated financial statements for the fiscal year ended March 31, 2008

1. Scope of consolidation

Consolidated subsidiaries: 46 companies

Major companies:

Daiwa Securities Co. Ltd.
 Daiwa Securities SMBC Co. Ltd.
 Daiwa Asset Management Co. Ltd.
 Daiwa Institute of Research Ltd.
 Daiwa Securities Business Center Co., Ltd.
 Daiwa Property Co., Ltd.
 NIF SMBC Ventures Co., Ltd.
 Daiwa Securities SMBC Principal Investments Co. Ltd.
 Daiwa America Corporation
 Daiwa Securities America Inc.
 Daiwa Securities SMBC Europe Limited
 Daiwa Securities SMBC Asia Holding B.V.
 Daiwa Securities SMBC H.K. Limited
 Daiwa Securities SMBC Singapore Limited

In consolidated financial statements of the company for the fiscal year ended March 31, 2008, one company was added to scope of consolidation due to the increase of materiality and another one was added due to foundation. Two liquidating companies were excluded from the scope of consolidation. Each amount of total assets, operating revenues (or sales), net income (corresponding to equity holdings) and retained earnings (corresponding to equity holdings) of non-consolidated subsidiaries has little influence on the consolidated financial statements and has little materiality as a whole, and is therefore excluded from the scope of consolidation.

2. Application of equity method

Affiliates applicable of equity method: 6 companies

Major company:

Daiwa SB Investments Ltd.

Two companies were added to the scope of equity method due to capital investment. Each amount of net income (corresponding to equity holdings) and retained earnings (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, and is therefore excluded from the scope of equity method. For affiliates applicable of equity method with the fiscal year ending other than March 31, 2008, one company prepared tentative financial statements for consolidation purpose as of March 31, 2008, and other companies prepared financial statements for the relevant fiscal year, and those were reflected.

3. Fiscal period of subsidiaries

For subsidiaries with the fiscal year ending other than March 31, 2008, the financial statements for the relevant fiscal year are employed and important transactions occurred by discrepancies with closing account date are adjusted for these consolidated financial statements.

4. Accounting policies

(1) Valuation of financial instruments and inventories

(i) Valuation of trading assets and liabilities

Trading assets and liabilities, including securities and financial derivatives for trading purposes held by a securities company are recorded at fair value.

(ii) Valuation of non-trading assets and liabilities

The Group examines the intent of holding each securities and classifies those securities as (a) debt and equity securities intended to held for trading by non-securities companies ("trading securities"), (b) debt securities intended to be held to maturity ("held-to-maturity debt securities"), or (c) all other securities not classified in any of the above categories ("available-for-sale securities").

Trading securities are carried at fair value with unrealized gains or losses included in income. Held-to-maturity debt securities are stated at amortized cost.

Available-for-sale securities with market value are stated at market value, based on quoted market prices. Realized gains and losses on sale of such securities are computed using the moving-average cost. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the net assets. Debt in available-for-sale securities for which a market value is not available, are stated at the amortized cost, net of the amount considered not collectible. Equity in available-for-sale securities for which a market value is not available, are stated at the moving-average cost.

Of those securities with no fair value available, share of net income raised by the investments in limited partnerships is reflected on consolidated statements of operations and share of net unrealized profits and losses on securities held by the partnerships is directly posted into net assets. Private equity and other securities held by certain consolidated subsidiaries 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

Tangible fixed assets are generally amortized under the straight-line method. The Company and domestic consolidated subsidiaries compute amortization over estimated useful lives as stipulated by Corporation Tax Law of Japan.

(ii) Intangible fixed assets

Intangible fixed assets are generally amortized under the straight-line method. The Company and domestic consolidated subsidiaries compute amortization over estimated useful lives as stipulated by Corporation Tax Law of Japan, and over internally estimated useful lives (5 years) for software of in-house use.

(3) Accounting policies for various provisions

(i) Provision for doubtful accounts

Provisions for doubtful accounts are provided based on the estimated historical default rate for normal loans, and based on individually assessed amounts for doubtful accounts.

(ii) Allowance for possible investment losses

Some consolidated subsidiaries provide the allowances based on estimated losses on private equity and other securities held at the balance sheets date, assessing the financial conditions of investee companies.

(iii) Accrued bonuses

Accrued bonuses of employees and directors represent liabilities estimated as of the balance sheets date.

(iv) Provision for relocation costs of headquarter office

Estimated amount of expenses is accrued to relocate headquarter office

(v) Retirement benefits

The Company and most of domestic consolidated subsidiaries provide an unfunded retirement benefit plan to their employees in return for services rendered each year, where the amount to be contributed to the individual employee's account is defined by the plan. Benefits of the plan are accumulated on an annual basis and earn a guaranteed hypothetical return at a rate predetermined by the Company and most of domestic consolidated subsidiaries each year.

(vi) Provision for litigation losses

Estimated amount of restitution is accrued to provide for future monetary damages of litigation regarding financial services based on the status of progress.

5. 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, ordinary deposits, and short term investment expire within three month from acquisition day.

The company omits to disclose other than above information because there is no change in the information from the description of the recent financial statements report (submitted on June 25, 2007) and interim financial statements report (submitted on December 14, 2007).

Change in the basis of financial statements for the fiscal year ended March 31, 2008

(Change in the depreciation method of tangible fixed assets)

In connection with the current corporate tax law reform, the Company and domestic consolidated subsidiaries have changed the depreciation method to that of complied with new corporate tax law for the property and equipment purchased on or after April 1, 2007.

For property and equipment purchased before April 1, 2007, depreciation is computed by the former depreciation method, i.e. property and equipment is depreciated until depreciable limit. However, after such assets have been depreciated to the depreciable limit, the remaining value is amortized over five years in pro rata from the following fiscal year until its book value is reduced to 1 yen. The effect on the consolidated financial statements was immaterial.

Notes to consolidated balance sheets

1.	Accumulated depreciation of tangible fixed assets		
		As of Mar. 31, 2007	As of Mar. 31, 2008
		111,054 million yen	106,710 million yen
2.	Guarantee		
		As of Mar. 31, 2007	As of Mar. 31, 2008
		1,683 million yen	1,690 million yen
3.	Short-term and long-term borrowings include the subordinated borrowings stipulated by Article 176 of the 'Cabinet Order on financial instruments business' (Cabinet Office Ordinance No.52, 2007).		
	Short-term borrowings		
		As of Mar. 31, 2007	As of Mar. 31, 2008
		42,000 million yen	-
	Long-term borrowings		
		As of Mar. 31, 2007	As of Mar. 31, 2008
		60,000 million yen	70,000 million yen

Notes to consolidated statements of operations

Details of extraordinary gains/losses

	(Millions of yen)	<u>Fiscal 2006</u> Apr. 1, 2006- Mar. 31, 2007	<u>Fiscal 2007</u> Apr. 1, 2007- Mar. 31, 2008
Extraordinary gains:			
Gain on sale of related companies' stocks		147	-
Gain on sale of investment securities		3,453	3,228
other		-	406
Extraordinary losses:			
Write-down of related companies' stocks		200	375
Write-down of investment securities		535	7,888
Write-down of fixed assets		1,510	-
Loss on impairment of fixed assets		2,974	537
Loss on sale or disposal of fixed assets		1,395	1,415
Loss on sale of investment securities		363	205
Allowance for doubtful accounts		316	-
Relocation costs of headquarter office		4,680	1,354
Provision for litigation losses		550	-
Provision for securities transaction liabilities		566	51

Notes to consolidated statements of changes in net assets

Stock subscription rights and Treasury stock subscription rights

	Item	Number of shares				As of Mar. 31, 2008 (Millions of yen)
		As of Mar. 31, 2007	Increase	Decrease	As of Mar. 31, 2008	
The Company	Stock subscription rights issued on July, 2006	298,000	-	-	298,000	406
	Treasury stock subscription rights	3,000	-	3,000	-	-
	Series 3 stock subscription rights	2,571,000	-	32,000	2,539,000	425
	Treasury stock subscription rights	22,000	32,000	-	54,000	-
	Stock subscription rights issued on July, 2007	-	309,000	3,000	306,000	401
	Series 4 stock subscription rights	-	2,570,000	22,000	2,548,000	108
	Treasury stock subscription rights	-	22,000	-	22,000	-
Consolidated subsidiary	Series 1 stock subscription rights issued on September, 2006	31	-	-	31	12
	Series 2 stock subscription rights issued on September, 2006	50	-	-	50	20
	Series 3 stock subscription rights issued on August, 2006	332	-	32	300	28
	Treasury stock subscription rights	11	32	-	43	-
	Series 1 stock subscription rights issued on 2007	-	67	-	67	8
	Series A stock subscription rights issued on 2007	-	120	-	120	14
	Series B stock subscription rights issued on 2007	-	359	11	348	3
	Treasury stock subscription rights	-	11	-	11	-
					Total	1,429
						-

Note:

- (1) Above all shares of stock subscription rights is common stock.
- (2) Above consolidated subsidiary is NIF SMBC Ventures Co., Ltd.
- (3) Exercise period of "Series 3 stock subscription rights" and "Series 4 stock subscription rights" which the Company issued and "Series 3 stock subscription rights issued on August, 2006" and "Series B stock subscription rights issued on 2007" which consolidated subsidiary issued have not yet started.

Notes to consolidated statements of cash flows

Reconciliation for "Cash and cash equivalents at the end of term" and "Cash and deposits" on consolidated balance sheet

(Millions of yen)	Fiscal 2006	Fiscal 2007
Cash and deposits	365,310	429,976
Time deposit more than 3 months	-21,031	-85,125
Negotiable deposit less than 3 months	8,500	15,000
Cash and cash equivalents	352,779	359,851

Segment information**1. Net operating revenues by business segment**

The Company and its consolidated subsidiaries' world-wide activities include (a) trading in securities and derivatives, (b) brokerage of securities and derivatives, (c) underwriting and distribution of securities, (d) sale on a commission basis of securities, 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, 'Investing and financial services'.

2. Net operating revenues by geographic area

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

Fiscal year ended March 31, 2007

i. Net operating revenue and expenses

(Millions of yen)	Japan	America	Europe	Asia & Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues from external customers	483,875	9,587	19,869	13,431	526,764	-	526,764
Intersegment revenues	-8,700	5,096	16,034	1,297	13,727	-13,727	-
Net operating revenues	475,174	14,683	35,903	14,729	540,491	-13,727	526,764
S.G. & A. expenses	302,606	13,079	27,562	10,850	354,098	-13,725	340,372
Operating income	172,568	1,604	8,340	3,878	186,392	-1	186,391
ii. Assets	10,808,697	3,372,711	1,238,351	81,731	15,501,492	-1,090,227	14,411,265

Fiscal year ended March 31, 2008

i. Net operating revenue and expenses

(Millions of yen)	Japan	America	Europe	Asia & Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues from external customers	406,519	10,195	13,448	17,327	447,491	-	447,491
Intersegment revenues	-5,997	4,398	8,464	986	7,850	-7,850	-
Net operating revenues	400,521	14,593	21,912	18,313	455,342	-7,850	447,491
S.G. & A. expenses	316,997	13,042	26,946	14,717	371,704	-7,845	363,858
Operating income	83,523	1,550	-5,033	3,596	83,637	-5	83,632
ii. Assets	14,307,374	2,990,597	1,260,014	80,659	18,638,646	-1,331,527	17,307,119

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

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

3. Overseas net operating revenues

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

Fiscal year ended March 31, 2007

(Millions of yen)	America	Europe	Asia & Oceania	Total
Overseas net operating revenues	19,325	13,100	11,902	44,327
Consolidated net operating revenues				526,764
Percentage of total revenues	3.7%	2.5%	2.3%	8.4%

Fiscal year ended March 31, 2008

(Millions of yen)	America	Europe	Asia & Oceania	Total
Overseas net operating revenues	19,168	10,048	15,280	44,498
Consolidated net operating revenues				447,491
Percentage of total revenues	4.3%	2.2%	3.4%	9.9%

Note: Method of segmentation by geographic area and principal countries of area belonging to each segment are same as '2. Net operating revenues by geographic area'.

Information on per share

	Fiscal 2006 Apr. 1, 2006- Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008
Earnings/share		
Net income (millions of yen)	92,724	46,411
Net income not attributable to common stockholder (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	92,724	46,411
Average number of common shares outstanding during the year (thousands of shares)	1,365,486	1,377,430
Fully diluted earnings/share		
Adjusted net income (millions of yen)	59	-
Interest expenses: after deduction for tax	0	-
Commission expenses: after deduction for tax	61	-
Increase in common stock (thousands of shares)	38,667	2,287
Convertible bonds	35,195	-
Stock subscription rights	3,471	2,287
Summary of potential shares that are not included in calculation of fully diluted earnings/share due to a lack of dilution effect (thousands of shares)	Stock option by stock subscription right Series 3 stock subscription rights 2,593	Stock option by stock subscription right Series 3 stock subscription rights 2,593 Series 4 stock subscription rights 2,570

Note: The amount of stock option in terms of number of shares is listed.

Subsequent events

Not applicable

Other notes

The note regarding "Accounting for certain lease transactions", "Securities", "Derivatives trading" "Retirement benefits", "Stock option", "Deferred tax accounting" and "Tolling transaction with related parties" are omitted because those accounts have low priority on this disclosure.

Supplemental information for fiscal 2007**1. Breakdown of commissions**

Fiscal year ended March 31, 2007 (A)

(Millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	97,061	693	317	-	-	98,072
Underwriting commission	-	-	-	54,068	-	54,068
Stock and other	-	-	-	43,510	-	43,510
Bond and other	-	-	-	9,406	-	9,406
Distribution commission	-	-	37,210	1,309	-	38,520
Other commission	1,925	1,972	69,378	19,607	23,190	116,074
Total	98,986	2,666	106,906	74,985	23,190	306,736

Fiscal year ended March 31, 2008 (B)

(Millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	82,487	925	463	-	-	83,876
Underwriting commission	-	-	-	25,470	-	25,470
Stock and other	-	-	-	14,581	-	14,581
Bond and other	-	-	-	10,370	-	10,370
Distribution commission	-	-	39,342	3,229	-	42,571
Other commission	2,105	1,207	96,570	18,851	23,771	142,506
Total	84,592	2,133	136,376	47,550	23,771	294,424

Yr/yr percentage change (B) / (A) - 1)

(Percentage)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	-15.0%	33.4%	46.2%	-	-	-14.5%
Underwriting commission	-	-	-	-52.9%	-	-52.9%
Stock and other	-	-	-	-66.5%	-	-66.5%
Bond and other	-	-	-	10.3%	-	10.3%
Distribution commission	-	-	5.7%	146.6%	-	10.5%
Other commission	9.4%	-38.8%	39.2%	-3.9%	2.5%	22.8%
Total	-14.5%	-20.0%	27.6%	-36.6%	2.5%	-4.0%

2. Breakdown of net gain(loss) on trading

(Millions of yen)	Fiscal 2006 Apr. 1, 2006- Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008	Yr/yr % change
Stock and other	31,288	11,020	-64.8%
Bond, forex and other	126,044	92,341	-26.7%
Total	157,332	103,361	-34.3%

Quarterly consolidated statements of operations

(Millions of yen)	Fiscal 2006	Fiscal 2007			
	4th quarter Jan. 1, 2007- Mar. 31, 2007	1st quarter Apr. 1, 2007- Jun. 30, 2007	2nd quarter Jul. 1, 2007- Sep. 30, 2007	3rd quarter Oct. 1, 2007- Dec. 31, 2007	4th quarter Jan. 1, 2008- Mar. 31, 2008
Operating revenues	255,138	253,982	211,712	215,457	144,268
Commissions	81,489	79,875	74,562	72,602	67,383
Brokerage commission	28,323	24,274	22,890	20,503	16,207
Stock and other	28,040	24,034	22,473	20,100	15,878
Bond and other	185	168	302	252	202
Underwriting commission	9,737	7,435	6,421	5,098	6,514
Stock and other	6,657	4,166	4,139	2,289	3,985
Bond and other	2,858	3,152	2,189	2,650	2,378
Distribution commission	11,668	14,822	9,676	11,421	6,650
Beneficiary certificates	11,345	13,606	8,895	10,920	5,919
Other commission	31,760	33,342	35,573	35,578	38,011
Net gain (loss) on trading	47,044	46,749	24,440	41,650	-9,479
Stock and other	8,159	19,380	-4,150	5,329	-9,539
Bond and other	38,885	27,368	28,591	36,321	59
Net gain (loss) on private equity and other securities	7,997	7,996	6,309	723	4,131
Interest and dividend income	103,258	105,893	95,909	87,242	69,377
Other sales revenues	15,348	13,468	10,489	13,239	12,855
Interest expenses	99,373	99,362	92,357	83,894	64,169
Cost of sales	12,263	10,551	7,791	10,136	9,668
Net operating revenues	143,501	144,068	111,563	121,427	70,431
Selling, general and administrative	90,882	93,619	91,660	92,288	86,290
Commission and other expenses	20,367	20,301	23,071	20,432	21,592
Employees' compensation and benefits	42,059	44,335	38,823	41,038	32,464
Occupancy and rental	11,033	8,958	9,804	9,709	10,286
Data processing and office supplies	6,268	6,855	7,474	7,557	7,990
Depreciation expenses	6,199	6,368	6,810	7,262	7,605
Taxes other than income taxes	2,016	2,102	1,792	1,741	1,693
Others	2,937	4,698	3,883	4,546	4,657
Operating income	52,618	50,449	19,902	29,138	-15,858
Non-operating income	999	4,129	1,823	2,274	1,419
Non-operating expenses	583	486	521	902	1,225
Ordinary income	53,034	54,092	21,204	30,511	-15,664
Extraordinary gains	1,204	793	1,140	219	1,481
Extraordinary losses	10,377	213	2,015	-65	9,663
Income before income taxes and minority interests	43,862	54,672	20,329	30,796	-23,847
Income taxes-current	27,290	16,524	14,215	7,849	1,885
Income taxes-deferred	-16,396	4,527	-7,402	4,835	-1,661
Minority interests	-7,125	-6,285	1,223	-846	11,141
Net income	25,842	27,335	14,739	17,264	-12,928
Net financial income included in net operating revenues	3,884	6,530	3,551	3,347	5,208

Non-consolidated financial statements**Balance sheets**

(Millions of yen)	Fiscal 2006 Mar. 31, 2007	Fiscal 2007 Mar. 31, 2008	Comparison with Mar.31, 2007	
			Increase/ Decrease	Yr/yr % Change
<i>Assets</i>				
Current assets:	312,519	313,268	749	0.2%
Cash and deposits	92,768	147,868	55,100	59.4%
Securities	13,088	20,981	7,892	60.3%
Short-term loans receivable	177,550	110,826	-66,723	-37.6%
Account receivable	26,100	29,367	3,266	12.5%
Accrued income	1,327	1,339	11	0.9%
Deferred tax assets-current	-	267	267	-
Other current assets	1,683	2,617	933	55.4%
Non-current assets:	967,117	994,558	27,440	2.8%
Tangible fixed assets	45,397	45,145	-251	-0.6%
Intangible fixed assets	877	1,345	467	53.3%
Investments and others:	920,842	948,067	27,224	3.0%
Investment securities	786,653	776,064	-10,588	-1.3%
Long-term loans receivable	113,400	151,875	38,475	33.9%
Long-term guarantee deposits	11,364	9,029	-2,334	-20.5%
Others	9,843	11,437	1,593	16.2%
Less: Allowance for doubtful accounts	-419	-339	79	-
Total assets	1,279,636	1,307,826	28,189	2.2%

(Millions of yen)	Fiscal 2006 Mar. 31, 2007	Fiscal 2007 Mar. 31, 2008	Comparison with Mar.31, 2007	
			Increase/ Decrease	Yr/yr % Change
<i>Liabilities</i>				
Current liabilities:	183,015	330,059	147,043	80.3%
Short-term borrowings	91,345	137,395	46,050	50.4%
Bonds and notes due within one year	-	120,000	120,000	-
Collateralized short-term financing agreements	80,676	54,965	-25,711	-31.9%
Income taxes payable	6,963	12,357	5,394	77.5%
Deferred tax liabilities-current	54	-	-54	-
Accrued bonuses	1,021	459	-561	-55.0%
Other current liabilities	2,955	4,882	1,926	65.2%
Non-current liabilities:	372,549	337,388	-35,160	-9.4%
Bonds and notes	291,400	276,400	-15,000	-5.1%
Long-term debt	49,000	47,000	-2,000	-4.1%
Long-term cash deposits received as guarantee	2,829	2,376	-453	-16.0%
Deferred tax liabilities-non-current	25,986	9,021	-16,964	-65.3%
Retirement benefits	1,684	1,466	-217	-12.9%
Provision for litigation losses	211	304	92	43.7%
Other non-current liabilities	1,436	818	-617	-43.0%
Total liabilities	555,564	667,448	111,883	20.1%
<i>Net assets</i>				
Owners' equity	666,343	616,120	-50,222	-7.5%
Common stock	178,324	178,324	-	-
Capital surplus	157,678	157,678	-	-
Additional paid-in capital	157,678	157,678	-	-
Retained earning	341,963	341,818	-144	-0.0%
Earned surplus reserve	45,335	45,335	-	-
Other earned surplus reserve	296,627	296,483	-144	-0.0%
General - purpose reserve	218,000	218,000	-	-
Deferred earned surplus	78,627	78,483	-144	-0.2%
Treasury stock	-11,627	-61,701	-50,073	-
Paid-in money for treasury stock	4	-	-4	-
Valuation and translation adjustments	57,161	22,916	-34,245	-59.9%
Net unrealized gain (loss) on securities, net of tax effect	56,740	22,230	-34,509	-60.8%
Deferred gain (loss) on hedges	421	685	263	62.6%
Stock subscription rights	567	1,341	774	136.6%
Total net assets	724,072	640,378	-83,693	-11.6%
Total liabilities and net assets	1,279,636	1,307,826	28,189	2.2%

Statements of operations

(Millions of yen)	Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007 - Mar. 31, 2008	Comparison with Fiscal 2006	
			Increase/ Decrease	Yr/yr % Change
Operating revenues:	78,806	58,544	-20,262	-25.7%
Dividends from related companies	73,920	51,585	-22,334	-30.2%
Interest on loans to related companies	4,098	4,717	618	15.1%
Other	786	2,241	1,454	184.8%
Operating expenses:	13,462	16,822	3,360	25.0%
Selling, general and administrative expenses:	9,494	11,032	1,538	16.2%
Commission and other expenses	1,631	2,266	634	38.9%
Employees' compensation and benefits	3,675	3,885	210	5.7%
Occupancy and rental	521	888	367	70.3%
Data processing and office supplies	1,270	1,106	-164	-12.9%
Depreciation expenses	571	865	293	51.4%
Others	1,823	2,019	196	10.8%
Interest expenses	3,968	5,790	1,821	45.9%
Operating income	65,343	41,721	-23,622	-36.2%
Non-operating income	4,421	2,651	-1,770	-40.0%
Non-operating expenses	349	1,764	1,414	404.6%
Ordinary income	69,415	42,608	-26,807	-38.6%
Extraordinary gains	7,390	1,278	-6,112	-82.7%
Extraordinary losses	2,245	8,646	6,400	285.1%
Income before income taxes	74,561	35,240	-39,320	-52.7%
Income taxes-current	-955	-2,735	-1,780	-
Income taxes-deferred	642	-1,013	-1,655	-
Net income	74,874	38,989	-35,884	-47.9%

Statements of changes in net assets

(Apr. 1, 2006 - Mar. 31, 2007)

(Millions of yen)	Owners' equity								Total
	Common stock	Capital surplus		Retained earnings			Treasury stock	Paid-in money for treasury stock	
		Additional paid-in capital	Other capital surplus reserve	Earned surplus reserve	Other earned surplus reserve				
					General - purpose reserve	Deferred earned surplus			
Beginning balance as of Mar. 31, 2006	138,828	118,182	156	45,335	218,000	50,798	-14,660	-	556,640
Changes of items during the fiscal year									
Issuance of new shares	39,495	39,495	-	-	-	-	-	-	78,991
Dividends	-	-	-	-	-	-45,806	-	-	-45,806
Net income	-	-	-	-	-	74,874	-	-	74,874
Purchase of treasury stock	-	-	-	-	-	-	-311	-	-311
Disposal of treasury stock	-	-	-156	-	-	-1,238	3,344	-	1,949
Other	-	-	-	-	-	-	-	4	4
Total changes of items during the fiscal year	39,495	39,495	-156	-	-	27,829	3,032	4	109,702
Ending balance as of Mar. 31, 2007	178,324	157,678	-	45,335	218,000	78,627	-11,627	4	666,343

(Millions of yen)	Valuation and translation adjustments		Stock subscription rights
	Net unrealized gain (loss) on securities, net of tax effect	Deferred gain (loss) on hedges	
Beginning balance as of Mar. 31, 2006	57,183	-	-
Changes of items during the fiscal year			
Net changes of items other than owners' equity during the fiscal year	-442	421	567
Total changes of items during the fiscal year	-442	421	567
Ending balance as of Mar. 31, 2007	56,740	421	567

(Apr. 1, 2007 - Mar. 31, 2008)

(Millions of yen)	Owners' equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock	Paid-in money for treasury stock	
		Additional paid-in capital	Earned surplus reserve	Other earned surplus reserve				
				General - purpose reserve	Deferred earned surplus			
Beginning balance as of Mar. 31, 2007	178,324	157,678	45,335	218,000	78,627	-11,627	4	666,343
Changes of items during the fiscal year								
Dividends	-	-	-	-	-38,787	-	-	-38,787
Net income	-	-	-	-	38,989	-	-	38,989
Purchase of treasury stock	-	-	-	-	-	-51,031	-	-51,031
Disposal of treasury stock	-	-	-	-	-346	958	-	611
Other	-	-	-	-	-	-	-4	-4
Total changes of items during the fiscal year	-	-	-	-	-144	-50,073	-4	-50,222
Ending balance as of Mar. 31, 2008	178,324	157,678	45,335	218,000	78,483	-61,701	-	616,120

(Millions of yen)	Valuation and translation adjustments		Stock subscription rights
	Net unrealized gain (loss) on securities, net of tax effect	Deferred gain (loss) on hedges	
Beginning balance as of Mar. 31, 2007	56,740	421	567
Changes of items during the fiscal year			
Net changes of items other than owners' equity during the fiscal year	-34,509	263	774
Total changes of items during the fiscal year	-34,509	263	774
Ending balance as of Mar. 31, 2008	22,230	685	1,341