

Daiwa Securities Group Inc.

Ticker code: 8601

Stock exchange listings: Tokyo, Osaka, Nagoya

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

Scheduled date for filing of quarterly financial report: August 12, 2008



July 30, 2008

Consolidated financial summary

(For the first quarter ended June 30, 2008)

1. Consolidated financial result (from April 1, 2008 to June 30, 2008)

(1) Consolidated operating results (year-to-date)

(Note) All figures in the financial statements are rounded down to the nearest millionth except per share data and percentage.
(Millions of yen except per share data and percentage)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
First quarter (2008/6)	165,376	-	93,026	-	4,580	-	8,321	-
First quarter (2007/6)	253,982	22.3%	144,068	18.0%	50,449	16.9%	54,092	19.1%

	Net income		Earnings / share		Fully diluted earnings / share	
First quarter (2008/6)	5,885	-	4.37	Yen	4.36	Yen
First quarter (2007/6)	27,335	18.2%	19.58	Yen	19.54	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 Jun. 30, 2008	16,731,380	1,089,393	4.9	%	612.96	Yen
As of Mar. 31, 2008	17,307,119	1,082,923	4.7	%	607.64	Yen

(Note) Equity (defined as "Owners' equity" and "Valuation and translation adjustments"):

As of Jun. 30, 2008: 825,314 million yen

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

2. Dividends

	Dividends per share (yen)				
	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal
Fiscal 2007	-	12.00	-	10.00	22.00
Fiscal 2008 (actual)	-				To be determined
Fiscal 2008 (expected)		To be determined			

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

Daiwa Securities Group's (the "Group") 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) Changes in significant subsidiaries during the period (Changes of specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of the simplified accounting policies and typical accounting procedures for preparation of the quarterly consolidated financial statements: Yes

(Note) Please see [Qualitative Information and Financial Statements] "4. Other information" on page 4 for details.

(3) Change in accounting principle, procedure and presentation for preparing the quarterly consolidated financial statements (noted on changes in "Change in the basis of financial statements for the first quarter ended June 30, 2008")

(i) Changes due to amendment to accounting standard: Yes

(ii) Changes due to other than above: Yes

(Note) Please see [Qualitative Information and Financial Statements] "4. Other information" on page 4 for details.

(4) Number of outstanding shares (common stock)

(i) Number of outstanding shares including treasury stock

As of Jun. 30, 2008: 1,404,664,772 As of Mar. 31, 2008: 1,404,664,772

(ii) Number of treasury stock

As of Jun. 30, 2008: 58,272,056 As of Mar. 31, 2008: 58,329,030

(iii) Average number of shares (from April 1, 2008 to June 30, 2008)

As of Jun. 30, 2008: 1,346,351,695 As of Jun. 30, 2007: 1,395,736,441

* Explanation about proper use of forecasts for consolidated financial results and other special instruction

- For preparing the consolidated financial statements for the first quarter ended June 30, 2008, Daiwa Securities Group Inc. (the 'Company') has applied 'Accounting Standard for Quarterly Financial Reporting' (ASBJ Statement No.12) and 'Guidance on Accounting Standard for Quarterly Financial Reporting' (ASBJ Guidance No.14) from this fiscal year. In addition, the quarterly consolidated financial statements of the Company were 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' (Self-Regulation of the Japan Securities Dealers' Association, November 14, 1974), based on the 'Regulations of Quarterly Consolidated Financial Statements' (Cabinet Office Ordinance No. 64, 2007) and its Article 61 and 82.
- The Company doesn't disclose expected dividends for the reason described in the "3. Forecasts of consolidated financial results for Fiscal 2008".

[Qualitative Information and Financial Statements]

1. Qualitative information for consolidated operating results for the first quarter of fiscal 2008

1. Summary of consolidated operating results for the first quarter of fiscal 2008 (from April 1, 2008 to June 30, 2008)

For the first quarter of fiscal 2008, net operating revenues, which mainly consist of commissions and net gains on trading were 93,026 million yen. Selling, general and administrative expenses were 88,446 million yen. As a result, ordinary income was 8,321 million yen. Net income was 5,885 million yen.

(1) Commissions

(i) Brokerage commission

Daily average trading value on the Tokyo Stock Exchange decreased by 18.2% (compared with the first quarter of fiscal 2007) to 2,539 billion yen, under generally lower quiet equity market, brokerage commission was 17,149 million yen.

(ii) Underwriting commission

Underwriting commission was 4,559 million yen. Underwriting commission derived from equity fell to 1,297 million yen, due to decrease in initial public offering in the stock market's correction. Underwriting commission derived from bonds stayed flat to 3,259 million yen.

(iii) Distribution commission

Distribution commission in investment trust was 7,247 million yen, resulting from the sales of investment trust. Total distribution commission was 7,666 million yen.

(iv) Other commission

Total other commission including management fees of equity type investment trust was 32,417 million yen.

(2) Net gains on trading

Net gains on trading in equity were 21,033 million yen. Net gains on trading in bond, forex and other were only 266 million yen. As a result, total net gains on trading were 21,300 million yen.

(3) Financial income

Interest and dividend income was 69,748 million yen and interest expenses were 62,343 million yen. Net financial income was 7,405 million yen.

(4) Selling, general and administrative expenses

Commission and other expenses were 18,013 million yen, which consists of trust fee paid of investment trust. Employees' compensation and benefits were 37,120 million yen. As a result, total selling, general and administrative expenses were 88,446 million yen.

2. Operating results of overseas subsidiaries for the first quarter of fiscal 2008 (from April 1, 2008 to June 30, 2008)

Ordinary income by geographic area			(Millions of yen)
America	Europe	Asia & Oceania	Total
1,122	(92)	361	1,391

2. Qualitative information concerning consolidated financial conditions

Trading assets were 6,268,296 million yen and collateralized short-term financing agreements were 7,444,828 million yen. As a result, total assets were 16,731,380 million yen. Trading liabilities were 4,927,004 million yen, collateralized short-term financing agreements were 6,077,341 million yen, short-term borrowings were 1,574,733 million yen, bonds and notes were 1,111,854 million yen. As a result, total liabilities were 15,641,986 million yen.

Total net assets were 1,089,393 million yen, which consist of common stock, capital surplus, retained earnings of 519,700 million yen and minority interests of 262,530 million yen.

3. Qualitative information for forecasts of consolidated financial results for fiscal 2008

For the reasons mentioned in “3. Forecasts of consolidated financial results for Fiscal 2008” on page 1, the Group doesn’t disclose the forecasts of consolidated operating results, considering the difficulty to forecast the performance.

4. Other information

(1) Adoption of the concise accounting policies and typical accounting procedures for preparation of the quarterly consolidated financial statements

The Company has adopted the concise accounting policies for the first quarter ended June 30, 2008. The effect on the consolidated financial statements was immaterial.

(2) Change in accounting principle, procedure and presentation for preparing the quarterly consolidated financial statements

- (i) For preparing the consolidated financial statements for the first quarter ended June 30, 2008, the Company has applied ‘Accounting Standard for Quarterly Financial Reporting’ (ASBJ Statement No.12) and ‘Guidance on Accounting Standard for Quarterly Financial Reporting’ (ASBJ Guidance No.14) from this fiscal year. In addition, the quarterly consolidated financial statements of the Company for the first quarter ended June 30, 2008 were 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’ (Self-Regulation of the Japan Securities Dealers’ Association, November 14, 1974), based on the ‘Regulations of Quarterly Consolidated Financial Statements’ (Cabinet Office Ordinance No. 64, 2007) and its Article 61 and 82.
- (ii) The Company and its subsidiaries have early adopted ‘Accounting Standard for Lease Transactions’ (ASBJ Statement No.13) and ‘Guidance on Accounting Standard for Lease Transactions’ (ASBJ Guidance No. 16) from the first quarter ended June 30, 2008. Financial leases, whose ownership does not transfer to the lessee at the end of the lease term, were not capitalized and were accounted for in the same manner as the fiscal year ended March 31, 2008. The effect on the consolidated financial statement of income was immaterial.
- (iii) The Company has adopted ‘Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements’ (ASBJ PITF No. 18) and made necessary adjustments in the consolidation process. This change has no effect on the consolidated statement of income.
- (iv) The domestic consolidated subsidiaries have adopted ‘Accounting Standard for Measurement of Inventories’ (ASBJ Statement No. 9). This change has no effect on the consolidated statement of income.

5. Financial statements**(1) Consolidated balance sheets**

(Millions of yen)	Fiscal 2008 As of Jun. 30, 2008	Fiscal 2007 As of Mar. 31, 2008
Assets		
Current assets:		
Cash and deposits	380,861	429,976
Cash segregated as deposits for regulatory purposes	221,080	233,544
Notes receivable and trade accounts receivable	13,088	13,580
Securities	74,740	54,105
Trading assets:	6,268,296	7,857,122
Trading securities and others	4,964,301	6,271,253
Derivative assets	1,303,995	1,585,868
Trading receivables, net	67,824	219,314
Private equity and other securities	481,317	483,268
Less: Allowance for possible investment losses	10,938	11,536
Loans receivable from customers	80,882	75,421
Other inventories	1,946	1,602
Receivables related to margin transactions:	365,967	369,312
Customer margin loans	181,649	192,000
Cash deposits as collateral for securities borrowed	184,317	177,311
Collateralized short-term financing agreements:	7,444,828	6,206,327
Cash deposits as collateral for securities borrowed	7,443,178	6,206,125
Receivables related to gensaki transactions	1,649	202
Receivables	10,152	12,511
Short-term loans receivable	24,904	148,991
Accrued income	34,839	36,597
Deferred tax assets	12,366	15,913
Other current assets	691,043	608,629
Less: Allowance for doubtful accounts	2,470	1,384
Total current assets	16,160,730	16,753,297
Non-current assets:		
Tangible fixed assets	152,669	153,392
Intangible fixed assets	105,231	101,879
Investments and others:	312,748	298,549
Investment securities	229,676	215,611
Long-term loans receivable	17,129	15,061
Long-term guarantee deposits	29,565	30,130
Deferred tax assets	17,979	15,434
Other	22,953	24,579
Less: Allowance for doubtful accounts	4,555	2,267
Total non-current assets	570,649	553,821
Total assets	16,731,380	17,307,119

(Millions of yen)	Fiscal 2008 As of Jun. 30, 2008	Fiscal 2007 As of Mar. 31, 2008
Liabilities		
Current liabilities:		
Notes payable and trade accounts payable	4,732	4,941
Trading liabilities:	4,927,004	4,643,643
Trading securities and others	3,970,948	3,443,374
Derivative liabilities	956,055	1,200,269
Payables related to margin transactions:	177,399	202,010
Payables to securities finance companies	8,909	8,617
Proceeds of securities sold for customers' accounts	168,490	193,392
Collateralized short-term financing agreements:	6,077,341	6,238,684
Cash deposits as collateral for securities loaned	5,990,256	5,535,106
Payables related to gensaki transactions	87,084	703,577
Deposits received	161,416	134,361
Cash deposits received as guarantee	114,544	101,149
Short-term borrowings	1,574,733	2,362,803
Commercial paper	437,272	488,300
Bonds and notes due within one year	129,231	130,613
Income taxes payable	3,993	21,537
Deferred tax liabilities	62	13
Accrued bonuses	6,319	17,325
Provision for relocation costs of headquarter office	3,863	4,129
Other current liabilities	680,379	571,406
Total current liabilities	14,298,295	14,920,920
Non-current liabilities:		
Bonds and notes	1,111,854	1,063,741
Long-term debts	190,057	199,070
Deferred tax liabilities	6,136	4,541
Retirement benefits	24,098	23,576
Provision for litigation losses	817	779
Other non-current liabilities	3,111	3,548
Total non-current liabilities	1,336,075	1,295,257
Statutory reserves	7,614	8,017
Total liabilities	15,641,986	16,224,195
Net assets		
Owners' equity:		
Common stock	178,324	178,324
Capital surplus	157,678	157,678
Retained earnings	519,700	527,579
Less: Treasury stock	61,640	61,701
Paid-in money for treasury stock	24	-
Total owners' equity	794,087	801,880
Valuation and translation adjustments:		
Net unrealized gain on securities, net of tax effect	32,747	24,470
Deferred gain on hedges	493	800
Translation adjustments	(2,014)	(9,061)
Total valuation and translation adjustments	31,226	16,208
Stock subscription rights	1,549	1,429
Minority interests	262,530	263,404
Total net assets	1,089,393	1,082,923
Total liabilities and net assets	16,731,380	17,307,119

(2) Consolidated statement of income

(Millions of yen)	First quarter Apr. 1, 2008 - Jun. 30, 2008
Operating revenues:	
Commissions	61,792
Net gain on trading	21,300
Net gain on trading in equity	21,033
Net gain on trading in bond, forex and other	266
Net loss on private equity and other securities	1,007
Interest and dividend income	69,748
Other sales revenues	13,541
Total operating revenues	165,376
Interest expenses	62,343
Cost of sales	10,006
Net operating revenues	93,026
Selling, general and administrative expenses:	
Commission and other expenses	18,013
Employees' compensation and benefits	37,120
Occupancy and rental	11,082
Data processing and office supplies	7,836
Depreciation	8,252
Taxes other than income taxes	1,816
Other	4,324
Total selling, general and administrative expenses	88,446
Operating income	4,580
Non-operating income:	
Equity in earnings	188
Other	3,954
Total non-operating income	4,143
Non-operating expenses:	
Other	402
Total non-operating expenses	402
Ordinary income	8,321
Extraordinary gains:	
Reversal of reserves for statutory reserves	402
Other	59
Total extraordinary gains	462
Extraordinary losses:	
Write-down of related company's stock	155
Loss on sales or disposal of fixed assets	162
Allowance for doubtful accounts	2,270
Other	441
Total extraordinary losses	3,029
Income before income taxes and minority interests	5,754
Income taxes-current	4,830
Income taxes-deferred	(1,011)
Total income taxes	3,819
Minority interests	(3,950)
Net income	5,885
Net financial income included in net operating revenues	7,405

For preparing the consolidated financial statements for the first quarter ended June 30, 2008, the Company has applied 'Accounting Standard for Quarterly Financial Reporting' (ASBJ Statement No.12) and 'Guidance on Accounting Standard for Quarterly Financial Reporting' (ASBJ Guidance No.14) for preparing from this fiscal year. In addition, the quarterly consolidated financial statements of the Company were 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' (Self-Regulation of the Japan Securities Dealers' Association, November 14, 1974), based on the 'Regulations of Quarterly Consolidated Financial Statements' (Cabinet Office Ordinance No. 64, 2007) and its Article 61 and 82.

(3) Notes concerning the going concern assumption: None

(4) Notes concerning substantial amounts of fluctuation in owners' equity: None

(Reference)

Consolidated financial statement for the first quarter ended June 30, 2007

Condensed consolidated statement of income

(Millions of yen)	First quarter Apr. 1, 2007 - Jun. 30, 2007
Operating revenues:	
Commissions	79,875
Net gain on trading	46,749
Net gain on trading in equity	19,380
Net gain on trading in bond, forex and other	27,368
Net gain on private equity and other securities	7,996
Interest and dividend income	105,893
Other sales revenues	13,468
Total operating revenues	253,982
Interest expenses	99,362
Cost of sales	10,551
Net operating revenues	144,068
Selling, general and administrative expenses:	
Commission and other expenses	20,301
Employees' compensation and benefits	44,335
Occupancy and rental	8,958
Data processing and office supplies	6,855
Depreciation expenses	6,368
Taxes other than income taxes	2,102
Other	4,698
Total selling, general and administrative expenses	93,619
Operating income	50,449
Non-operating income:	
Equity in earnings	419
Other	3,709
Total non-operating income	4,129
Non-operating expenses:	
Other	486
Total non-operating expenses	486
Ordinary income	54,092
Extraordinary gains:	
Gain on sales of investment securities	785
Reversal of statutory reserves	7
Total extraordinary gains	793
Extraordinary losses:	
Write-down of investment securities	213
Total extraordinary losses	213
Income before income taxes and minority interests	54,672
Income taxes-current	16,524
Income taxes-deferred	4,527
Total income taxes	21,052
Minority interests	6,285
Net income	27,335
Net financial income included in net operating revenues	6,530

6. Other information**(1) Breakdown of commissions**

First quarter ended June 30, 2008 (A)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	16,907	135	106	-	-	17,149
Underwriting commission	-	-	-	4,559	-	4,559
Stock and other	-	-	-	1,297	-	1,297
Bond and other	-	-	-	3,259	-	3,259
Distribution commission	-	-	7,247	418	-	7,666
Other commission	414	262	23,602	2,520	5,616	32,417
Total	17,321	398	30,956	7,499	5,616	61,792

First quarter ended June 30, 2007 (B)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	24,034	168	71	-	-	24,274
Underwriting commission	-	-	-	7,435	-	7,435
Stock and other	-	-	-	4,166	-	4,166
Bond and other	-	-	-	3,152	-	3,152
Distribution commission	-	-	13,606	1,215	-	14,822
Other commission	493	393	23,502	2,725	6,227	33,342
Total	24,528	562	37,181	11,376	6,227	79,875

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

(Percentage)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	(29.7)	(19.4)	48.6	-	-	(29.4)
Underwriting commission	-	-	-	(38.7)	-	(38.7)
Stock and other	-	-	-	(68.9)	-	(68.9)
Bond and other	-	-	-	3.4	-	3.4
Distribution commission	-	-	(46.7)	(65.6)	-	(48.3)
Other commission	(16.0)	(33.3)	0.4	(7.5)	(9.8)	(2.8)
Total	(29.4)	(29.1)	(16.7)	(34.1)	(9.8)	(22.6)

(2) Quarterly consolidated statements of income

(Millions of yen)	Fiscal 2007				Fiscal 2008
	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	1st quarter Apr. 1, 2008- Jun. 30, 2008
Operating revenue:					
Commissions	79,875	74,562	72,602	67,383	61,792
Brokerage commission	24,274	22,890	20,503	16,207	17,149
Stock and other	24,034	22,473	20,100	15,878	16,907
Bond and other	168	302	252	202	135
Underwriting commission	7,435	6,421	5,098	6,514	4,559
Stock and other	4,166	4,139	2,289	3,985	1,297
Bond and other	3,152	2,189	2,650	2,378	3,259
Distribution commission	14,822	9,676	11,421	6,650	7,666
Investment trust	13,606	8,895	10,920	5,919	7,247
Other commission	33,342	35,573	35,578	38,011	32,417
Net gain (loss) on trading	46,749	24,440	41,650	(9,479)	21,300
Net gain (loss) on trading in equity	19,380	(4,150)	5,329	(9,539)	21,033
Net gain on trading in bond, forex and other	27,368	28,591	36,321	59	266
Net gain (loss) on private equity	7,996	6,309	723	4,131	(1,007)
Interest and dividend income	105,893	95,909	87,242	69,377	69,748
Other sales revenues	13,468	10,489	13,239	12,855	13,541
Total operating revenues	253,982	211,712	215,457	144,268	165,376
Interest expenses	99,362	92,357	83,894	64,169	62,343
Cost of sales	10,551	7,791	10,136	9,668	10,006
Net operating revenues	144,068	111,563	121,427	70,431	93,026
Selling, general and administrative expenses:					
Commission and other expenses	20,301	23,071	20,432	21,592	18,013
Employees' compensation and benefits	44,335	38,823	41,038	32,464	37,120
Occupancy and rental	8,958	9,804	9,709	10,286	11,082
Data processing and office supplies	6,855	7,474	7,557	7,990	7,836
Depreciation expenses	6,368	6,810	7,262	7,605	8,252
Taxes other than income taxes	2,102	1,792	1,741	1,693	1,816
Other	4,698	3,883	4,546	4,657	4,324
Total selling, general and administrative expenses	93,619	91,660	92,288	86,290	88,446
Operating income	50,449	19,902	29,138	(15,858)	4,580
Non-operating income	4,129	1,823	2,274	1,419	4,143
Non-operating expenses	486	521	902	1,225	402
Ordinary income	54,092	21,204	30,511	(15,664)	8,321
Extraordinary gains	793	1,140	219	1,481	462
Extraordinary losses	213	2,015	(65)	9,663	3,029
Income before income taxes and minority interests	54,672	20,329	30,796	(23,847)	5,754
Income taxes-current	16,524	14,215	7,849	1,885	4,830
Income taxes-deferred	4,527	(7,402)	4,835	(1,661)	(1,011)
Total income taxes	21,052	6,813	12,685	223	3,819
Minority interests	6,285	(1,223)	846	(11,141)	(3,950)
Net income	27,335	14,739	17,264	(12,928)	5,885
Net financial income included in net operating	6,530	3,551	3,347	5,208	7,405